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## Global Taxes and Charges

### A Brief Introduction

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**Global taxes and fees - whether levied on carbon, aviation fuel or international financial transactions - can fulfill the twin goals of generating funds for peace and sustainable development as well as incorporating social and environmental costs into private decision making.**

Membership dues to the United Nations, official development assistance (ODA) and other resources for sustainable development are in decline and becoming subjected to contentious debates at the nation-state level ([See Table: Total US Debt to the UN - 1998](#)). The weaknesses of the current system, based on voluntary contributions, are becoming increasingly apparent, as unpaid dues have precipitated a financial crisis in the United Nations. Global taxes and fees are one means of generating automaticity in fundraising, obviating the need for annual "soul searching" of national governments.

While financial resources are shrinking, challenges such as safeguarding the global commons, preventing global currency crises, and fostering peace and sustainable development are growing as the pace of globalization quickens. Collective action problems of this magnitude cannot be solved by single nation-states acting alone. They require concerted international efforts *and substantial financial resources*. Considering the tremendous scale of global economic and financial activity, such as currency transactions and fossil fuel consumption, global levies have the potential to raise large sums. Annual currency trading is 10 times the global GNP and a modest .5 percent tax would generate over \$1.5 trillion per year (the total UN annual budget is a mere \$10 billion) for peace and sustainable development. Likewise, studies indicate a global carbon tax, levied on fossil fuel consumption, could raise over \$1 trillion annually.

In addition to providing funding for international institutions, global taxes and charges can serve other policy goals concurrently. Taxes, as well as strategic subsidies, are effective means of sending appropriate price signals to industry

and consumers, and is a necessary step toward sustainable patterns of consumption and production. A [global carbon tax](#), for example, will reduce consumption of fossil fuels while boosting the attractiveness of non-fossil based, renewable energy sources. Likewise, a global [tax on currency exchange](#) will reduce destabilizing currency speculation.

Proposed global taxes and charges need not necessarily increase the overall fiscal burden of nation-states or harm the poorest segments of society. Global tax revenues may accrue to national governments, allowing for decreases in domestic taxes on labor and capital, as well as decreases in assessed dues to international organizations or ODA. This so-called "ecological tax reform" calls for a shift away from taxes levied on "goods," such as labor and capital, to taxes levied on "bads," such as environmentally destructive and socially harmful economic activities. Thus, the question becomes, "would you rather be taxed on your income and investments, or the pollution you generate?"

Until recently, substantial efforts were being made to move the debate on global taxation forward. However, the United States government has blocked a dialogue from taking place within United Nations fora. Led by Senator Helms, US payments to the United Nations are now conditional upon the UN abandoning efforts that "develop or promote proposals" which imposes taxes or fees on US citizens. Consequently, there is no existing forum for the development of policy proposals that attempt to raise revenues by taxing across international borders. Despite these developments, there is strong evidence, both within the United States and within the international community, of vibrant support for various forms of global taxation. ATI Foundation opinion polls indicate high approval ratings in the US for a 0.5% tax on international currency trades (69%) and for a tax on carbon combustion emissions (79%). Support for internationally levied charges is particularly strong within the European Union, where common policies and measures, including a taxes on aviation fuel and carbon/energy tax, are being vigorously pursued. A growing body of official EU policies supports the use of environmental taxation and a reduction in labor and capital taxes. Citizen groups and NGO's are active in the debate, lobbying governments and the EU to adopt tough environmental taxes. EU opponents arguments' hinge on the potential loss of international competitiveness *vis-a-vis* other nations-states, indicating the necessity for greater international coordination on the issue of taxation to establish a level playing field.

The links on [these pages](#) suggest a very active movement towards global finance initiatives -- a movement that (in different forms) spans the range from progressively-inclined trade unions to business bastions like the OECD.