

# United Nations Pursues 35 Cents Per Gallon Global Tax on Gas to Generate \$750 Billion Per Year

In the United Nations-sponsored book, *New Sources of Development Finance*,<sup>1</sup> published just last year, Professor Agnar Sandmo wrote sympathetically about proposals for global taxes on the price of gas, ranging from 4.8 cents to 35 cents per U.S. gallon. He said the revenue to be generated from a global tax on gas or carbon emissions ranges from \$130 billion to \$750 billion per year. The purpose of the tax is to increase spending on foreign aid or "development assistance" in order to meet the so-called Millennium Development Goals (MDGs) set forth by the United Nations for the U.S. and other countries.

The book's editor, A.B Atkinson, a Professor of Economics in Britain, understood the political implications of these proposals. He wrote:

"Proposals for any form of global taxation meet immediate opposition from powerful elements in the US Congress. On the other hand, there is widespread appreciation of the need for new resource flows to allow the MDGs to be achieved."<sup>2</sup>

The Atkinson book reports the work of a project of "Innovative Sources of Development Finance," undertaken at the request of the U.N.

There was a period of time when the U.N. was prohibited by U.S. law<sup>3</sup> from advocating or implementing global tax schemes. Today, however, some key U.N. member states, key U.N. agencies, and Secretary-General Kofi Annan himself are openly advocating global taxes and working to implement them. At a February 28-March 1, 2006 conference in Paris, Annan and French President Jacques Chirac described the progress made in imposing an international tax on airline travel.<sup>4</sup>

## **A global tax on gas or carbon-based fuels is the next step.**

The higher figure of \$750 billion in revenue from a global carbon tax, as cited by Sandmo, is taken from a *Foreign Affairs* article<sup>5</sup> by Harvard Professor Richard N. Cooper, who urged "an internationally agreed tax levied by all countries." Cooper's figure, Sandmo said, was **the equivalent of a tax rate of approximately 35 cents per U.S. gallon of gas.**<sup>6</sup>

Cooper, in turn, said the source of the \$750 billion figure is an OECD (Organization for Economic Cooperation and Development) study which found that "a worldwide tax on 5.2 billion tons of global carbon emissions in 2020 would yield \$750 billion in annual revenue, about 1.3 percent of gross world product in

that year.” **He adds that, “The United States would gather about one-fifth of this amount,” or about \$150 billion.**

Cooper wrote that the cost of coping with alleged global environmental problems amounts to \$2,200 a year for the “typical American family of four.”<sup>7</sup> That is the cost that will be extracted from them through global taxes or other international arrangements designed to pay for alleged damage to the environment.

Sandmo, who is employed by the Norwegian School of Economics and Business Administration, considered the matter of “collecting the tax” and suggested two options: (1) the tax is collected by national governments and paid to an “international agency.” Or (2) a “new international agency” is created to collect the taxes. If a global agency is put in charge of “collecting revenue from a number of sources,” he wrote, “there is more to be said for establishing it as a separate institution.” The different “sources,” he said, included “global environmental taxes,” the Tobin tax<sup>8</sup> on international currency transactions, and even a global lottery. He said the agency, in turn, “would need to develop a system for passing the revenue on to institutions that are actually in charge of allocating resources to development projects.”

Asked about the feasibility of a global gas tax, Sandmo noted<sup>9</sup> the “political resistance to higher gas prices in the U.S.” and said, “My guess is that a period of increasing oil prices does not provide the best climate for its introduction.” He added, however, that “...**the oil price has fluctuated considerably in the past, and it is possible that a period of price decline would make the adoption of such a tax more likely.**”

Why is the United Nations so anxious for more money? By the estimation of Jeffrey Sachs, an official adviser to U.N. Secretary-General Kofi Annan, **the U.S. has failed to meet its MDGs and is short by \$65 billion a year.** Over a 13-year period, from 2002 – the year of the International Financing for Development Conference – to the target year of 2015, **this amounts to \$845 billion over and above what the U.S. is already providing in foreign aid.** A global gas tax on the U.S. is designed to make up some of the difference. Indeed, Sachs himself has said:

“A global tax on carbon-emitting fossil fuels [such as oil, coal and natural gas] might be the way to begin. Even a very small tax, less than that which is needed to correct humanity's climate-deforming overuse of fossil fuels, would finance a greatly enhanced supply of global public goods.”<sup>10</sup>

The term “global public goods” refers to issues of public concern that government at the international level is supposed to address. The authors of the book, *Global Public Goods*, published by and for the U.N. Development Program, identify global public goods as including the atmosphere, international financial stability, global peace and security, and possibly the Internet.<sup>11</sup> The author of one article in the book, published in 1999, proposed the use of “international taxation” to solve global problems and suggests the creation of a “world tax

organization.”<sup>12</sup>

Commenting on the Atkinson study, U.N. Secretary-General Kofi Annan wrote<sup>13</sup> that “new sources” of revenue must be considered if the MDGs are to be met, and that:

“One interesting point of departure is to consider the taxes and transfers that might be instituted by a world government. There is no possibility of such an institution being created in the relevant time period, but it provides a reference point to illuminate the actual policy issues. It may also serve as a moral challenge.”

**In other words, the threat or prospect of a world government can be useful in forcing national governments to contribute more money for global purposes.**

Making no secret of the fact that countries like the U.S. would be forced to contribute the lion’s share of the money, Annan went on to say that, “If such a global government were to act in the interests of world citizens as a whole, then global welfare maximization is likely to imply **substantial positive taxes on almost everyone in richer countries and substantial transfers to the majority of people in low-income countries.**” (emphasis added).

Annan said, however, that “Any foreseeable global tax will be introduced, not by a unitary world government, but as the result of concerted action by nation states.”

**Indeed, this is the plan that has been carried out over the last several years. The global tax on airline travel, which is now being implemented by France and other nations, is such a “concerted action.” A global gas tax is considered the next step.**

Regarding “a global tax on carbon use” set at a rate equivalent to a tax on gasoline of 4.8 cents per U.S. gallon, Annan called that a “very small addition” to taxes already applied by national governments and “an order of magnitude smaller than the increases considered in proposals to halt global warming.” In other words, **Annan considered a 4.8 cent per gallon tax to be too small** to deal with the global environmental problem, as he defines it.

The U.N. and its agencies have published several other reports and documents advocating global taxation, with gas and carbon taxes being offered as the preferred course. These include:

- A May 2004 “working paper,” prepared for the U.N.’s International Labor Organization (ILO) and its World Commission on the Social Dimension of Globalization, declared that “Taxation emerges as one of the main alternatives for generating the public resources needed to finance development and the provision of global public goods.”<sup>14</sup> The author, Jose Guilherme Almeida dos Reis, surveyed the various global tax options and concluded that “a carbon tax seems to be the more appropriate choice.” Acknowledging difficulties with the idea’s implementation, he

explained that “The resources raised by a global tax would be collected within countries but would be disbursed outside these countries.”

- An ILO “working paper,” authored by Anthony Clunies Ross, argued that a “uniform carbon tax would be cheap and easy for national governments to impose and collect.” The problem comes in directing the proceeds internationally. “But it is not out of the question that the tax should be imposed by the high-income countries alone, or at least that they alone should covenant to surrender the proceeds for global purposes,” he said.
- The *World Economic and Social Survey 2005*,<sup>15</sup> published by the United Nations, included a section devoted to “innovative sources of financing,” including global taxes. Under the heading of “Major mechanisms in the longer run,” one proposal was a carbon tax that amounts to 5 cents per gallon of gasoline, resulting in \$130 billion per annum or \$61 billion per annum if the tax is restricted to “rich countries” such as the U.S. “Governments would levy the tax and dispense it to an international agency, according to a procedure that remains to be defined,” it said.

The “High-Level Panel on Financing for Development,”<sup>16</sup> commissioned by U.N. Secretary-General Kofi Annan, issued a report in 2001 proposing an “International Tax Organization,” as well as “innovative sources of finance,” in order to generate more money for foreign aid. The panel, which included former Clinton Treasury Secretary Robert Rubin, was undecided on the idea of the Tobin tax. But it saw promise in a global carbon tax. It declared:

“If global taxation is considered desirable, the Conference and the Summit [on Financing for Development] are likely to find more promise in a carbon tax – a tax on the consumption of fossil fuels, at rates that reflect the contribution of these fuels to CO<sub>2</sub> emissions.”

The Landau Report, commissioned by French President Jacques Chirac in November 2003, declared that “a global carbon tax could generate substantial revenues” and that, “In the long term, the issue of a carbon tax will certainly take center stage in the international taxation agenda.” It added that, “Some proposals for such a tax would generate revenue of USD [U.S. Dollars] 500 billion.”<sup>17</sup>

But support for carbon taxes can also be found in the 1997 U.N. publication, *Finance for Sustainable Development*, which said that “the potential for revenue raising [from carbon taxes] is significant.”<sup>18</sup>

The document went on to speak favorably of a “sovereignty-sensitive” approach to global taxes allowing an international carbon tax to be collected by nations rather than an international body but then used for global purposes.

Another possible approach, involving a “non-sovereign international tax,” allows a supranational body to collect the tax “utilizing taxation authority delegated (not ‘relinquished’) to it by the nations signatory to an international agreement.”<sup>19</sup>

It said:

“The ‘purest’ form of international taxation would consist of a tax imposed by a sovereign international government under sovereignty surrendered or relinquished to it by national governments. A scenario of such a tax might be viewed in the context of a world federation in which a sovereign, multifunctional, world government co-exists alongside the multifunctional sovereign nations of the world. Under another scenario, the nations of the world could surrender sovereignty to a global, or regional, supranational government in a particular functional area such as the global atmosphere. To this point in time, the reluctance of nations to surrender sovereignty has resulted in a total absence of sovereign international government – a situation that appears destined to persist in the foreseeable future. Accordingly, the concept of ‘sovereign international taxation’ is useful only as a benchmark for the present discussion or as a prototype for possible use in some future age.”<sup>20</sup>

The first known endorsement of world government appearing in a U.N. publication came in the 1994 Human Development Report, published by the U.N. Development Program. In a special article in the report, Jan Tinbergen, winner of the 1969 Nobel Prize for Economics, declared that, “**Mankind’s problems can no longer be solved by national governments. What is needed is a World Government.**” Although the report did not call for a global gas or carbon tax, it did endorse the Tobin tax on foreign exchange movements “as a potential source of financing for a more effective United Nations.” It also endorsed “a world income tax.”<sup>21</sup>

The 1998 edition of the Human Development Report endorsed “eco-taxes” as a way to “provide incentives for consumers and producers to change to more efficient and sustainable use of resources.” Examples of such taxes included energy taxes on carbon dioxide emissions and taxes on consumer energy bills. The report declared, “In today’s world environmental problems are no longer just national, but also regional and global.”<sup>22</sup>

Climatologist Stephen Schneider argued for a global carbon tax as far back as 1992, when he met with participants in the U.N.’s “Earth Summit” in Rio de Janeiro, Brazil. He made his pitch to a group that included Maurice Strong, secretary-general of the summit, and then Senators Tim Wirth and Al Gore.<sup>23</sup>

Another leading advocate of a carbon tax is John P. Holdren, the Teresa and John Heinz Professor of Environmental Policy<sup>24</sup> at Harvard University.

In October 2001, Joseph E. Stiglitz, who served as chairman of President Clinton’s Council of Economic Advisers, put his name on a paper advocating “global collective action” on the issue of climate change. He advocated a system

that he said “could evolve into either a global carbon tax or into a global emission targets regime.”<sup>25</sup>

However, in a 1998 report prepared for the U.S. Global Change Research Information Office, Richard C. Rockwell said that a global carbon tax was one way to facilitate a switch from carbon fuels but that, “Were the carbon tax a heavy one, it could depress economic performance enough to limit the ability of an economy to switch to more efficient technologies. In any event, the carbon tax is probably politically impossible to enact in this country at this time.”<sup>26</sup>

A leading liberal non-governmental organization, the Friedrich Ebert Foundation, makes the same point, noting that “public opposition [to a global gas tax] in times of high oil prices would make a campaign for such a tax very difficult politically.”<sup>27</sup> Nevertheless, **the group considered a 5 cent per U.S. gallon tax to be “small” and “would be barely noticeable for consumers.”** Such a tax, it said, would raise about \$60 billion “for global purposes.”

**In a graph, entitled, “Potential revenue generated by innovative sources of finance,” the organization referred to an air-ticket tax, now being implemented by France, as a “short-term mechanism” to raise international revenue, and a “carbon tax” as a “potential mechanism in the longer run.”**

The campaign has recently been joined by Ross Gelbspan, a journalist turned activist<sup>28</sup> who has advocated “a fund of about \$300 billion a year to transfer clean energy to poor countries” and says it could be funded by a global tax on international currency transactions, a global carbon tax, or an international tax on airline travel. He wrote:

“The fund could be financed by a small tax on international currency transactions, which total more than \$1.5 trillion every day. A tax of a quarter-penny-per-dollar on those transactions would yield about \$300 billion a year for windfarms in India, solar assemblies in El Salvador, fuel cell factories in South Africa, and vast solar-powered hydrogen farms in the Middle East. Alternatively, financing could come from a carbon tax in industrial countries or a tax on international airline travel.”<sup>29</sup>

In Mother Jones, a leftist magazine named for a Socialist, Gelbspan has argued that the idea that burning fossil fuels is causing significant shifts in the earth’s climate “is a matter of fact” and, therefore, the concept of balance in covering the issue “is irrelevant.” He adds, “Granted, there are a few credentialed scientists who still claim climate change to be inconsequential. To give them their due, a reporter should learn where the weight of scientific opinion falls—and reflect that balance in his or her reporting. That would give mainstream scientists 95 percent of the story, with the skeptics getting a paragraph or two at the end.”<sup>30</sup>

With such a media slant, one can anticipate more scare coverage over alleged man-made global warming, with the “solution” being a national/international gas or carbon tax.

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<sup>1</sup> *New Sources of Development Finance*, edited by A.B. Atkinson, A Study Prepared by the World Institute for Development Economics Research of the United Nations University (UNU-WIDER) Oxford University Press, pages 48-49.

<sup>2</sup> *Ibid.*, preface.

<sup>3</sup> Known as the Helms-Biden law.

<sup>4</sup> See [http://www.usasurvival.org/docs/global\\_tax.pdf](http://www.usasurvival.org/docs/global_tax.pdf)

<sup>5</sup> Richard N. Cooper, "Toward a Real Global Warming Treaty," *Foreign Affairs*, March/April 1998, Volume 77, Number 2, page 77.

<sup>6</sup> *New Sources of Development Finance*, page 48.

<sup>7</sup> Cooper, "Toward a Real Global Warming Treaty," page 71.

<sup>8</sup> Named for the Yale University economist James Tobin, this tax could generate billions or even trillions of dollars a year.

<sup>9</sup> E-mail exchange with author on May 2, 2006.

<sup>10</sup> <http://www.globalpolicy.org/socecon/develop/0813sachs.htm>

<sup>11</sup> <http://www.undp.org/globalpublicgoods/Q-A/qa.pdf>

<sup>12</sup> *Global Public Goods*. International Cooperation in the 21<sup>st</sup> Century. Edited by Inge Kaul, Isabelle Grunberg, and Marc A. Stern. Published for the United Nations Development Program, Oxford University Press, 1999, pages 108-109.

<sup>13</sup> "Innovative sources of financing for development," Note by the Secretary-General, August 17, 2004. see:

<http://daccessdds.un.org/doc/UNDOC/GEN/N04/462/36/PDF/N0446236.pdf?OpenElement>

<sup>14</sup> [http://www.ilo.org/public/english/bureau/integration/download/publicat/4\\_3\\_213\\_wcsdg-wp-16.pdf](http://www.ilo.org/public/english/bureau/integration/download/publicat/4_3_213_wcsdg-wp-16.pdf)

<sup>15</sup> *World Economic and Social Survey 2005*. Financing for Development, Department of Economic and Social Affairs, United Nations, New York, 2005, page 137.

<sup>16</sup> [http://www.un.org/reports/financing/report\\_full.htm](http://www.un.org/reports/financing/report_full.htm)

<sup>17</sup> [http://www.diplomatie.gouv.fr/actual/pdf/landau\\_report.pdf](http://www.diplomatie.gouv.fr/actual/pdf/landau_report.pdf)

<sup>18</sup> *Finance for Sustainable Development: The Road Ahead*, (New York: United Nations, June 1997), Edited by Juergen Holst, Peter Koudal and Jeffrey Vincent, page 415.

<sup>19</sup> *Ibid.* page 465.

<sup>20</sup> *Ibid.*, page 468.

<sup>21</sup> *Human Development Report 1994*, New dimensions of human security, page 89.

<sup>22</sup> *Human Development Report 1998*, Consumption for Human Development, page 95.

<sup>23</sup> <http://www.stanford.edu/dept/news/pr/92/920414Arc2295.html>

<sup>24</sup> [http://www.ksg.harvard.edu/ksgnews/Features/opeds/042505\\_holdren.htm](http://www.ksg.harvard.edu/ksgnews/Features/opeds/042505_holdren.htm)

<sup>25</sup> <http://www.pewclimate.org/docUploads/stiglitz.pdf>

<sup>26</sup> <http://www.gcric.org/CONSEQUENCES/vol4no1/carbonecon.html>

<sup>27</sup> *Innovative Sources of Finance After Paris*, FES Briefing Paper April 2006, page 9.

<sup>28</sup> Gelbspan is described as "a retired editor and reporter with *The Philadelphia Bulletin*, *The Washington Post* and *The Boston Globe*. At the *Globe* he conceived, directed and edited a Pulitzer Prize-winning series of articles. In 1998, he published: 'The Heat Is On: the climate crisis, the cover-up, the prescription.' The book received a good deal of attention when President Clinton told the press he was reading it." See:

<http://lfee.mit.edu/metadot/index.pl?id=4033&isa=Category&op=show#gelbspan>

<sup>29</sup> <http://www.heatisonline.org/contentserver/objecthandlers/index.cfm?id=5896&method=full>

<sup>30</sup> <http://www.motherjones.com/news/feature/2005/05/snowed.html>

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