POLITICAL WILL AND THE GLOBAL IMPLEMENTATION
OF UNITAID AND THE AIRLINE TICKET TAX

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By

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The research and writing of this thesis is dedicated to my mother,
in whose footsteps I proudly follow,
And my father, who has encouraged me with every step.

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INTRODUCTION

The central challenge we face today is to ensure that globalization becomes a positive force for all the world’s people, instead of leaving billions of them behind in squalor. Inclusive globalization must be built on the great enabling force of the market, but market forces alone will not achieve it. It requires a broader effort to create a shared future, based upon our common humanity in all its diversity.1

Kofi Annan
Former United Nations Secretary General

A classic American axiom states, “The only sure things in life are death and taxes.” This adage, perhaps true in a time when national borders provided reasonable boundary lines for both certainties, is becoming increasingly less relevant as globalization erases these limits, thus changing the concept of both. It is becoming progressively clearer that death and taxes are now transnational issues, and as their concepts change, so do the norms surrounding them.

Death, or more appropriately, the cause of death, is no longer a local affair. Deadly diseases are now internationally communicable, with global migration and movement spreading diseases from avian flue to tuberculosis to new populations at a rapid pace. Even non-local or non-locally threatening diseases have given rise to concern. Diseases such as AIDS, tuberculosis and malaria constitute a humanitarian crisis and a major threat to development, thus earning developed-world concern and generosity. Philanthropic giving is on the rise, and a major beneficiary of this increased funding is global health.2


Coinciding with the change in how death is viewed is a change in how taxes are considered. The traditional concept of taxation is very much linked to sovereignty and national power. However, as responsibility becomes evermore transnational, so do the means for funding it. Current mechanisms to finance agendas such as global health are largely based on nationally decided official development assistance and philanthropic giving. Such mechanisms, however, simply do not provide the amount of predictable and timely resources needed to tackle global health problems in an effective way. As such, a handful of development academics and practitioners have attempted to offer a solution: global taxation to finance development. Their suggestion is essentially to trans-nationally tax global activities such as carbon emission, currency transactions, or airline flights, and use the resources to fund development projects. The idea, however, was received with a mix of optimism and skepticism. Its supporters lauded the innovative approach to increased financing, while its skeptics defended the deep-rooted taxation norms of sovereignty and representation.

However, on September 19, 2006, the official launch of UNITAID (United to Aid) brought the issues of death and taxes into the international agenda in a very concrete way. UNITAID is an international drug purchasing facility aimed at tackling HIV/AIDS, malaria and tuberculosis in the developing world. Its primary financing mechanism is an airline ticket tax implemented on a voluntary, national basis, with all funds going to UNITAID to be used in the negotiation and purchase of life-saving drugs and diagnostics. Currently, forty-five countries have committed support to UNITAID through the airline ticket tax, with thirty-one of these countries having either begun or completed the process of implementing the “solidarity levy,” as the tax is commonly called. Current members include the five founding countries - France, the United Kingdom (UK), Norway, Brazil, and Chile – along with several African nations, South Korea, and some member countries of the European Union (EU). However, of these countries that have not agreed to support UNITAID, many are among the world’s more influential, including Japan, Canada, Russia, Australia, and the United States (US). The main objection of these five countries

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is not the end goal of the facility, but rather the means: they do not see international taxation in any form as an appropriate or well-advised solution to the current lack of development funding.

UNITAID thus has opened widely the door to the debate on international taxation in a manner significantly more tangible than any amount of reports or presentations. As such, UNITAID could be considered an experiment in whether or not a truly international tax might be a possibility for development finance in the foreseeable future. Therefore, understanding country reactions to UNITAID could be very telling in how international tax schemes might be dealt with in the future.

Current research regarding international taxation looks largely into the economic feasibility of global taxes, occasionally at its management, but rarely at its political achievability. However, most involved in the debate recognize that a necessary element to its achievement is large-scale political will.4 Most recognize, too, that at present this level of political will does not exist. For instance, in Ernesto Zedillo’s recommendation to the High Level United Nations Panel for Financing for Development, he stated, “politically, taxing for the solution of global problems will be much more difficult than taxing for purely domestic purposes.”5 Similarly, Sartaj Aziz recognized that, “[an international] tax's infeasibility is more political than technical,” and that “the political obstacles would probably be insuperable.”6

Despite being such a significant factor, very little has been done to understand why the current level of political will is insufficient for global tax implementation. No research exists that

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6 Aziz, 133.
provides a comprehensive analysis of the sources of political stances on global taxes. The aim of this study will be to fill that hole by looking at international negotiation processes, the preferences of political elites and decision-makers, and sources of national- and international-level pressure. It will attempt to answer the question: **how feasible is the universal implementation of UNITAID and similar financing mechanisms given the current national levels of political will?**

In order to respond to this inquiry, I will ask the accompanying four research questions:

1. How can the level of political will a state has toward an international policy issue be measured?
2. In what socio-political environment did this specific issue emerge, and how has it influenced the policy-making process?
3. Who are key actors in UNITAID’s ultimate success, and how have they responded to it and similar financing mechanisms?
4. What do their responses say about the future of UNITAID and global taxation?

Each of the forthcoming chapters will attempt to answer these questions. In Chapter I, I will present a theoretical perspective on international negotiation from which I will build a model to analyze the outcomes of negotiation and the sources and strength of national political will in an international environment. In Chapter II, then, I will introduce UNITAID in greater depth, and place the drug purchasing facility within the larger framework of global taxation and the international debate surrounding it. In Chapters III - V, then, I will present a country-level analysis of sentiments toward UNITAID and global taxation, beginning with an explanation of France, but looking primarily at two of the key international players – the UK, one of UNITAID’s founders, and the US, one of its strongest opponents. This state-level analysis will consider two important and interacting levels of analysis: first, local level pressures, such as media, public opinion, and the political elites, and second, international pressures, such as international alliances. In Chapter VI, I will compare the two countries at each of the aforementioned levels,
and in Chapter VII, I will apply the country-level analyses to the model so as to reveal areas where and how sources of political will are affecting international outcomes. Finally, I will conclude with a review of the current political reality surrounding UNITAID and suggest what the future of similar initiatives might be.

In addition to suggesting the political future of UNITAID and similar mechanisms, this thesis will secondarily touch upon larger theoretical issues such as the international negotiation process and political will and its sources. An important part of this research is the recognition that national levels of political will are not defined by international or national pressures individually, but by both simultaneously. The following research will build from this dual analysis, recognizing that political will on this issue is a result of interacting international and domestic pressures, which ultimately manifest in the international negotiation process.

Finally, in order to make the necessary analysis, I will draw from several resources. To address the theoretical question of sources of political will, I will use elements of game theory, particularly international cooperation theory, two-level game theory, and the epistemic community model as they are discussed by Brett Ashley Leeds, Robert Keohane, Robert Putnam, and James Sebenius, respectively. My description of UNITAID will stem largely from its own official documents, including its Constitution and Memorandum of Understanding, related speeches, pamphlets, and other materials that have materialized since its September launch, and my personal observations during an internship at the United Nations (UN) during the 61st General Assembly (GA). My analysis of international taxation will build from articles on the subject by innovative financing experts, both within and apart from the UN community, as will the information regarding Global Public Goods, the Millennium Development Goals, and innovative financing. Finally, with regards to the country-level analysis, I will use public opinion polls, newspaper articles, and Parliamentary and Congressional records since 1997, as
well as interviews with the international negotiators. The result will be a pragmatic analysis that aims to inform the reader on the current status of national-level political will and suggest how this status will affect UNITAID and similar mechanism’s foreseeable future.
CHAPTER I

A THEORETICAL PERSPECTIVE ON INTERNATIONAL NEGOTIATION

Negotiation in many ways is the language of globalization: it is the process in which treaties are made and coalitions formed. Likewise, it is how UNITAID was born and will be the tool through which continues to disseminate. Therefore, understanding the negotiation process and the sources of negotiation strategies is key to understanding the outcome of a negotiation. In the following pages, I will present relevant negotiation models, including international cooperation theory, two level game theory, and epistemic communities model, and apply them to UNITAID negotiations. I will then introduce my case study – an analysis of United States and United Kingdom responses to UNITAID – and present the model I will use to analyze their national and international priorities and negotiations.

1. International Cooperation, Two Level Games and Epistemic Communities

UNITAID negotiations are multilateral in nature, with the various stakeholders spanning across geographic regions, income levels, and cultures. The aim of UNITAID negotiations is to create an international agreement on the implementation of the airline ticket tax, and its ultimate success depends on the cooperation of several – if not all - states. As such, a logical theoretical starting point would be in international cooperation theory.

Brett Ashley Leeds and Robert Keohane, in separate articles on international cooperation theory, discuss both the necessity of creating international institutions and the requirements for achieving them.\(^\text{7}\) Both build from rationalistic theory, which holds that international agreements begin with the premise that in order to reach an agreement, a potential gain – be it political,

economic or otherwise - must be evident. Indeed, argues Keohane, “it is the combination of the potential value of agreements and the difficulty of making them that renders international regimes significant.” As such, states cooperate while keeping in mind the end gain and weighing it against potential costs or sacrifices. This cooperation stage is entirely interactive: states recognize each other’s behaviors and adjust their own accordingly, making it an ever-evolving process until the negotiations conclude in either an agreement or continuation of the status quo.

However, both Keohane and Leeds also recognize that rationalistic theory falls short in its ability to take into consideration the sovereignty of the state and its role in motivating and influencing international policy decisions. In representative democratic structures, leaders make international policy decisions are also accountable to state constituencies; therefore, their decisions must take both international and local audiences fully into account. According to Leeds, “variance in domestic accountability and the flexibility with which policies can be formulated and adjusted affect the choices that state leaders make in attempting to coordinate policy internationally.” Leeds’ assessment recognizes the import of local-level input, but does not go so far as to measure it. Thus we are left with the question: to what degree can national preferences influence international decision-making?

Robert Putnam has attempted to answer this question by developing the two-level game theory of negotiation. In his model, both domestic and international pressures are aptly represented and can be manipulated according to relative weight, influence and flexibility. Level I, representing the national level, is comprised of public interests, political coalitions, and other important local actors, each affecting the degree of a country’s political will toward an issue. Level II, then, represents the international level and the partner county’s own interests and priorities. The game can be diagramed into following format:

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8 Keohane, 386.
9 Leeds, 981; Keohane, 380-386.
10 Leeds, 980.
The purpose of the two-level game, according to Robert Putnam, is to provide an interesting way to look at the management and outcomes of negotiations. At Level I, bargaining occurs among domestic negotiators – instructions are given, and flexibility and redlines originate. At Level II, discussions are held among the different international parties – often simultaneously to Level I negotiations, as nothing at Level II can be ratified without Level I approval. The goal of the negotiator throughout the process is to “maximize domestic pressures [and] minimize adverse consequences of foreign developments.”12 As such, the negotiator works as a bridge between the two levels, trying to manage this complex game in which a politically rational option at one level may be unacceptable at the other. His job is to construct a consensus by building on overlapping interests so as to make the final agreement palatable to decision-makers at both levels.

The room with which the negotiator has to work is the winset, or, “the set of all possible Level I agreements that would win … when simply voted up or down” – in other words, a country’s political will.13 As follows, the size of a country’s winset size greatly affects the possible success of the final outcome. Larger winsets mean greater opportunity for overlap and agreement, and conversely, smaller winsets increase the risk of failure to reach consensus. Moreover, asymmetrical winsets can lead to bargaining advantages/disadvantages for the negotiators. According to Putnam, “the larger the perceived winset…the more [the negotiator]

12 Putnam, 434.
13 Putnam, 434.
can be pushed around…. conversely, a small domestic winset can be a bargaining advantage.”\textsuperscript{14} As such, winset size represents actual or perceived flexibility. The more flexibility a negotiator can show, the more likely the opposition will be to take advantage of his full range. Similarly, if a negotiator has very little flexibility, he can use that to threaten defection if the opposition’s proposals do not fall within his meager allowances.

Factors that can influence winset size include power distributions, existing coalitions, perception of the status quo (or ‘no-agreement’), Level I ratification procedures, and the strategy negotiators use to maximize/minimize winset size perceptions.\textsuperscript{15} These factors are not static, however, and can be influenced largely depending on how the negotiator presents costs and benefits at both levels.

While Putnam’s two-level game theory focuses principally on bilateral negotiations, UNITAID necessarily involves more than two actors, thus adding the increased complexity of multilateral negotiations. It is therefore worthwhile to go one step further and look at James Sebenius’ work, which adds a multilateral dimension to Putnam’s winset theory.\textsuperscript{16} Sebenius looks at cooperation and coalition building based on epistemic communities, which he defines as a “special kind of de facto natural coalition of ‘believers’ whose main interest lies not in the material sphere but instead in fostering the adoption of the community’s policy project.”\textsuperscript{17} While such communities might have some ideological or political similarities, such as cultural overlaps or a common adversary, a more meaningful “winning coalition” can be created by understanding and building upon “perceived zones of possible agreement” – or, to use Putnam’s term – winsets.\textsuperscript{18}

\textsuperscript{14} Putnam, 440.
\textsuperscript{15} Putnam, 442-450.
\textsuperscript{17} Sebenius, 325.
\textsuperscript{18} Sebenius, 325.
Negotiation, therefore – according to Sebenius - is the ability of actors to “improve outcomes by favorably affecting” these zones despite differences of interests within coalitions.\(^{19}\) Moreover, according to Sebenius, the overlaps might not be obvious at first, and can only be achieved through creative cooperation: increasing the size of the pie, embittering the status quo, creating new sources of value, and so forth. Whatever the way, cooperation among parties to find a mutual understanding and coalition building among epistemic communities can be used as a way to understand the positions of parties all around the table and find or create overlapping winsets, and thus a successful negotiation.

2. UNITAID and International Negotiation

UNITAID has expanded from a series of negotiations, beginning with the 2005 Declaration of Innovative Sources of Financing for Development, solidifying as Brazil, Chile, France and Norway drafted the Joint Declaration on UNITAID in 2006, and now continuing through such agreements as that made during 4\(^{th}\) Africa-France Summit in February 2007. As such, an important element to analyzing country-level cooperation in UNITAID is understanding how it is being negotiated.

To begin with the purely rationalistic perspective, we must look at what countries have to gain from agreeing to UNITAID, and at what cost. The current list of states agreeing to support the finance facility through the airline ticket levy includes thirty-one different countries with vastly different financial capabilities, power structures and cultural heritage. Of these, twenty are African, six European, three Latin American, and three Asian/Middle Eastern. Moreover, these countries have different stakes in their relationship with UNITAID. Twenty-three of the countries are considered developing nations, thirteen of which are classified as Least Developed Countries (LDCs), and therefore likely to benefit from UNITAID support.\(^{20}\) Of those remaining,

\(^{19}\) Sebinius, 326.
France, Spain, South Korea and the United Kingdom have among the most air travel (in millions of passengers per kilometer) per year in the world, as well as some of the world’s busiest airports. Additionally, all seven of the non-developing countries involved (France, UK, Spain, Norway, South Korea and Luxembourg) are among the world’s largest aid donors. So, while it seems the developing world participants have a lot to gain, their more developed counterparts might have less so.

At this point, the value of Putnam’s two-level game becomes apparent. The winset model allows us to consider national-level pressures and flexibilities that are otherwise unaccounted for in formal rationalistic theory, thus offering a more complete explanation of why cooperation does or does not occur. In order to analyze national-level decisions, it is important to look at possible sources of pressure – those arenas where international decision-makers are held accountable at a local level. These sources can include public opinion, media, and even peer pressure or expected behavior among political elites. The amount of pressure each source applies, filtered through the priorities and obligations of the decision-maker, ultimately defines the degree of Level I flexibility that exists within any given negotiation.

UNITAID, like any international agreement, is subject to these pressure sources, with advocates and opponents existing at the local level and applying varying degrees of pressure to international policy makers. For example, the public could either respond in favor of the tax out of charity or moral convictions, or oppose it due to the effects that it could have on travel costs or distrust in global governing bodies. The media, too, could choose to spin coverage of UNITAID and the tax either as a positive development in global health or a burden upon taxpayers and travelers -- or even choose not to cover it at all. Finally, the culture within the policy-making bodies can affect what the decision-makers perceive as acceptable or not depending on long-held priorities and institutional redlines. For some countries – like the US – the idea of global taxation.

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22 Economist Pocket World In Figures 2007, 44.
is absolutely intolerable among the political elite, while others – like the UK – have engaged in an open debate in the subject for years.

In addition to national-level influences, international alliances and commitments - whether actual or ideological – are also important factors. Sebenius’ epistemic community theory allows these factors to be included in the overall analysis. To begin with the obvious coalition, we see all UNITAID member states have a common adversary – disease - and a common problem - how to finance its eradication. However, this problem is universal and cannot in itself explain why some countries joined and others do not. Reasons for the developing countries to join are also obvious: they have a lot to gain in terms of health aid, and not a whole lot to lose in terms of the cost of the tax. The developed countries, however, will not receive funding from the facility and will bear the largest burden from the tax. At this point ideological overlaps become important factors: a shared belief in increased funding to the UN and UN affiliates, an overall approval of international taxation schemes, a strong sense of responsibility to former colonies and the developing world in general, traditional alliances on related issues, and mutual support for similar initiatives are all reasons the developed countries involved might have been more apt to join.

3. Case Study and Model

The question remains, however, to what degree these various pressures and coalitions influence actual decisions toward UNITAID cooperation. Or put another way: who or what actually determines the state’s level of political will? In order to answer these questions, I will build upon Putnam’s two-level game model, adding a multi-lateral dimension using Sebenius’ epistemic community approach. I will analyze the internal and external dialogues regarding UNITAID from the perspective of one opponent country and one founding country: the US and
the UK. These countries are specifically important to studying UNITAID for two reasons. First, their many ideological overlaps, cultural similarity, and shared history of alliance provide an important backdrop to see how and why they differ on UNITAID specifically and global taxation in general. These two states are particularly interesting, as their ideological difference used not to exist. A mere decade ago, the UK stood alongside the US as the “most outspoken opponent” to a global tax on aviation fuel – thus begging the questions, how, when and why did they diverge?24

Second, both countries play important global roles, thus making their participation crucial to meaningful international agreements. The United States and the United Kingdom claim the world’s first and fourth largest economies, respectively, and hold the same rankings in terms of global aid. Moreover, the US is considered widely a decisive link to successful global taxation. Aziz and Addison both recognize US participation as vital for virtually all international action, including global taxation, while simultaneously noting Washington’s fervent and steadfast opposition to the international tax schemes.26

Therefore, I will contrast these two countries’ domestic and international policy dialogues, looking at the aforementioned sources of Level I influence and international level coalitions, and how these pressures materialize in international negotiations. The relationships among local pressures, decision makers, global allies, international negotiation partners and UNITAID will be studied using the following model, which displays current winset alignments before taking into consideration the strength of local-level pressures and perceived winset size:

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23 While a study that looked at the winsets of the Group of Eight (G8) and UNITAID founding members would be more thorough and perhaps give a more detailed understanding of the feasibility of universal UNITAID implementation, in the interest of time and graduate level, I will limit my focus to what I believe are the two most important case studies – namely, the US and the UK. From these cases, it is my hope that generalizations can be drawn to the other ten key countries.
25 Economist Pocket World In Figures 2007., 26, 44.
26 Aziz, 133; Addison., 830.
I will limit the timeframe of my research from 1997 to the present - the decade in which the UK changed from being fundamentally opposed to global aviation taxes to being one of the founding members of UNITAID. My sources will include Parliamentary and Congressional debates and legislation, media coverage in the top five newspapers (measured by circulation), relevant public opinion polls, and interviews with international negotiators. Given that UNITAID is an entirely new entity, I will analyze attitudes toward international taxation in general in order to provide an idea of the political environment in which UNITAID-related policy decisions have been made. As such, I hope to provide a model that will display areas of flexibility and inflexibility among the key international players, thus determining sources and levels of political will and the ultimate feasibility of UNITAID’s universalization.

4. A Summary of the Theoretical Perspective

As we have seen, while there are various approaches to understanding international negotiations such as UNITAID, including the international cooperation theory, two level game theory and epistemic communities, the latter two provide the most insight in understanding the
course of UNITAID due to their ability to look at both national and international level influences, as well as multilateral coalitions. Based on this theoretical approach, I have introduced a model which will be used to look at UNITAID negotiations and how they have advanced in the United States and the United Kingdom. The following chapters will take a closer look into the growth of UNITAID, provide a country-level analysis of the reactions to the drug purchasing facility, and apply these reactions to the model in order to better understand the nature and future of UNITAID and global taxation.
CHAPTER II
UNITAID and GLOBAL TAXATION

UNITAID is a drug purchasing facility that is financed primarily through an airline ticket tax, thus making it one of the original innovative financing mechanisms and the first concrete step toward actual global taxation schemes. Given these facts, UNITAID is as controversial as it is popular. In the forthcoming pages, I will discuss the birth of UNITAID, its mission and objectives, how and by whom it will be financed and governed, the initial reaction it received worldwide, and why it is controversial. I will then go on to discuss the broader picture of international taxation, including its relationship with global public goods, the Millennium Development Goals, and innovative financing, the types of international taxation that are being discussed, challenges toward their implementation, and finally, how UNITAID fits within the larger picture of global taxes.

1. The Birth of UNITAID

The development community as a whole faces two central challenges: first, how to combat major threats to development, and second, how to finance these initiatives. Perhaps one of the most detrimental, visible, and widely felt of these threats is disease – a challenge that restricts one’s ability to work, learn, and be productive. Of these diseases, HIV/AIDS, malaria, and tuberculosis (TB) are among the most detrimental to developing country populations.

According to the 2006 UN Millennium Development Report, AIDS and HIV affected 38.6 million people in 2006 and killed 2.8 million people.27 The same report showed that TB infected 9 million new victims in 2004, 741,000 of which carried HIV, and kills upwards of 1.7 million people a year.28 Finally, a 2004 World Health Organization (WHO) Technical Consultation concluded that malaria kills more than a million people annually, constituting 10% of the overall

disease burden and costing Africa approximately USD$10 billion in lost production a year.\textsuperscript{29} Despite the severity of the problem, however, funding to help cut these numbers and improve global health continually falls short. Estimates project the gap between current spending and funding needed to effectively combat these global health challenges range from USD$10 billion a year to USD$30.7 billion per year.\textsuperscript{30}

As a response to this problem, five national governments including Brazil, Chile, France, Norway and the United Kingdom created UNITAID – an international drug purchasing facility financed primarily by a voluntary airline ticket tax implemented on a country-by-country basis and aimed at contributing to increased developing-world access to treatment and diagnostics for AIDS, malaria and tuberculosis. Although UNITAID’s official launch was on September 19, 2006 at the United Nations, it was born out of a long-time dialogue on innovative financing mechanisms in an effort to fund the Millennium Development Goals (MDGs) – one of which is aimed at combating HIV/AIDS, malaria, and other diseases.\textsuperscript{31}

“Innovative financing mechanisms” refer to the UN and UN Member States’ ideas regarding original financial instruments aimed at increasing development financing beyond current levels of official development assistance (ODA). Recent figures show that current ODA levels are not only unpredictable, but often fall short of total MDG needs by an estimated


\textsuperscript{30} Three different sets of data present different estimates. Her Majesty’s Treasury projects a USD$10 billion annual shortfall, a 2001 WHO Commission on health estimated USD$22.1 billion was needed in 2007, and USD$30.1 billion by 2015, and the World Bank estimates the gap to be around USD$20-25 billion a year. These estimates are based on what funding would be needed to fulfill the Millennium Development Goal of halting and reversing the spread of AIDS, Malaria and other diseases by 2015. Sources: Her Majesty’s Treasury. “The International Finance Facility.” Journal of International Development 16, no.6 (2004).86; Anthony Clunies-Ross. “Alternative ways of paying for global public goods” Journal of International Development 16, no.7 (2004), 173.

\textsuperscript{31} In 2000, the Member States of the United Nations agreed to create a series of development goals that would become their promise to the developing world and a major focal point of UN operations – the Millennium Development Goals (MDGs). According to the MDG declaration, these goals provide, “a bold vision rooted in a shared commitment to universal human rights and social justice and backed by a clear time-bound targets.” The target is to reach the eight goals, which include the eradication of extreme poverty and hunger, universal primary education, increased gender equality, reduction of child mortality, improvement of maternal health, increased efforts against AIDS, malaria, and other diseases, improved environmental stability, and greater global partnership, by 2015. For further information regarding the MDGs, see UN Millennium Development Goals 2006 and the UN Human Development Report 2005. www.un.org.
USD$50 billion a year.\textsuperscript{32} Debates on how to fill this gap – and how to fund development in general – have been going on for several years, but political efforts toward implementing innovative financing started only recently. Early steps occurred during a 2004 meeting in which 107 countries gathered at the United Nations and acceded to the New York Declaration on Action against Hunger and Poverty. The central thrust of this declaration, led by France, Brazil, Chile and Spain, was aimed specifically at the issue of finance and the shortfalls of current mechanisms.\textsuperscript{33} In this spirit, seventy-nine of the 107 countries endorsed the Declaration of Innovative Sources of Financing for Development that was adopted a year later.\textsuperscript{34} Building upon this effort, and moving closer toward creating UNITAID, President Chirac made a presentation at the 2005 Davos Conference on potential new sources of international taxes, including a tax on air travel.\textsuperscript{35}

Finally, at the Paris Conference in February/March 2006, the seeds of UNITAID first took root. Building from a French proposal, a forty-four country pilot group aimed at implementing innovative financing mechanisms recommended creating an International Drug Purchasing Facility f(IDPF) inanced primarily by solidarity levies – i.e. airline ticket taxes – implemented on a voluntary basis by those countries that chose to endorse it. By June of that year four of its five founders – Brazil, Chile, France and Norway - gathered at the UN headquarters in New York to draft a Joint Declaration on UNITAID which defined its mission and core objectives.\textsuperscript{36} Chile and France launched the first UNITAID-destined airline ticket taxes in January and July of 2006, respectively, and on September 19, 2006, UNITAID was officially launched the United Nations Headquarters in New York, with high-level representatives from

\textsuperscript{32} Her Majesty’s Treasury, 867.
\textsuperscript{33} Tony Addison, George Mavrotas, and Mark McGillivray. “Aid, Debt Relief and New Sources of Finance for Meeting the Millennium Development Goals.” Journal of International Affairs 58, no.2 (2005):113-127.
\textsuperscript{34} UNITAID Launch Pamphlet. Distributed Sept. 19, 2006, United Nations, New York.
\textsuperscript{35} Addison , et al, “Aid, Debt Relief,” 113-127.
\textsuperscript{36} UNITAID Launch Pamphlet.
France, Chile, Brazil, the UK, Norway and the WHO signing the UNITAID Memorandum of Understanding (MOU).37

2. UNITAID’s Mission and Objective

The mission of UNITAID is in itself fairly simple: to provide increased and more rapid access to treatment and diagnostic kits to HIV/AIDS, TB, and malaria patients in the poorest parts of the world. According to UNITAID’s Constitution, it “will use strategic approaches (such as purchasing power and negotiation) in order to continuously reduce the prices of products to the lowest sustainable level in developing countries.”38 Since UNITAID in itself is a financing facility – not the actual executor of the health programs – it will work in conjunction with (and not as competition to) existing health initiatives and donors. Working through ad hoc partnerships with the Clinton Foundation, the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), United Nations Childrens Fund (UNICEF), and the WHO, UNITAID both helps the various initiatives through the provision of much-needed financing and benefits from their experience in procurement, price negotiation, and program monitoring.

UNITAID’s objective is to target areas where its impact will be the greatest: to use its own words, “where the reduction in the cost of drugs and improvement in supply of high-quality products will be felt the most.”39 All of UNITAID’s funding will be directed toward the developing world, with eighty-five percent of it aimed specifically at low-income countries. Middle-income developing countries are eligible to receive no more than five percent of UNITAID funds (on the condition they co-finance projects and have a high-disease prevalence) and lower middle income developing countries are eligible for no more than ten percent of

UNITAID funds. The dispersement of funds according to UNITAID’s 2007 budget, which is estimated to be over USD$300 million, includes USD$25.7 million going to purchasing pediatric antiretrovirals (ARVs), USD$19.02 million in Artemisinin combination therapy (ACT) scale-up, USD$4.8 million in paediatric TB, USD$19.89 on multi-drug resistant tuberculosi (MDR-TB), USD$45 million on Second Line ARVs, USD$4.65 million on Prevention-Mother-to-Child-Transmission (PMTCT), and operational costs of $9,284,000.

Its objective and strategy for accomplishing this goal is largely accepted by the global community as appropriate, and is the methodology behind the United States’ own AIDS relief program, the President’s Emergency Plan for AIDS Relief (PEPFAR). However, it is worth noting that disease-specific targeting is not universally accepted as a positive development strategy, and some global health workers and academics question the long-term value of health initiatives that target core diseases without looking at public health infrastructure, thus ultimately undermining development. Nevertheless, combating these three central diseases remain on the top of donor and state development agendas, and thus UNITAID has fallen under very little public scrutiny for its goal.

3. UNITAID Financing

In order to meet its lofty objectives, UNITAID will use predictable, high-volume funds – largely garnered through the solidarity levy on airline tickets - as a negotiating tool with the pharmaceutical companies, using market mechanisms to create a demand in otherwise neglected countries. In this way, UNITAID will be able to buy in bulk the medicines and diagnostics needed because it has at its disposal the necessary financial resources to do so – not just promises of commitments that can vary year to year such as ODA or other donor-dependent funds.

40 Country income levels (low, low-middle, and middle) defined by World Bank Standards. UNITAID Constitution, 4.
43 UNITAID Constitution, 3.
UNITAID’s founders chose the airline ticket tax as the primary financing mechanism because of its potential for high-volume revenues, its ability to be implemented on a voluntary, country-by-country basis, and its role in globalization. The tax is designed to be implemented universally, with flexibility given to national parliaments to decide the exact amount and target depending on the level of development and geographical constraints of each country. This tax – like existing airline ticket taxes in many countries – will be paid when the passengers depart from the airport, and the airlines themselves will be responsible for declaring and collecting it.  

Currently, the actual contribution levels and mechanisms vary greatly among countries. Some have launched the airline ticket levy, others plan to do so in the future, and still others have introduced other mechanisms to help finance UNITAID. A summary of current contribution levels is available in Table I below:

Table I: Levels of UNITAID Contribution (As of March 2007)

<table>
<thead>
<tr>
<th>Country</th>
<th>Existing Airline Ticket Tax</th>
<th>Plan on Implementing Airline Ticket Tax</th>
<th>Other Contribution Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Brazil</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Cambodia</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Cameroon</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Chile</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Congo</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Cote’d’voire</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Cyprus</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>France</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gabon</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Guinea</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Jordan</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Liberia</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Madagascar</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Mali</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Mauritius</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Morocco</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Namibia</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nicaragua</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

45 Refers to a tax implemented on airline tickets specifically designed to finance UNITAID. It does not include the re-allocation of existing airline taxes to help fund UNITAID.
As seen above, only two of the participating countries have actually implemented a specific UNITAID-directed airline ticket tax. Chile implemented a USD$2 surcharge on all international air departures beginning in January 2006, and France launched its air ticket levy six months later.\footnote{United Nations General Assembly Doc. A/61/253. \textit{Follow-up}, 11.} Unlike its Chilean counterpart, however, the French levy varies greatly depending on the travel class and flight destination. International business and first-class fliers will bear the largest burden, paying €40 extra per ticket, while their economy class counterparts will pay an additional €4.\footnote{It is unclear whether the taxes are included in the additional quote or not. For example, when purchasing a Paris to London ticket through Air France, they quote approximately eighty euros in additional taxes, which is added on at the time of purchase, but then say on their pricing conditions page: “Please note government-imposed fees and taxes of approximately $80 - $150 are additional,” with no specific mention of UNITAID. In other words, consumer awareness of a specific health-related, internationally directed airline tax seems not to be provided, nor is it clear that the additional tax is already included, or will be charged separately upon departure.} UNITAID taxes on domestic and Intra-European flights will cost an additional €10 per passenger in first and business class and €1 for economy class.\footnote{UNITAID Website.} At such rates, France is currently the single-largest contributor to UNITAID, contributing USD$250 million – or 80\% - of UNITAID’s total USD$300 million 2007 budget.\footnote{Cecilia Dugger. “Children Focus of French-led Aid Effort.” International Herald Tribune. Sept. 18, 2006. \url{http://www.iht.com/articles/2006/09/18/news/france.php} (20 March 2007).}

Other countries that plan on contributing to UNITAID through the airline solidarity levy include Brazil and South Korea, which will initiate their own levies this year upon receiving parliamentary approval. Additionally, Cambodia, Cameroon, Congo, Cote d’Ivoire, Cyprus, Gabon, Guinea, Jordan, Luxembourg, Madagascar, Mauritius, Mali, Nicaragua, Norway and the United Kingdom all declared at the launch that they were taking initial steps toward introducing...
the air-ticket tax, although it is unclear as to what those initial steps entail. More recently, during
the 24\textsuperscript{th} Africa-France Summit in Cannes on February 16, 2007, fourteen additional African
countries, including Benin, Burkina Faso, Cameroon, Central African Republic, Liberia,
Mauritius, Morocco, Namibia, Niger, Sao Tome and Principe, Senegal, South Africa and Togo,
committed to joining UNITAID through a political declaration and legal document in which they
pledged to “implement innovative development financing mechanisms, primarily in the form of
solidarity contributions on airline tickets, all or part of the proceeds of which are to be allocated
to UNITAID.”\textsuperscript{50}

Others who have begun contributing do so not through a new finance mechanism, but
through the redistribution of an existing one. Norway, for example, will be allocating part of an
existing airline environmental tax to UNITAID, and the UK will be diverting a portion of ODA to
the drug purchasing facility.\textsuperscript{51} In addition, Chile, Cote D’Ivoire, France, Gabon and Mauritius
will introduce a voluntary contribution mechanism. All of these countries have said that they will
eventually implement the solidarity levy, which in many cases will be in addition to the above-
mentioned contributions.

4. UNITAID’s Governance Structure

With thirty-one national donors UNITAID and a projected 2007 budget of over USD$300
million, the question that automatically arises is: how is UNITAID to be governed? The answer,
according to its founding fathers, is simple: as efficiently and inexpensively as possible.
According to its Constitution, UNITAID is to be run “in a cost-efficient manner with a lean
secretariat, keeping overhead down to dedicate its resources to the overall mission and
achievement of its results.”\textsuperscript{52}

\textsuperscript{50} UNITAID Website.
Follow-up, 11.; UNITAID Minutes from the Second Board Meeting, 1.
\textsuperscript{52} UNITAID Constitution.
The ‘lean secretariat’ envisioned by the Constitution consists of three bodies working together: the Executive Board, the Consultative Forum, and the Secretariat. The Executive Board consists of ten members: one nominated member from each of the five founding countries, one nominated member each from Africa, Asia, and the WHO, and two nominated members from relevant civil society networks. As the decision-making core of UNITAID, Executive Board acts as the architect of UNITAID’s goals and policies, approves of and monitors member states and organizations, and oversees all financial matters including budget and donations. The Board meets as often as necessary, under the guidance of the Executive Chair - currently French Foreign Minister Douste-Blazy - and is encouraged by the constitution to reach all decisions by consensus, although arrangements are in place in the case that a vote is necessary. Finally, the Board is responsible for creating the Consultative Forum.

The Consultative Forum consists of relevant advisors and stakeholders, including members of international organizations, civil society, NGOs, representatives from communities living with AIDS, TB and malaria, and representatives/researches from the pharmaceutical industry appointed by the Executive Board. The Forum plays an important advisor role within UNITAID, acting as a “platform for debate, advocacy, fund raising and inclusion of new partners.”

Finally, carrying out the day-to-day management of UNITAID is the Secretariat, composed of ten to fifteen people appointed by the Executive Secretary. Their duties include managing contracts, preparing financial reports, implementing Board strategies, and coordinating other administrative and technical issues as necessary.

In addition to UNITAID’s governance structure, it is worth noting that UNITAID is not in itself a separate legal entity, but rather a collaborative facility built from the combined efforts of the states and organizations that choose to fund it. As such, it has turned to the WHO to serve

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53 UNITAID Constitution.
54 UNITAID Constitution, 2.; UNITAID By-Laws, UNITAID Website; Guinnevere Roberts. E-mail message to Author, 21 Sept. 2006.
55 UNITAID Constitution; UNITAID By-Laws.
56 UNITAID Constitution.
as its host organization, responsible to provide its Secretariat, Trust Fund, administrative and fiduciary support and facilities. According to the UNITAID Memorandum of Understanding signed at the September launch, “such a host arrangement enables the Secretariat, as part of WHO, to enter into contracts, acquire and dispose of properties and assets, and, if necessary, institute legal proceedings for the benefit of UNITAID, thus allowing UNITAID to “make optimal use of its resources to fulfill its resources.” The WHO serves as a trustee to UNITAID, managing its finances and providing the drug purchasing facility with WHO privileges and immunities. Additionally, a WHO representative is member of the Executive Board and participates in all decision-making with the exception of those decisions that ultimately end in a vote. However, UNITAID's Executive Board may decide independently to terminate this hosting arrangement at any time, and would be responsible only for reimbursing the WHO for any termination costs incurred. Neither the MOU nor the Constitution discusses what further possibilities exist for UNITAID outside of its present hosting arrangement.

5. Initial Reaction

Initial response to UNITAID at the United Nations was mixed. The overall sentiment at the launch was one of resounding support. Speaking at the event was a literal who’s-who in international development, including high level representatives from UNITAID’s five founding nations - President Luiz Inacio Lula da Silva of Brazil, President Jacques Chirac of France, Prime Minister Jens Stoltenbreg of Norway, Foreign Minister Alejandro Foxley Rioseco of Chile, and Minister of Development Gareth Thomas of the United Kingdom – and other international supporters such as former US President Bill Clinton of the Clinton Foundation, then-UN Secretary General Kofi Annan, Economic and Social Council (ECOSOC) Undersecretary Jose

58 UNITAID Memorandum of Understanding, 2.
59 UNITAID Memorandum of Understanding. 9.
Antonio Ocampo, African Union President Denis Sassou-Nguesso, and then-South Korean Foreign Minister/current UN Secretary General Ban Ki-Moon.

The various speakers congratulated each other on creating and initiating an innovative finance mechanism and spoke highly of UNITAID’s future impact. Kofi Annan recognized the drug purchasing facility as a “life saving initiative,” Lula da Silva called it, “an unprecedented act of cooperation between the rich and poor countries,” and President Chirac called upon the international community to “take the example of UNITAID as our inspiration in meeting other major challenges such as the elimination of hunger…, access to safe drinking water, and education for all.” Even President Clinton said that the world owed France a “great debt of gratitude” for making the airline ticket tax possible.

However, UNITAID support is far from universal, with some of its primary opponents being Canada, Japan, Russia, Australia and the United States. These states are not concerned so much by the end of UNITAID’s actions, but by the means. Although the UNITAID solidarity levy is currently voluntary – and thus not a global tax per se – it brushes uncomfortably close to the international taxation debate that has existed for the past two decades, and in which the US has been a steadfast opponent.

As such, the official United States presence at the launch was low profile, with the only representative in attendance being an ECOSOC intern. Internal memos sent from capitol to the US Mission to the UN (USUN) gave talking points and firmly outlined the US position, encouraging delegates to gracefully disapprove of the tickets tax while highlighting their own contributions to the war on disease.

Early hints toward what soon became tense debates within the UN Second Committee began during the opening ECOSOC debates. USUN’s ECOSOC Ambassador Richard T.

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62 The UN Second Committee deals with economic and financial issues in development, including development financing and the international financial system.
Miller’s October 2, 2006 remarks during the ECOSOC opening debate made strong allusions to his government’s “no taxation without representation” policy, stating:

“These days…we find encroachment on individual liberty … from international authorities that would place themselves above state. Visions of international governance raise utopian feelings in many, but they also raise serious questions about democratic accountability and freedom. Our current international institutions are governed by the votes of countries, not people. They lack even the most basic essential of democratic legitimacy: one person/one vote decision-making.” 63

The US position was stated more explicitly a week later when USUN diplomat Jason Lawrence stated during the Second Committee macroeconomic cluster debates that:

“The United States fully supports getting medicines to all those who need them, and, in fact, through the President’s Emergency Plan for AIDS Relief, contributes more than any other nation to the fights against HIV/AIDS. We do not, however, favor international taxation schemes such as the airline ticket tax. Taxation is not an innovative means of raising resources. Rather, we encourage member states to demonstrate their commitment to the fight against HIV/AIDS and other diseases through regular provision in the governmental budgets.” 64

The United States was not alone in its mention of UNITAID during these debates. In fact, during the October 10, 2006 session, six of the twenty-four Member States that spoke during debate explicitly brought up UNITAID during their speeches. The representative from Guyana,

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on behalf of the Rio Group, called UNITAID a positive result of the Action Against Poverty and Hunger. Bangladesh encouraged UNITAID to make LDCs the primary beneficiaries, and even China welcomed the initiative as part of the overall innovative financing debate.\textsuperscript{65} Norway, as a founding member of UNITAID, said that it sees UNITAID as a reinvigoration of the international debate on similar financing schemes. The Russian delegate was more reserved, saying that international taxation must remain strictly voluntary in nature, supported only by those countries that find taxation acceptable both by its population and economic potential.\textsuperscript{66} The United States, however, was the sole voice clearly and publicly against it.

6. The Heart of UNITAID Disagreement

UNITAID’s controversial presence stems largely from its financing mechanism and how and by whom the additional resources will be spent. The arguments in favor of the airline ticket tax and drug purchasing facility are as numerous as the arguments against. Although by no means an exhaustive list, the box below shows a general summary of the debate:

<table>
<thead>
<tr>
<th>PRO</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Air transport has benefited greatly from globalization, making it legitimate for the sector to contribute to poorer countries left behind by globalization.</td>
<td>• An airline ticket tax is inconsistent with International Civil Aviation Organization policy.</td>
</tr>
<tr>
<td>• An air ticket tax is just insofar that it addresses some of aviation’s negative externalities, such as high carbon emissions and the spread of disease.</td>
<td>• Airline taxes threaten the vulnerable airline industry, as well as tourism industries worldwide.</td>
</tr>
<tr>
<td>• Shortfalls in ODA call for financing mechanisms that are as predictable as they are profitable.</td>
<td>• Financing is not as core a problem as efficient and appropriate distribution. Until the latter is addressed, increased funds will not necessarily enhance effectiveness.</td>
</tr>
<tr>
<td>• Health is a key condition to human development and combating disease is key to combating poverty. AIDS, TB and malaria are among the most destructive in the developing world and should be the first to be addressed.</td>
<td>• In an effort to help, UNITAID might actually duplicate and complicate the work of the Global Fund to Fight AIDS, TB and Malaria, PEPFAR, and other similar programs.</td>
</tr>
<tr>
<td>• UNITAID is an unprecedented yet necessary show of cooperation between rich and poor countries.</td>
<td>• Global health needs to be addressed from a more inclusive perspective. A single-issue approach might actually undermine overall public health initiatives and development in general.</td>
</tr>
<tr>
<td>• The tax is easily implemented on a voluntary basis, with the levy amount set at the State’s discretion.</td>
<td>• UNITAID is a non-sovereign, non-representative body, and there should be no taxation without sovereign representation.</td>
</tr>
</tbody>
</table>

\textsuperscript{65} United Nations ECOSOC Second Committee Macroeconomic Cluster Debate. 10 Oct. 2006. UN Headquarters, Conference Room 2, NY, NY.

\textsuperscript{66} United Nations ECOSOC Second Committee Macroeconomic Cluster Debate.
The above arguments, while specific to UNITAID, are no doubt relevant to the global taxation debate as a whole. In fact, an additional point that could be added to both lists is that UNITAID could lead to international taxation schemes. For advocates, a global tax signifies increased development funding without directly tapping into national-level resources. For opponents, a global tax threatens sovereignty and over-empowers already semi-dysfunctional international organizations. Thus, to understand the UNITAID debate, one must understand the context from which it emerged.

7. Global Public Goods, the Millennium Development Goals And Innovative Financing

The force beyond UNITAID, the MDGs, and development assistance in general is the hope to someday eliminate—or at least ameliorate—worldwide poverty. Poverty reduction in itself is not a mere act of charity; it contributes to humanity as a whole insomuch that it is a Global Public Good (GPG) — a non-rival, non-excludable good from which all of people may benefit. Exact definitions of GPGs vary depending on the perspective or goal of the definer. The World Bank, for example, defines GPGs as fixed entities: “commodities, resources, services and systems of rules or policy regimes with substantial cross-border externalities that are important for development and poverty-reduction, and that can be produced in sufficient supply only through cooperation and collective action by developed and developing countries,” while the United Nations Development Program (UNDP) prefers to define GPGs by their qualities: publicness (non-rival and non-excludable) and universality (ability to be accessed by all lands, peoples and generations).67 Another definition provided by Anthony Clunies-Ross defines GPGs

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as “all those objects for which the world could be said to have a need or concern yet which are unlikely to be realized by uncoordinated activities confined to individual states.”

Where the definitions merge is their tie to poverty reduction, and oft-cited examples of GPGs include global climate stability, peacekeeping, medical and agricultural research, preservation of biodiversity, carbon emissions reduction, elimination of infectious diseases, and macroeconomic stabilization. The international community has been eager to build upon the GPG approach to development because it highlights current political, market and other institutional failures, focuses on holistic approaches to poverty reduction, and builds upon the realities of globalization and responsible transnational interdependence.

The next question, then, is how to finance GPGs. At a country level, public goods are largely financed via taxation of citizens. However, in the case of GPGs, such a system does not exist. At present, financing for GPGs largely is done through debt relief and ODA. However, these traditional financing mechanisms have proven to be somewhat limited in their scope, especially in recent years. The 1990’s proved to be a bleak decade in terms of ODA flows, with country contributions stagnating in nominal terms and actually declining in real terms. By 2000, ODA hit its lowest level in history, with Development Assistance Committee (DAC) countries’ ODA falling to a mere 0.22% of GNP – less than a third of the target goal of 0.7%.

This decline in ODA inspired talks of additional sources of development financing – or to use the UN term, innovative financing mechanisms. Of these, international taxation seemed to be a logical option, both in that it follows the model of traditional, national-level public good

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68 Clunies-Ross, 171-172.
69 Clunies-Ross, 171-172; Zedillo, 31.
70 Binger, 7.
71 Binger, 22, 24. Recent estimates regarding national public spending on GPGs is around USD$6 trillion, with countries allocating around 10% of ODA to GPGs.
72 Binger, 24.
73 Binger, 70. There are 23 DAC countries, which together form the principal body through which the Organization for Economic Cooperation and Development (OECD) deals with issues related to cooperation with developing countries, and contribute 95% of all ODA. Member Countries include Australia, Austria, Belgium Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States, and the Commission of European Communities. For more information regarding DAC countries, visit www.oecd.org.
financing and that it would provide more consistent, predictable funds when compared to ODA. As early as 1992, UN Secretary General Boutros Boutros-Ghali expressed a strong interest in implementing international taxation mechanisms in order to give the UN a “greater degree of financial independence.”\textsuperscript{74} The international consensus on the Millennium Development Goals in 2000 and the subsequent year’s estimate that meeting these goals would cost an additional USD$50 billion a year intensified the call for international taxation mechanisms. High-level UN reports began to emerge analyzing and proposing global taxation methods, including the Zedillo Report in 2001, the UN-WIDER (World Institute for Development Economics Research) Discussion Paper in 2003, and the Landau Report in 2004. Conferences among Member States and experts began as well, such as the aforementioned 2004 New York Action Against Hunger and Poverty and the Ministerial Conference on Innovative Sources of Financing for Development in 2006.

While the aim of these conferences and papers was to look at innovative financing mechanisms in general, international taxation in various forms emerged as the central financing instrument discussed and advocated. According to Landau – the author of the 2004 report - the reasons for focusing on global taxation were fourfold: first, its promise of guaranteed, increased financing; second, its ability to positively address negative externalities caused by human actions; third, its potentially moralizing effect on the international economy; and fourth, its ability to assist other tax policies adjust to the challenges created by greater economic interdependence.\textsuperscript{75} Offering additional, more pragmatic reasons, Clunies-Ross suggests that global taxation would not present a particularly high opportunity-cost, would carry a low-risk for free riding, and would be equitable, efficient, cheap and administratively easy to apply.\textsuperscript{77} While these reasons have


\textsuperscript{75} According to Binger, “Externalities arise when the effects of certain actions are \textbf{not} borne directly by the responsible party but by someone else. Such externalities are frequently called third party effects and can be positive or negative.” 6-7.


\textsuperscript{77} Clunies-Ross, 179.
become in many ways the foundation of global tax logic, both sets of justifications are far from universally accepted and often quite controversial.

8. Types of International Taxation: Options on the Table

Through a series of studies, meetings, reports, and discussions, proponents of international taxation have been able to move the debate from the theoretical justification of global taxes to outlining actual policy options. Many of the proposals for activities to be taxed fall directly in line with the justifications outlined above. For example, a carbon emissions tax would correct the negative externality of pollution, a currency transaction tax would correct market volatility, and a tax on the arms trade would help discourage the productions and purchase of weapons. There are currently several options on the table in terms of who or what to tax, and what the projected revenue would be. For a concise summary of the options most frequently discussed, refer to Table II below:

Table II: International Taxation

<table>
<thead>
<tr>
<th>Type of Tax</th>
<th>Central Burden-Bearer(s)</th>
<th>Annual Revenue Potential (USD$ Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arms Trade Tax</td>
<td>Producers, buyers, sellers of Weapons</td>
<td>$578</td>
</tr>
<tr>
<td>Balance of Trade Surplus Tax</td>
<td>Nations with export surplus</td>
<td>Not Available</td>
</tr>
<tr>
<td>Brain Drain Tax</td>
<td>Immigrant Receiving Nation</td>
<td>Not Available</td>
</tr>
<tr>
<td>Currency Transaction (Tobin) Tax</td>
<td>Businesses and individuals involved in the international financial markets and the trade of goods and services.</td>
<td>$0.05% tax = $90, 0.10% tax = $125 –166, 0.25% tax = $290^82</td>
</tr>
<tr>
<td>Carbon Emissions-</td>
<td>Commercial Hydrocarbon Fuel</td>
<td>$50 - $125 billion^83</td>
</tr>
</tbody>
</table>

^78 Clunies-Ross, 978. Estimate on a 25% tax on arms trade.
^80 McMahon, 15.
<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Taxable Entities</th>
<th>Revenue Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Tax</td>
<td>Consumers; Hydrocarbon extraction industry; hydrocarbon consumers in general, including developing countries.</td>
<td>Not available – estimated low revenue.84</td>
</tr>
<tr>
<td>Global Commons Tax (Antarctica, outer space, high seas, etc)</td>
<td>Commercial fishers, deep-sea miners, satellite operators, airline and aerospace industry.</td>
<td>Not available – estimated low revenue.84</td>
</tr>
</tbody>
</table>
| International Air Transport Tax              | Airline Passengers, Airline Industry                                             | Passenger Ticket & Freight = $2.2 - $20  
Ticket Alone= $0.885  
Fuel Alone= 12.5-$6086 |
| International Trade Tax                      | Exporting nations                                                                | Not Available87                                       |
| Internet Bit Tax                             | Internet users                                                                    | Not Available – estimated low revenue88             |
| Natural Resource Extraction Tax              | Extraction Industries                                                             | Not Available – estimated low revenue89             |

Of the options listed above, those with the earning potential necessary to meet the USD$50 billion annual MDG gap are the International Air Transport Tax, Carbon Emissions/Environmental Tax and the Currency Transaction Tax, thus making them the most frequently discussed options. Given their importance and their relation to the overall taxation debate, I will take a moment to discuss these three taxes in further detail.

**International Air Transport Tax (IATT)**

The taxing of international air transport, whether actual passenger tickets, freight weight, or fuel, is often justified for three reasons: the negative externalities it produces, its limited reach, and the relative administrative ease in introducing it. With regards to negative externalities, the airline industry is both a significant polluter and a contributor to the spread of communicable diseases.90 Pollution is an especially significant point for IATT advocates. According to the UN

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86 Clunies-Ross, 980; Binger, 17.
87 McMahon, 9.
General Assembly Preparatory Committee, “experts recognize air transport of passengers and
cargo as a key source of environmental pollution due to emissions and noise… Proponents of an
international air transport tax support it on the ground that as an economic instrument it embodies
the “polluter-pays” principle of internalizing environmental externalities.”91 In theory, such a tax
would deter carbon emission and provide incentives for a more environmentally healthy aviation
culture while earning substantial revenue for development.

In terms of reach, the IATT is only directly affecting two groups: first, the airline
industry – which, although vulnerable, is experiencing reasonable post 9-11 growth - and airline
passengers. According to UNITAID’s own justification for the airline levy, “air transport is one
of the industries that benefits most from globalization with an average annual growth of 5%. It is
therefore appropriate for this industry to help redistribute the benefits of globalization.”92 Using a
similar argument with regards to passengers, the Preparatory Committee suggests that “the tax
burden would fall mostly on those individuals and businesses that most benefit from, and
contribute to, the ‘globalization process’ through international air transport.”93 However, despite
limited reach, some negative effects of the tax could ripple out, hitting the the tourism industry -
including developing countries that have become tourist destinations - as well as reduce demand
in the airline industry, which – despite growth – continues to be under substantial financial
strain.94

Carbon Emissions Tax

Similar in justification but larger in scope, the carbon emissions tax is especially popular
among international tax proponents due to its potentially positive effects on the environment, its
high revenue earning potential, and its ability to be non-universally implemented if necessary.

(14 Sept 2006), 9; Binger, 17; Inge Kaul and Michael Faust. “Global Public Goods and Health: Taking the
92 UNITAID website.
A carbon tax would most likely be administered to “all commercial forms of hydrocarbon fuels at a uniform rate in relation to their carbon content,” with the main burden falling on “users of ‘commercial’ hydrocarbon fuel...[and] those involved at various stages in the extraction and processing of those fuels.” Given 2001 figures, a uniform, universally applied carbon tax of USD$2 per barrel of motor gasoline could raise approximately USD$125 billion, and would be “among the easiest and most inexpensive taxes to impose.” Moreover, if the tax were not applied universally and governments were allowed to choose to implement it on a voluntary basis, the revenue potential would still remain fairly high. However, implementation of the tax – like the IATT- could have unintended negative consequences on the international market, given the global economy’s current dependency on carbon trade and consumption.

Currency Transaction Tax (CTT) – Tobin Tax

The Currency Transaction Tax, or Tobin Tax, was actually among the first to surface, although not for development purposes. The CTT was originally proposed by US economist James Tobin in 1972 as a response to market volatility in the post-Bretton Woods Era. He proposed levying a small (0.01-0.1%) tax on short term currency transaction as a way of “throwing sand in the wheels of international finance.” For him, it was purely a market-correcting tool – it was not created for its revenue potential nor for financing development.

Although Professor Tobin won the Nobel Prize in Economics for what has become known as the Tobin Tax, it did not receive an immediately warm reception from the international community. According to Aziz, “most central bankers deemed it impractical, and most economists predicted that it would damage liquidity without reducing volatility in currency markets.” However, economic situations of the 1990’s – including an increased foreign exchange market, floating exchange rates, the economic crises in Asia and Latin America, and the

98 Aziz, 132.
The leap from a currency speculation tool to a development financing mechanism occurred much at the same time, as anti-globalization advocates such as the French NGO Association pour la Taxation des Transactions financiers pour l’Aide aux Citoyens (ATTAC) and proponents of innovative financing mechanisms began to see it as an ideal tool for correcting the imbalances of globalization. As proposed, the “good” of a Tobin Tax lies in its ability to contribute to the GPG of market volatility and in its high revenue potential. With regards to the former, a CTT would serve to alleviate high currency instability – a task that is currently carried out by developing nations who respond to speculative attacks on their currency by sacrificing foreign exchange reserves or raising interest rates. The result of these measures can be an exacerbation of poverty and social conflict as foreign reserves deteriorate and foreign debts increase, or the triggering of a full-out financial crisis. Second, in terms of revenue, projected incomes range anywhere from USD$90 billion to USD$290 billion, depending on the percent of the tax and the level of currency transactions.

However, the Tobin Tax if far from perfect, and several significant obstacles have prevented it from becoming a policy reality. Among these include the possible negative affects it could have on the currency markets and international finance in general, problems related to tax

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99 Aziz 132.
evasion or avoidance, and strong opposition coming from key financial markets, such as the US.\footnote{Clunies-Ross, 980; Grahl et al. 590-600; Aziz, 133.; M. Nissanke. “Revenue Potential of the Tobin Tax for Development Finance: A Critical Appraisal.” \textit{Wider Conference on Sharing Global prosperity} 2003, wider.unu.edu. (10 Oct. 2006), 5.}

\section*{9. Challenges to International Taxation}

For as strong as the movement in favor of international taxation has been, it has a good number of skeptics who have raised some very really concerns about the possible consequences of the tax. Its introduction to the global community would not only generate revenue, but would also raise serious questions about governance, sovereignty, distribution, and possible side effects.

In effect, while global taxation’s aim is to provide financing for GPGs, it in itself has a fair amount of negative externalities. The first of these would include possible disruptions in the global marketplace. All three of the pre-described taxes will affect some aspect of the international market. The Tobin Tax could easily disrupt the currency trade as well as worsen the problem of market volatility by reducing liquidity, thus undermining its original purpose.\footnote{Aziz, 133.} The carbon emissions tax could possibly hurt developing countries, which tend to consume more commercial energy per unit then more developed ones, as well as change behavior surrounding carbon production, thus creating “massive global economic disruption.”\footnote{United Nations General Assembly, A/56/28. \textit{Report for the Preparatory}, 4; McMahon, 15.} Finally, the airline transport tax – whether on freight, tickets, fuel or a combination of the three – threatens an already financially vulnerable industry as well as countries that benefit from tourism. In each case, developing country markets might be disproportionately affected by the very tax that is ultimately intended to improve their economic situation.\footnote{McMahon, 20-21.}

A second major issue that arises with international taxation is that of governance and sovereignty. According to Landau, “international taxes are sometimes seen as part of a bigger
project: the creation of new forms of global governance that they would help to promote and consolidate."\textsuperscript{106} However, the main candidate for a global governing body - the United Nations – presently does not have the appropriate infrastructure to collect or distribute the tax, and strong uncertainties exist with regards to its ability to find an appropriate tax mechanism or even reach a consensus on the issue.\textsuperscript{107} Moreover, should the UN develop such administrative capabilities, the idea of global governance itself strikes a strong theoretical nerve among nationalists. A true global authority with powers including the right to tax, command an army, or control territory threatens the long-held notion of national sovereignty. According to Sheehy of the Heritage Foundation, a conservative US-based think tank, “the ability to tax represents the exercise of sovereign power…” and therefore an international tax would be, “a usurpation of the constitutional rights of the American people.”\textsuperscript{108}

Of these rights, that of “no taxation without representation” is the most threatened under an international tax establishment.\textsuperscript{109} The slogan has become a standard in many democratic regimes, and as such, representative bodies have been given the exclusive right to tax.\textsuperscript{110} However, international levies of any kind threaten this paradigm. Landau admits, “there is no such thing as an international direct representation, so the legitimacy of international taxation is open to question.”\textsuperscript{111} Should the UN or another global governance body obtain the right to tax, how would it be accountable to those paying the tax? This question is difficult enough to answer considering that all states involved were to have some sort of democratic representation. It becomes increasingly more difficult when one considers a great many of the UN Member States have non-democratic and/or repressive regimes.

\textsuperscript{106} Landau, 75-76.
\textsuperscript{109} “No taxation without representation” is a slogan that originated during the mid-eighteenth century as colonial Americans fought against the British Empire, believing that taxes should not be imposed on citizens without their consent.
\textsuperscript{110} McMahon, 20.
\textsuperscript{111} Landau, 72.
This last point takes the international tax debate one step further, calling into account the issue of distribution—an issue that arises in any development financing matter, but that is particularly sensitive when tied to taxation. Fred McMahon of the Fraser Institute argues that the great bulk of global taxes would be collected from the developed, democratic world and distributed to the LDCs, which often suffer not only chronic economic instability, but also high levels of political elitism and corruption. He argues, “the ruling elites of these nations are typically concerned more for their own welfare than for their people’s welfare … [and] have become expert at capturing foreign aid receipts and using them to enhance their wealth and power.”\textsuperscript{112} The increased aid from taxes, he contends, would not necessarily go to the poor but to the leaders that repress them, thus bringing into question the moral rightness of the tax.

Beyond the technical and ideological barriers related to the tax, it faces considerable political roadblocks, as well. In order to institute the type of tax that would generate the anticipated revenues, it needs to be levied universally, or at the very least, among the lead countries. However, political will among some of these core nations—including the United States, Canada, Russia, Australia and Japan—simply does not exist. Some of their reluctance stems from the type of barriers previously described: states are unwilling to distort the market, tax citizens without guarantee of representation, and relinquish sovereignty. However, in addition to these issues are foreign policy considerations. As development aid is a foreign policy instrument, states often use it to promote their worldview, tying development assistance to specific causes or behavior their governments promote. Another reason is a simple unwillingness to agree to an automatic contribution mechanism.\textsuperscript{113} Whatever the reason, the marked lack of political will is widely recognized as one of the primary obstacles to global tax implementation.\textsuperscript{114}

\textbf{10. UNITAID and the Global Taxation Debate}

\textsuperscript{112} McMahon, 19-21.
\textsuperscript{113} Landau, 72.
\textsuperscript{114} Addison, 830; Binger 25; Landau pp 72; Nissanke, 12-13.
So far in this chapter, we have discussed how UNITAID functions, from its mission and objectives to its financing mechanism and governance structure. We have seen how states have reacted to UNITAID, and how their reactions are part of an overall debate on global taxation, which stems from GPG theory and a call for innovative financing to fund the MDGs. In short, we have discussed UNITAID as a specific movement and as part of a larger issue - both of which are important to understanding the future of this and other innovative finance mechanisms.

Although the UNITAID solidarity levy is currently voluntary – and thus not a global tax per se – it no doubt stems from the previously discussed IATT proposals and is the first real step toward implementing a global tax. France’s Foreign Affairs Ministry confirms that UNITAID is a pilot program to see how the world community responds to a global tax, and anticipates that it will lead to other levies such as a carbon tax, fuel tax, and Tobin tax.115 Mr. Solheim, Norway’s Minister for International Development, went so far as to call UNITAID an “embryo for a system of international taxation to underpin a global governance system.”116 With UNITAID’s solidarity levy already up and running in Chile and France, the debate surrounding a more universally implemented global tax will no doubt intensify.117

The following question, then, is how feasible is it for UNITAID to go beyond a voluntarily implemented national policy and become a truly global tax. UNITAID’s architects already have structured a governing facility, and the administrative challenges more or less have been overcome in the countries where the tax is implemented. Moreover, the airline ticket levy has been launched without much visible censure from the airline or tourism industries. Sovereignty largely is protected as the tax is implemented voluntarily and nationally collected, and distribution of the drugs and diagnostics purchased will be filtered to the people through local

NGOs, thus preventing the enrichment of corrupt government officials. The central remaining issue, then, is that of political will.

If UNITAID is to be universalized, it will take a significant shift in current levels of political will, especially from its principal opponents of the United States, Canada, Japan, Australia and Russia. But how are their levels of political will determined, what influences it, and where do flexibilities lie? In the following chapters, I will attempt to answer these questions by building upon the multilateral winset model and applying it to two countries on either side of the UNITAID debate: the US and the UK. In doing so, I will attempt to reveal how feasible the universal implementation of UNITAID would be given the current levels of international political will.
CHAPTER III
THE FRENCH EXCEPTION

The US and the UK are at the heart of this analysis because their many similarities provide an ideal background from which to compare their divergence on UNITAID and other global tax issues. However, this primarily two-state analysis should not preclude a short discussion on the role of France and the reasons it has become the central pillar of UNITAID. France, like the US, UK, or any developed country, faces the same risks and benefits in participating in the facility. What, then, has propelled it to take the initiative in establishing the first international, albeit non-universal, taxation for development scheme? While the analysis for the US and UK will go into a more detailed analysis of the specific pressure groups that influence the national-level status of UNITAID, my examination of France will take a more general approach, looking at large-scale socio-political influences and ideologies that seem to have influenced France’s action with regards to UNITAID.

The reasons for France’s open advocacy for UNITAID seem to be threefold: first, a well-formed, organized and active pro-global tax lobby which has garnered much political and popular support in the last decade; second, a public openness to international taxation schemes; and third, a political culture very much affected by its colonial past and the power relations and responsibilities that have resulted from it.

Since 1997, the French NGO ATTAC\(^{118}\) has been campaigning for the issuance of a Tobin Tax to help globalization become a more fair and balanced process, especially with regard to the distribution of wealth.\(^{119}\) Mostly made of unionists, journalists, academics and other social activists, ATTAC members have concluded that, “the rupture of the hegemony of ultraliberalism necessitates credible alternatives pursued by large numbers of individuals,” and

the solution is to “reclaim the space lost by democracy to the financial sphere” through the implementation of the Tobin tax. Its first official meeting in October of 1998 received more than 1000 participants. By December 1998 that number had grown to 5000, and by 2001, it enjoyed a membership of more than 30,000 people.

In addition to numbers, ATTAC has experienced considerable visibility and influence. Editor Bernard Casse of the Le Monde Diplomatique, France’s most widely read news publication, chaired the first ATTAC meeting, and in attendance were several community leaders and local councilors. In 1999, ATTAC presented a petition to Laruent Fabius, the standing president of the national assembly of France, which called for the imposition of the Tobin Tax. The same year they held their first conference in Paris, and soon thereafter protested at the World Trade Organization (WTO) meeting in Seattle, as well as organized several marches across France. By 2000, ATTAC’s lobby efforts had gained petitions signed by 200 parliamentary signatories from around the world.

Support for global taxation began manifesting among the general population, as well. A 2004 Chicago Council on Global Affairs survey of several of the worlds’ countries’ populations revealed that French citizens – more than those in any other nation – tend to favor “giving the UN the authority to fund its activities by imposing a small tax on such things as the international sale of arms or oil.” The global average of approval was 46%, while the French average for approval was 70%. Ironically, however, according to a European Commission poll conducted a year later, French citizens average among the lowest in the world in terms of knowledge of the MDGs, with only about 4% of those polled having heard about the goals. Thus, while French citizens support allowing the UN to levy taxes to finance their development agenda, they are not all that aware of what its agenda is. They leave that responsibility to their political

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120 Ruggiero, 50.
121 Ruggiero, 51.
122 Ruggiero, 51-53.
representatives, who historically have proven to share a similar sentiment in terms of global aid and its financing.

France’s role as a post-colonial power has affected greatly its attitude toward its role and responsibility in its relationship with the developing world, and most especially with francophone Africa. Jeffrey Herbst, John Chipman, and Vincent Géronimi all suggest that France’s ties to former African colonies dictate much of its foreign policy, especially in terms of development assistance. According to Herbst, “[the] French have consistently believed that the credibility of their entire foreign policy rests, to a large extent, on their continued influence in Africa.” Chipman explains that, “in the French conception, to maintain, or to aspire to a great foreign policy, a medium power must be able to exert control or influence in places where no other power can do quite the same... The maintenance of influence in the francophone African states has been directly linked to the French need for rayonnement (or "glory")...”

However, shifts in policy and international levels of giving have changed the nature of France’s relationship with Africa as compared to the rest of the world. Between 1991 and 2002, French bilateral ODA toward Sub-Saharan Africa decreased significantly from 55.4% of ODA to 26.8%. French ODA toward the LDCs fell sharply, as well. Meanwhile, US ODA to Africa has surpassed French giving, and in 2001 Japan reached France’s aid level. As such, France could not maintain its preferred stature in Africa by national-level giving alone. It needed a more innovative mechanism to provide assistance, and international cooperation – especially in terms of funding mechanisms – became the obvious option. According to Géronimi, the change in France’s development agenda is, “more than the simple extension of the traditional area of French

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126 Herbst, 657.
127 Chipman, 1-2.
128 Geronimo, 44.
129 Geronimo, 44-45.
intervention in the field of development out of Africa. It is a result of the logical movement
towards more integration of the French cooperation objectives and tools inside the international
perspective.”130 Herbst goes so far as to say that France takes advantages of multilateral financing
agreements in part to “subsidize its colonial expenditures.”131

By 2000, French representatives, whether nationally or abroad, had become among the
more vocal advocates both for increasing efforts toward reaching the MDGs and for international
taxation as a means for financing them.132 In 2002, President Chirac made Africa a renewed
priority and increased both current ODA commitments and future targets. In 2004 Chirac
commissioned a group of French experts from academia, government, international organizations,
NGOs and private sector companies to write a report on innovative funding mechanisms for
development. Led by Inspector-General of Finances Jean-Pierre Landau, the “Landau
Commission Report” thoroughly analyzed international taxation, and has been used as a jumping-
off point for its advocates. Fueled by the report’s momentum and support, France increased its
efforts toward making global taxation a reality. France was a leading force behind the New York
Declaration on Action against Hunger and Poverty in 2004 and the Declaration of Innovative
Sources of Financing in 2005. Chirac openly called for an airline ticket tax at the Davos
Conference in 2005, and submitted his idea for national-level approval the same year. On
December 22, 2005, French Parliament approved a law that set out the rate caps for the airline
ticket levy, which were finalized and issued in July 2006.133 At the Paris Conference in 2006, the
French government gained further national-level support and commitments, thus leading to the
official September launch of UNITAID.

In short, political will toward UNITAID and similar mechanisms has not been an obstacle
in France. Given the widespread influence and success of ATTAC, the airline ticket tax was

130 Geronimo, 44-45.
131 Herbst, 659.
132 Geronimo, 45.
133 Mari-Aimee Tourres “Financing the Millennium Development Goals: A Note on Two Innovative
launched in a society that was both well informed about and largely supportive of global tax initiatives. Moreover, it seems that the sources of this openness are endemic to the political culture: it is the result of a well-rooted socio-political history built on a paternal outlook toward the developing world, especially Africa, which is set to be a primary beneficiary of UNITAID. France was the first developed nation to call for the airline ticket tax on an international scale, and since then, UNITAID has become France’s pet project - its contribution to the developing world. The French even claim that their major airline – Air France – has seen no harm come from the initiative. Thus, all sectors – from the general populous to the political elite and even to the airline industry – have been quite open to the tax. As such, unlike the US and UK, the French had to do very little national-level convincing in order to pass it. For this reason, the more interesting analysis exists between the US and UK – one which followed France’s trailblazing initiative, and the other, which rejected it.

CHAPTER IV:
US POLITICAL WILL AND UNITAID

The United States has been steadfast in its opposition to any form of global taxation, and it has not wavered in the face of UNITAID. Moreover, the US’s non-membership in UNITAID has not obstructed the facility, which continues to gain members and commitments at various levels. However, the notion that the US will be needed should any tax be truly globalized remains true. Similarly true is the fact countries are urging the US – along with all non-member nations – to join UNITAID. How the US responds to this pressure is a vital clue into the possibility of future global tax initiatives. As such, the important question is: to what degree is US political will actually flexible?

To answer this question, I will look into the various influences that manipulate the size of American winsets, which in turn determine the nature of international negotiations on the issue. The forthcoming analysis will begin with the media, then go on to analyze public opinion, the political elites in US Congress, and finally the international negotiation process. This analysis will reveal where both openness and opposition to the tax exist, which group(s) most informs the international decision-makers’ policy choices, and where flexibility might occur.

1. United States Media Coverage

Media in many ways is the beginning of the chain of influence. On one end, it informs public opinion insomuch that it provides them information. Should a news source – or several news sources – choose not discuss a certain issue, it is unlikely readers will seek out other sources.

135 My study of local sources of pressure will look primarily at media, public opinion, and the political elite. However, this list is by no means exhaustive. Pressure groups such as lobbies, corporations, and NGOs all have a stake in the outcome of UNITAID and global tax schemes, and as such, no doubt exert pressure on the policy makers. Future studies on the issue would be wise to include these players in their analysis; however, for the purpose and graduate level of this study, I have chosen to limit my research to what I feel are the most visible and telling of the local-level sentiments.
UNITAID in the Media

UNITAID coverage has been both limited and unenthusiastic since the facility’s inception. A search conducted on April 21, 2007 through the Factiva news database found only four articles that discussed UNITAID. Of these, two were published in the New York Times, and one in both USA Today and the Wall Street Journal. A summary of UNITAID coverage in the top five US newspapers is available below:

<table>
<thead>
<tr>
<th>Publication</th>
<th>Date</th>
<th>Title</th>
<th>Attitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall St. Journal</td>
<td>4/13/2007</td>
<td>Chirac Leaves Lackluster Legacy</td>
<td>Negative</td>
</tr>
<tr>
<td>New York Times</td>
<td>12/1/2006</td>
<td>Clinton Helps Broker Deal For Medicine to Treat AIDS</td>
<td>Neutral</td>
</tr>
<tr>
<td>New York Times</td>
<td>9/19/2006</td>
<td>Five Nations to Tax Airfare to Raise Funds for AIDS Drugs</td>
<td>Neutral</td>
</tr>
<tr>
<td>USA Today</td>
<td>7/5/2006</td>
<td>Business Travel</td>
<td>Neutral</td>
</tr>
</tbody>
</table>

The Wall Street Journal was the most critical of UNITAID. In an article entitled, “Chirac Leaves Lackluster Legacy --- Candidates Keep Distance From Failed Pieces of President's Big Dreams” by David Gauthier-Villars, several of UNITAID’s shortfalls are mentioned, including opposition from the airline industry, the lack of support from key players in...
the EU and China, and the one-sidedness of the financing, currently 80% of which comes from France. Quoting Charles Amedee de Courson, a French centrist lawmaker who opposed the tax when it was adopted by the French parliament last year, the Wall Street Journal presented the tax as one of Chirac’s "generous ideas [with] sloppy execution."137

The New York Times limited its coverage to discussing two UNITAID-related events: first, its September 2006 launch, and second, the UNITAID-financed purchase of children’s AIDS medications through the Clinton Foundation in December 2006. With regards to the launch article, the tone was factual and discussed the aim of UNITAID funds as well as some critiques from those involved in global health care. The December article focused solely on UNITAID’s role in financing the Clinton Foundation’s purchase of nineteen AIDS drugs at reduced prices.138

Finally, USA Today mentioned UNITAID merely as a side note in their Business Traveler Section, noting that those traveling in France would now be charged at minimum a one euro tax that would be used by UNITAID in the global fight against AIDS, TB and malaria.139

Global Taxation in the Media

A further search on global taxation (including “international taxation” and “Tobin tax”) coverage since 1997 revealed a mere fourteen articles on the topic in only four of the top five newspapers.140 A summary of the coverage is available in the table below:

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137 Gauthier, Villars.
140 The Los Angeles Times did not print any articles on global taxation during the time frame.
Table IV: US Media Coverage of International Taxation 1997-2007

<table>
<thead>
<tr>
<th>TAX</th>
<th>ATTITUDES 1997-2001</th>
<th>ATTITUDES 2002-2007</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of instances tax was mentioned</td>
<td>Number of instances tax was mentioned</td>
<td>Row Totals</td>
</tr>
<tr>
<td>Type</td>
<td>Pro</td>
<td>Con</td>
<td>Neutral</td>
</tr>
<tr>
<td>Tobin/ CTT</td>
<td>1</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Carbon</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Aviation</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other, Non-Specific</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Column Totals</td>
<td>1</td>
<td>6</td>
<td>5</td>
</tr>
</tbody>
</table>

Within the fourteen articles, specific types of taxation were mentioned seventeen times. Of these, all but one instance spoke against global taxation schemes, the exception being an op-ed written by James Tobin himself explaining the possible benefits of his tax in a 1997 article in the *Washington Post*.\(^{141}\) Seven articles were outright against international taxation, and of the six neutral articles on the topic, five explicitly mention disapproval from either Washington or Wall Street. Three articles warn that the implementation of an International Criminal Court might someday lead to a global tax, and only three articles actually discuss the possible relationship between international taxation and development.\(^{142}\) The airline ticket tax was never mentioned, and the carbon tax – its closest relative – only mentioned once. Additionally, global tax issues have been receiving less attention in the last five years, with more than two-thirds of the total articles printed between 1997 and 2001.

Typical printed examples of this neutral-to-skeptical range include the following two excerpts:

[A UN Panel] advocates more debt forgiveness… and accepts that a variety of international taxes - on financial transactions, carbon emissions or seabed mining --

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might be considered. A meeting to discuss "global taxation" is proposed. The idea has long been anathema to the United States Congress.¹⁴³

At the World Economic Forum in Davos, policy sessions were eclipsed by B-grade actors indulging in aid-hugging histrionics. Jacques Chirac tried to out-compete Tony Blair for acclaim as the true aid enthusiast by calling for a $10 billion annual fund to fight AIDS (a trifle cynically, as the principal financing proposed was the imposition of a Tobin tax on capital flows, an idea now defunct except among fringe groups).¹⁴⁴

As such, it is fair to say that the top five US newspapers have done little to cover UNITAID or to open an informed debate on international taxation. As displayed in the examples, articles on both tend range from mostly neutral to all-out critical. However, provision of global tax information is only one part of the chain. Another exists in public consumption and interpretation, which can be measured, in part, by public opinion.

2. United States Public Opinion

The American public plays an interesting role in influencing the political elite, and public opinion polls are the instruments used to gauge the public's level of support for any given issue. During an election year, political candidates live and die by the public opinion polls, changing strategies, messages, and priorities based on what the public wants to hear. Think tanks use polls to build policy suggestions. News sources from across the spectra have their own polling agencies and conduct their own polls – scientific or otherwise – on a wide array of topics. In fact, America’s number one television show – American Idol – is based on the very idea of public opinion.

¹⁴³ Crossette, 6.
¹⁴⁴ Bhagwati, A14.
opinion having a say in nationwide outcomes. In short, US citizens are used to being polled, and they are used to having their opinion heard.

Issues surrounding UNITAID and global taxation have not been untouched by US polling agencies, at times very directly, and at others less so. Given the newness of UNITAID, no poll has been presented to the US public gauging their support levels. However, by looking at other polls, one can make some inferences on what US attitudes might be. Questions I took into consideration included US confidence in the UN and its affiliates, support for increased development aid in general, and attitudes toward international taxes for development. For the most part I will maintain my ten-year timeline; however, polls conducted in 1995 and 1996 provide a more detailed description of attitudes toward taxation, and I will therefore include them in my analysis.

Beginning at a macro-level, one can gauge how likely Americans would be to support a global tax by seeing to what degree they have faith in the global institutions that would be collecting them. The most obvious of these is the United Nations, and polls throughout the last decade have attempted to measure trust, confidence and import of the UN within the US psyche. The table below provides a summary of the findings from UN-related polls:

<table>
<thead>
<tr>
<th>Table V: US Public Opinion Toward the UN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issue</strong></td>
</tr>
<tr>
<td>It is important for the United States to cooperate with other countries by working through the United Nations</td>
</tr>
<tr>
<td>The UN should play a greater role in dealing with world problems</td>
</tr>
<tr>
<td>The US should remain a Member State of the UN.</td>
</tr>
<tr>
<td>The United Nations plays a necessary role in the world today.</td>
</tr>
<tr>
<td>The United Nations can manage many of the world’s most pressing problems</td>
</tr>
</tbody>
</table>

145 Some of the statements have been rephrased in order to make comparisons in attitude. The original questions are available at World Public Opinion.Org. “General Attitudes Toward the UN – United States.” http://www.americans-world.org/digest/global_issues/un/un1.cfm.
146 In cases where the surveys use four tiers – i.e. “Agree, Mostly Agree, Mostly Disagree, and Disagree” - the positive and negative attitudes have been combined for the purpose of comparison.
better than any single country.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Agree</th>
<th>Disagree</th>
<th>Polling Agency</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening the UN is an important foreign policy goal.</td>
<td>79%</td>
<td>19%</td>
<td>Chicago Council on Global Affairs</td>
<td>2006</td>
</tr>
<tr>
<td>It would be positive if the United Nations became significantly more powerful in world affairs.</td>
<td>66%</td>
<td>32%</td>
<td>WPO/KN</td>
<td>2006</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>72%</td>
<td>26%</td>
<td>Source: World Public Opinion.org</td>
<td></td>
</tr>
</tbody>
</table>

As the table shows, Americans consistently have shown a strong level of support for the UN. In no instance did the majority of those polled show a lack of trust or confidence in the UN or the US role within it. From the above questions, one can assume the average American citizen believes that the UN is a strong, valuable and trustworthy organization that should be strengthened in its efforts to improve international cooperation and solve world problems. Therefore, given general US trust in the United Nations, how important do they see one of the body’s main pillars - international development – and how much they would they be willing to spend to achieve it? The table below summarizes American attitudes on this issue:

Table VI: US Attitudes Toward Development Aid

<table>
<thead>
<tr>
<th>Issue</th>
<th>Agree</th>
<th>Disagree</th>
<th>Polling Agency</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>You would be willing to have your taxes go up to cut world hunger in half.</td>
<td>69%</td>
<td>29%</td>
<td>PIPA</td>
<td>2000</td>
</tr>
<tr>
<td>The United States should be willing to share at least a small portion of its wealth with those in the world with great need.</td>
<td>79%</td>
<td>12%</td>
<td>PIPA</td>
<td>2001</td>
</tr>
<tr>
<td>I favor contributing food and medical assistance to people in needy countries.</td>
<td>87%</td>
<td>12%</td>
<td>PIPA</td>
<td>2001</td>
</tr>
<tr>
<td>I favor aid that helps needy countries develop their economies.</td>
<td>73%</td>
<td>25%</td>
<td>PIPA</td>
<td>2001</td>
</tr>
<tr>
<td>I believe that the average US household would be willing to pay an additional $15/$30/$50 per taxpaying</td>
<td>71% ($15)</td>
<td>25%</td>
<td>PIPA-Knowledge Networks Poll</td>
<td>2004</td>
</tr>
<tr>
<td></td>
<td>72% ($30)</td>
<td>24%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>70% ($50)</td>
<td>27%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

147 World Public Opinion.org. “General Attitudes Toward the UN – United States.”
148 Some of the questions have been rephrased in order to make comparisons in attitude. Original questions can be found at PIPA-Knowledge Networks Poll. “The American Public on International Issues.: Americans on Addressing World Poverty Questionaire”.
http://www.pipa.org/OnlineReports/ForeignAid/WorldPoverty_Jun05/WorldPoverty_Jun05_quaire.pdf
Again, Americans tend to show surprisingly high levels of support. The consistent majority believes that aid to developing countries is both good and necessary and would be willing to pay increased taxes in order to reach development goals. However, it is also worth noting that in the same study, the majority of Americans (61%) also tend to believe that the US currently tends to spend too much on foreign aid and an even larger majority (65%) would like to see that amount cut. However, this should be taken with the understanding that those polled grossly overestimate the amount of aid contribution the US actual makes. Respondents thought on average that the US gives 20% of its federal budget to foreign aid, and that 14% would be a more appropriate amount. However, when asked if they thought a 1% allotment of the federal budget to foreign aid was appropriate – an amount much closer to actual ODA levels, although still a significant overestimation - 37% thought it was too little, and a plurality of 43.5% thought it was just right. While such contradictions make generalizations more difficult to make, it does seem that Americans would be willing to enhance the amount of foreign aid if they knew the actual US ODA levels.

To look at specific attitudes on global taxes, we come across another interesting series of data. A 2004 study by the Chicago Council on Foreign Relations that compared public and

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149 Different amounts were asked to different percentages of the population: one quarter, one half and one quarter, respectively. The question also conditioned that other industrialized countries would provide an equal contribution.


political leaders’ opinion on the issue found an interesting divergence in attitude. According to their report:

One of the most dramatic misperceptions [of government leaders toward the public is] on giving the UN the power to fund its activities by imposing a small tax on such things as the international sale of arms or oil. A slight plurality of the public (49%) favors the idea, while a slight plurality of leaders is opposed (46% in favor, 49% opposed). However, among government leaders there is clear opposition, with 73% of administration officials, 91% of Republican staffers, and 59% of Democratic staffers opposed. Thirty-one percent of leaders overall give a roughly correct estimation of views being evenly divided or a majority in favor. Fifty-seven percent say that a majority is opposed. Among administration officials, 61% think a large majority is opposed, as do 62% of Republican and 49% of Democratic staffers.\(^{153}\)

Their findings of public support are further confirmed by studies conducted in 1995 and 1996 on the issue of international taxation. A summary of the findings of these reports is found in the table below:

<table>
<thead>
<tr>
<th>Polling Agency</th>
<th>Year</th>
<th>Type of Tax</th>
<th>Reason for Tax</th>
<th>Favor</th>
<th>Oppose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polling the Nations</td>
<td>1995</td>
<td>Currency Transaction/Tobin</td>
<td>Potable water, forest preservation, children’s education</td>
<td>75%</td>
<td>22%</td>
</tr>
<tr>
<td>Market Strategies</td>
<td>1995</td>
<td>International Arms Sales</td>
<td>Famine relief, humanitarian aid</td>
<td>72%</td>
<td>25%</td>
</tr>
</tbody>
</table>


As the data clearly demonstrates, Americans tend to favor the idea of international UN taxes for specific development issues or projects. The only exception is the airline ticket tax. However, the airline ticket levy is the only above-mentioned tax that is not given a specific project to fund. It is therefore unclear if those polled are opposed to the airline ticket tax itself or the ambiguity of how it would be spent.

To sum, those Americans who have been polled by various agencies and organizations over the past twelve years generally tend to show high levels of support toward the United Nations, MDG financing, and UN taxation schemes. Therefore, one could tentatively conclude the American public would be likely to support an organization like UNITAID. UNITAID is housed in the WHO, which itself is a UN-body. Therefore, if the public would be likely to trust the UN with a tax, it would most likely trust a specific UN affiliate. Furthermore, those polled showed they would be in favor of paying between $15-$50 more a year in taxes to help fund the MDGs, among which is the goal to combat AIDS, tuberculosis, and malaria, and specifically said they would be willing to pay a tax that would help improve worldwide health care, albeit through a tobacco levy. The only question, then, is whether or not Americans would be willing to pay an airline ticket tax to fund this goal. According to the 1996 Wirthlin poll, one might assume that

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this tax is the least popular option. However, I reemphasize that it is unclear whether the tax or its end destination caused the low approval rating. Given American willingness to pay taxes for other pro-health, anti-poverty schemes, it seems unlikely their enthusiasm would whither if the tax were applied to airline tickets and not tobacco sales.

3. United States Congress

The United States Congress has been particularly and adamantly anti-global tax. While specific discussion of UNITAID has yet to enter an official House or Senate discussion, US Congressman have continually spoken against all forms of international taxation, including an airline ticket levy, in all global bodies. A search done through Congress’s official website since 1997 revealed both a limited discussion and overall hostile environment with regards to international taxation. A summary of the findings is in the below table:

Table VIII: Summary of US Congress and the Global Tax Debate 1997-2007

<table>
<thead>
<tr>
<th>Source</th>
<th>Advocates Global Tax</th>
<th>Neutral Global Tax</th>
<th>Opposes Global Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speech</td>
<td>0</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>Bill</td>
<td>1</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>Amendment</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Public Law</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Party</td>
<td>Advocates Global Tax</td>
<td>Neutral Global Tax</td>
<td>Opposes Global Tax</td>
</tr>
<tr>
<td>Republican</td>
<td>0</td>
<td>0</td>
<td>21</td>
</tr>
<tr>
<td>Democrat</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Independent</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

A total of nineteen bills, three amendments to bills, and fourteen speeches have been recorded in the Congressional Record regarding international or global taxation. Of these, only one bill advocates an international development tax and one speech addresses global taxation neutrally. All other thirty-four accounts fiercely oppose global taxation and often threaten hefty financial consequences should the UN or any other global body implement an international taxation scheme, three of which have been incorporated into two public laws.
International taxation has not been a widespread concern so much as a pet issue for a handful of Congressmen who have been able to garner the occasional support of the majority. Of well over five hundred men and women who have been Congressional representatives over the last ten years, only twenty-one have taken the initiative to write a bill or amendment or speak on the floor regarding international taxation. Of these twenty-one, the overwhelming majority has been from the Republican Party, with only one Independent and three Democrats actively participating in the global tax dialogue. Moreover, of this non-Republican group, the Independent Congressman proposed the only pro-tax legislation in 2000, and the two Democrats have spoken in opposition to WTO or Internet Bit Taxes – not a UN or development tax per se.¹⁶¹ The most persistently vocal of the opponents include Congressmen Ron Paul, John Sweeney, and Pete Sessions and Senator James Inhofe, who combined are responsible for eleven bills, three amendments-turned-laws, and eight anti-tax speeches in the last ten years.

The majority of the anti-tax rhetoric is based on an ideological foundation of sovereignty protection, mistrust of global authorities, and unconstitutionality. Congressmen consistently call upon these three themes in their speeches, which tend to be nationalistic and protective in nature. For example, Senator James Inhofe’s 2006 speech exemplifies the claim to sovereignty argument as well as an utter mistrust in the United Nations:

The United Nations is not a sovereign nation and, therefore, does not have the legal capacity to levy taxes. Furthermore, paying taxes to an international organization like the UN would impair global commerce, hinder the defense capabilities of the United States,

and continue to line the pockets of an organization that has historically been replete with mismanagement and corruption, especially in recent years.\textsuperscript{162}

Missouri Congressman Roy Blunt turned to the US Constitution in his argument:

Global taxes imposed by leaders of foreign governments on United States citizens are clearly at odds with the Constitution and the tradition of our country. The Constitution says: "The Congress shall have the power to lay and collect taxes, duties, imposts, and excises." It is our responsibility as the elected representatives of the people to ensure that no outside entity can ever collect revenue directly from U.S. citizens … We have subsidized the United Nations as an experiment in a world forum, but we must not permit the United Nations to become an entity of taxation on the American people or for our part the world.\textsuperscript{163}

And Texas Congressman Ron Paul’s uses all three pillars of anti-tax argumentation:

[This] is a perfect example of "taxation without representation" that our Founding Fathers rebelled against. We should under no circumstances surrender one bit of American sovereignty or treasure to the United Nations or any other global body.\textsuperscript{164} The United Nations has for decades been looking for a way to develop and promote a system of direct taxation on American citizens. It is bad enough that the United States has wasted more than $30 billion thus far on this corrupt and inept organization. U.N.

bureaucrats want to find a way to put their hands directly in the taxpayer’s pocket and do away with the U.S. Government middleman.\textsuperscript{165}

The above comments appropriately exemplify the type of discussion that has revolved around international taxation issues.\textsuperscript{166} However, beyond the spoken debate are actual legislation proposals. Seven of the proposed bills directly prohibit or withhold US contributions to the UN if the organization “imposes any tax or fee on any United States person or continues to develop or promote proposals for such a tax or fee.”\textsuperscript{167} Four other bills work through Department of State appropriations and have clauses that would similarly prevent or withdraw US contributions to the UN for the same reason.\textsuperscript{168} Three bills call for complete US withdrawal from the United Nations Educational, Scientific and Cultural Organization (UNESCO) for their involvement in global tax research and promotion.\textsuperscript{169} Of the remaining, two prohibit and Internet bit tax, one states US international taxation policy in general, one protects the Second Amendment, and only one calls for global sustainable development by using a currency transaction tax.

As this last bill is the only of the nineteen that advocates global taxation, thus breaking with the political norms of the lawmaking body, it is worth looking at relevant excerpt of the text.

Submitted in 2000, the same year the MDGs were introduced, Independent Congressman Bernard Sanders along with nine cosponsors submitted HR470, “Expressing the sense of the House of Representatives regarding global sustainable development, and for other purposes,” which stated the following:

\begin{itemize}
\item [165] Paul, Ron. “H.R.1017:To prohibit United States voluntary and assessed contributions to the United Nations if the United Nations imposes any tax or fee on any United States person or continues to develop or promote proposals for such a tax or fee Remarks.” United States House of Representatives Proceedings, 1 March 2005. www.thomas.gov
\item [166] For further examples of US Congressional debate on the issue, see Appendix B.
\item [167] See United States House of Representatives Bills HR1017, HR204, HR312, HR280, HR179 and HR21 and United State Senate Bill S3633. www.thomas.gov.
\item [168] See United States House of Representatives Bills, HR2415, and HR2601, and United States Senate Bills S903 and S886. www.thomas.gov.
\item [169] See United States House of Representatives Bills HR132, HR443, and HR4. www.thomas.gov.
\end{itemize}
FOREIGN CURRENCY TRANSACTION TAXES- The United States, in cooperation with other nations, should establish levies on all foreign currency transactions and should establish the mechanisms for implementing such levies on such transactions. The levies should have the following purposes:

(A) To reduce the volume of destabilizing short-term cross-border financial flows.

(B) To restore national monetary autonomy over national currency.

(C) To provide pools of funds for investment in long-term environmentally and socially sustainable development in poor communities and countries.\(^{170}\)

This bill, of course, was never passed into law; however, neither were any of its anti-tax counterparts. In fact, despite the persistence of their sponsors, the majority of these bills have not even made it past Committee to an actual floor vote. When international taxation prohibition has become part of US law, it has done so through a less direct route: as amendments to otherwise non-global tax related bills. Such a strategy has been used three times during the last ten years, and each time the amendment has been adopted and subsequently became law.

Public Law 109-012, adopted in 2005, holds two such amendments, both offered by Senator Sessions two weeks after France launched its UNITAID airline ticket tax. The two relevant clauses read:

None of the funds appropriated by this Act may be made available to pay any contribution of the United States to the United Nations if the United Nations implements or imposes any taxation on any United States persons.\(^{171}\)

And:

(a) It is the policy of the United States to use the voice, vote, and influence of the United States to vigorously oppose any international or global tax that is or may be considered or

\(^{170}\) Sanders, Section 5.

promoted by the United Nations, its specialized or affiliated agencies, its Member States, or United Nations recognized nongovernmental organizations.

(b) United States representatives at the United Nations shall—

(1) use the voice, vote, and influence of the United States to vigorously oppose any effort by the United Nations or any of its specialized or affiliated agencies to fund, approve, advocate, or promote any proposal concerning the imposition of a tax or fee on any United States person in order to raise revenue for the United Nations or any such agency; and

(2) declare that a United States person shall not be subject to any international tax and shall not be required to pay such tax if such tax is levied against such person.\(^\text{172}\)

A year prior, a third amendment to become law did so in Public Law 109-108. Offered by Mr. Ron Paul in June 2005, the clause mirrors exactly Senator Sessions’ first clause in Public Law 109-012 regarding appropriations restrictions.\(^\text{173}\) Paul’s timing similarly coincided with advances in international taxation schemes, following the Davos Conference in which Chirac first endorsed an airline ticket tax.

In sum, the US Congress has created an absolute and time-honored culture of opposition to any form of global tax scheme, and given that Congress is a body that honors incumbency and seniority, it seems unlikely that this culture will change any time soon. As Congress is responsible to pass any treaty or international agreement and dictates the limits of State Department officials, Congress minimizes the US winset, and therefore most directly informs and limits the options on the table for US international negotiators. Therefore, Congress seems to present the foremost challenge in terms of political will.


4. US International Negotiations

UNITAID exists as a result of negotiations among nations. Therefore, should it continue to grow, it will do so through the same process. The United Nations is the ideal atmosphere for these negotiations: it is the sponsor of the MDGs, a long-time supporter of innovative financing, and a body where issues regarding economic development and the combat against disease are openly discussed. As such, it is the responsibility of the negotiators to appropriately to UNITAID, representing their countries’ interest and promoting the national agenda.

UNITAID discussion within the UN has most clearly manifested in the Economic and Social Council (ECOSOC), and frequently in ECOSOC’s Second Committee, which deals with economic development issues, including financing for development (FFD), and often HIV/AIDS. Representing the US in the Second Committee is a US State Department Official (US SDO) who has worked closely with FFD and AIDS issues during his two-year tenure at the US mission to the UN. As such, he has carried the core responsibility of addressing US interest (or disinterest) in UNITAID since the facility was first introduced.

According to an interview with the US negotiator on May 25, 2007, the official US position on UNITAID is the following:

While we do not plan to join UNITAID, we urge a more direct relationship between UNITAID and the Global Fund in order to make the best possible use of the resources available to fight HIV, TB and malaria. We oppose the imposition of any taxes, including an airline ticket tax, for the express purchase of fundraising for global initiatives, including health initiatives. Such a tax is contrary to established International Civil Aviation Policies, and we do not believe that an airline ticket tax is any more sustainable

174 The USUN State Department Official prefers to remain anonymous. He will be referred to henceforth as the US negotiator.
than traditional sources of funding. Ticket taxes discourage air travel, harming developing countries dependent on tourism.\textsuperscript{175}

This position on UNITAID, as well as instructions for responding to it, come directly from the State Department, and most specifically the Political Section’s International Organizations Bureau (IO), and within that, the Economic Development Office (EDO). The link between the US negotiator and IO is Marietta Bartoletti, who defines the US position on UNITAID by polling IO experts as well as other relevant stakeholders within the US Government, including the Economic, Energy and Business Bureau (EEB), US Treasury, Department of Commerce, and the Office of the Global AIDS Coordinator. The State Department and its agenda are also ultimately subject to Congressional direction and approval.

While the talking points have remained the same since UNITAID’s launch, the US negotiator said that the US response was initially quite hesitant, and – looking from a wide government perspective – might not be as solid as the oft-repeated position suggests. According to him, “there are some [in the government] who are more involved directly in the fight against HIV/AIDS that think… that anything that can be done to increase resources is a good idea. But then you have others in the government, especially the State Department, who are more concerned about … the economic or financial implications, for example the impact it would have on the airline industry.”\textsuperscript{176}

In the end, however, the objections have come to form the principle foundation of the US position on the facility. The airline ticket tax is the premier concern for the US, both because of its affect on the airline industry and because of the issue of a tax without proper representation. With regards to the former, the US tends to align with the International Civil Aviation Organization (ICAO), a Geneva-based association that represents the interests of all global

\textsuperscript{176} US SDO Interview.
airlines. According to the US negotiator, ICAO has clearly spoken out against UNITAID’s ticket tax, thus “adding fodder” to the US position.177

However, beyond the actual economic consequences of the tax on the airline industry, the US is very much concerned with the issue of proper representation. According to the US negotiator, “our negative reaction to UNITAID is that [its funding] is not coming from foundation citizens but from consumers in that market, and we might have US citizens in that market … or other third country people who are buying tickets.” 178 The US would rather countries give to development initiatives through more traditional means, such as the US’s AIDS program PEPFAR, which gives USD$2 billion annually (as compared to the predicted USD$300 that UNITAID will raise) through regular US taxpayer dollars.179

Also concerning the US is the “unhelpful precedent” UNITAID presents in terms of international taxation schemes.180 This latter point remains a firm redline for the US. Although the US negotiator believes UNITAID has primarily good intentions and is not necessarily a poorly disguised Trojan horse looking to introduce more universally applied global taxation schemes, he does recognize that many within the government do. As such, he has firm doubts that the US will ever join UNITAID, saying, “Even if the administration changes, … [UNITAID] is something that goes against the grain of American philosophy [because] it … smacks of international taxation… Some have gotten in a frenzy, [thinking that] this is the first step – and I don’t think that’s appropriate. But you can make an argument that it is a step in that direction and we don’t want to be part of it.”

Nevertheless, UNITAID’s supporters have embraced this step fully. Since its launch, UNITAID has sprung up in a variety of fora within the United Nations, including meetings, special events, and various resolutions that are related to UNITAID and its objectives. With regards to the meetings, the US negotiator said that UNITAID supporters often use forum

177 US SDO interview.
178 US SDO interview.
180 US SOD interview.
discussion to promote the UNITAID agenda. Most recently, in the annual Spring Meeting of ECOSOC and the Bretton Woods Institutions, for example, the French representative made a speech praising UNITAID while saying that it has not hurt the airline industry. According to the US negotiator, this was “their way of trying to make [UNITAID] palatable and to take a jab at us or to those who oppose it - like the Japanese, Australians, Canadians, Russians.” In addition, the EU invites academics and specialists to speak at special events on behalf of UNITAID and its contribution, and will make welcoming remarks at these events, as well.

However, it is in the resolutions that UNITAID negotiations truly occur, as consensus documents have the ability to send a globally agreed political message regarding UNITAID, and once agreed – the language used to discuss the facility is nearly impossible to retract. Therefore, if the EU and other UNITAID supporters can get the UN Member States to welcome the facility in the resolution, they gain leverage in their effort to strengthen it. Their attempt to do this, however, not always has been viewed as appropriate. According to the US negotiator, UNITAID is related to the issue of FFD, which itself is a child of the Monterrey Consensus, an international consensus document detailing agreements and commitments adopted at the International Conference on Financing for Development held in Monterrey, Mexico in 2002.

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181 The minutes from the ECOSOC Special High Level Meeting with the Bretton Woods Institutions stated the following with regards to France’s statement: “The representative of France said the air ticket solidarity fund begun in July 2006 had not negatively affected air traffic and tourism. On the contrary, the air ticket tax had been well received by French citizens who saw it as a way to contribute to development assistance. Funds collected from the tax mainly paid for low-cost medicines for HIV/AIDS victims, as well as for victims of malaria and tuberculosis. Fifty-two countries were now participating in the solidarity fund.” Economic and Social Council 62/62. Department of Public Information. 16 April 2007. http://www.un.org/News/Press/docs/2007/ecosoc6262.doc.htm (27 May 2007).

182 US SDO interview. The US negotiator went on to say that he strongly doubts the legitimacy of argument, first questioning the independence of AirFrance from the government, and second saying that he has not seen any data to support their claim.

183 US SDO interview.

184 The United Nations has a tradition of respect for ‘agreed language’ that is nearly impossible to break. Because the negotiations are so often difficult and the phrases carefully constructed, once they have been agreed upon in consensus, it is very difficult for any Member State to retract its position.

185 Current US Ambassador to ECOSOC Richard T. Miller negotiated the text in the Monterrey Consensus, where the issue of innovative financing first came up in a resolution. According to the US negotiator, at the time the US did not think that an agreement on innovative financing language would eventually lead to international taxation schemes, which at the time were mainly French and Chilean ideas. The final agreed text in the Monterrey Consensus dealing with innovative financing reads: “We recognize the value of exploring innovative sources of finance provided that those sources do not unduly burden developing
However, as UNITAID has become an EU foreign policy priority within ECOSOC, EU negotiators have attempted to include it in as many resolutions as possible, adding UNITAID related amendments to resolutions dealing with health issues, social development, and most inappropriately (according to the US negotiator and several international colleagues including negotiators from Japan, Canada, Russia, Australia and New Zealand, and eventually even the EU)\(^{186}\), the International Financial System and Development (IFS) resolution.\(^{187}\)

In dealing with these resolutions, alliances regarding UNITAID have formed on both sides of the table. Of the traditional UN alliances, the principle UNITAID advocate is the EU, although, according to the US negotiator, the internal consensus regarding the facility might itself be somewhat weak. The US negotiator said, “We have heard…through back channels that not all EU countries are … keen on this idea, but they might be smaller countries or less influential – they can’t really stand up to … France or the UK… and [so] they go along with the EU position.”\(^{188}\)

At the other side of the table, then, sits the US and many of its typical alliances from JUISCANZ, a coalition which stands for Japan, US, Israel, South Korea, Canada, Australia, New Zealand, but can include other nations such as Andorra, Norway, Russia, Mexico, and several otherwise non-aligned countries. While the alliance tends to be a “loose confederation” that exists more for information sharing than for forming a cohesive voting block, many of the

countries. In that regard, we agree to study, in the appropriate forums, the results of the analysis requested from the Secretary-General on possible innovative sources of finance, noting the proposal to use special drawing rights allocations for development purposes.” Monterrey Consensus on Financing for Development. Paragraph 44. 18-22 March, 2002.\(^{189}\)

\(^{186}\) US SDO interview.


\(^{188}\) US SDO interview. Two examples of less supportive countries that the negotiator provided were Ireland and Greece.
JUISCANZ members share a similar worldview and tend to align during negotiations. The issue of UNITAID brings several JUISCANZ members together, with the strongest opponents being Russia, US, Japan, Canada, Australia, and New Zealand. Mexico, however, tends to remain unaligned, and Norway and South Korea for their own reasons have both joined UNITAID.

A third alliance that tends to be one of the more powerful in the UN is the Group of 77 and China (G77). However, they, too, tend to be split on this issue. According to the US negotiator, the G77 has been apathetic with regards to UNITAID, only willing to support it up to a point. He said that the G77 has some key pro-UNITAID members, such as Brazil and Chile, as well as others in Latin America, but that some other members are far less supportive of the facility. As such, the US negotiator explained, “they’ll support [UNITAID] up to a level but they won’t ever fall on their sword on this issue” – a fact that actually helped the US position on the IFS resolution.

Perhaps the most interesting of the alliances is the traditional alliance between the US and the UK, which has been severed on the UNITAID issue. The US negotiator said that the UK’s agreement to support UNITAID was a surprise, given their shared Anglo-Saxon identity and aversion to tax increases and trans-border taxation. The US negotiator suggested that the change of policy had more to do with high-level political agreements than a fundamental change in attitude. As he explained in the interview, “I have to think that it … had to do with certain political or senior leadership that grabbed on to this for either ideological or PR [public relations] reasons,” citing foreign policy preferences of the traditionally-conservative Gordon Brown and other UK senior officials who walked away from Monterrey wanting to contribute to the innovative financing agenda. The UK’s contribution, however, was more focused on the International Finance Facility (IFF) and the International Finance Facility for Immunisation.

189 US SDO interview.
190 US SDO interview.
(IFFIm). The US negotiator cites the link between these two innovative financing mechanisms and UNITAID as the central reason for UK’s sudden backing of the drug purchasing facility:

I think that they have their pet project, which is not … UNITAID, but it’s a similar innovative financing thing. And so I think that they have made a deal more or less with the French to say: if you will strongly support us on this, we will strongly support you on UNITAID…. That’s why they were so actively involved in arguing for it.191

In sum, the US negotiator painted a picture of UNITAID negotiations in which the US and a group of key allies have consistently spoken out against UNITAID, with the core objection being toward the airline ticket tax. While he maintained that he strongly doubts the US will ever consent to join UNITAID or a similarly-financed facility, he did concede that most of the alliances and alliance positions – no matter how strong outwardly – have internal weaknesses, including the US.

191 US SDO interview. The US negotiator cited two examples of this “tag-team” effort, in which the UK jumped on to France’s UNITAID push to get mention of the IFFim. The first was the 2006 Political Declaration on HIV/AIDS (http://www.un.org/ga/aidsmeeting2006/declaration.htm), and then more successfully in the 2006 IFS resolution, quoted earlier.
CHAPTER V
UK POLITICAL WILL AND UNITAID

The United Kingdom takes a very different stance on UNITAID than the US, although their views toward the financing mechanism have not always diverged. The UK, like the US, was originally opposed to the idea of an aviation tax, speaking out against it in 1997. The question is, then, how and why did the UK change its attitude, and ultimately its policy? An analysis into UK media, public opinion, the political elite in Parliament and international negotiators will aim to answer this question, looking specifically for key sources of influences and where and why attitude might have shifted in the course of the last decade.

1. The UK Media

Media coverage in the UK has allowed for a robust and often favorable discussion on global taxation, yet a surprisingly limited discussion of UNITAID. A ten-year search through the Factiva news database in the top five newspaper publications by circulation - *The Sun, The Guardian, The Mail, The Mirror* and *The Times* - revealed a significantly different media profile than that of the United States.

UNITAID

UNITAID’s coverage was unexpectedly low given the UK’s direct involvement in the facility. Only two articles about UNITAID have been published as of April 2007, both on December 1, 2006. The September launch went unnoticed in the news media; rather, the coverage that did exist focused solely on the Clinton Foundation’s purchase of AIDS drugs for India using UNITAID funds.

*The Guardian* article discussed the nature and ends of the Clinton Foundation drug purchase, briefly describing UNITAID’s role in it. *The Guardian* noted that, “former US
president Bill Clinton said …that the new charges on airline tickets, pioneered by France, meant his Clinton Foundation HIV/Aids Initiative had the buying power to negotiate with drug companies for big discounts.”¹⁹² However, The Guardian only recognized Britain as a donor, mentioning neither the UK’s role as a co-founder nor its intention to levy its own airline tax.¹⁹³

The Times article was similar in tone and content, but gave the UK more credit for its role in UNITAID. It discussed the Clinton Foundation’s purchase as a deal, “administered under the umbrella of Unitaid, an international drug-purchase facility established in September by France, Brazil, Chile, Norway and Britain for the treatment of HIV-Aids, malaria and tuberculosis in countries most affected by these illnesses”¹⁹⁴ However, this, like the previous article, did not mention the possibility of the UK levying its own airline ticket tax to help fund the facility.

**International Taxation**

The difference between US and UK reporting becomes even more pronounced when one looks at international taxation coverage throughout the last decade. A total of ninety-seven articles were written on the subject – seventy in The Guardian, twenty-three in The Times, two in The Sun and one each in the Mirror and The Mail. A breakdown of the types and instances of specific taxes mentioned and attitudes towards the various taxes is found in the table below:

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¹⁹³ According to the article, “This year the foundation will receive $350m (pounds 178m), most of it from an airline ticket tax France began collecting this summer. The government charges passengers an extra euros 4 for every international economy seat and euros 40 for first-class tickets. Britain has given $25m to the initiative, called Unitaid.” Ramesh.
¹⁹⁴ Ashling O’Connom. “Children with HIV to receive cheap drugs.” The Times. 1 December 2006
Table IX: UK Media Coverage of International Taxation 1997-2007

<table>
<thead>
<tr>
<th>TAX Type</th>
<th>ATTITUDES 1997-2001</th>
<th>ATTITUDES 2002-2007</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pro</td>
<td>Con</td>
<td>Neutral</td>
</tr>
<tr>
<td>Tobin/CTT</td>
<td>23</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Carbon</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Aviation</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other, General</td>
<td>3</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Column Totals</td>
<td>26</td>
<td>9</td>
<td>6</td>
</tr>
</tbody>
</table>

As the above table demonstrates, the British media has been very vocal about global taxation, and in well over half (56%) of the articles, some sort of international taxation scheme is advocated. The Tobin Tax has been by far the most discussed, as well as the most widely supported, with a total of forty-three articles praising the tax either for its currency stabilizing potential or its revenue raising ability. The second most popularly discussed tax is the aviation tax, which also tends to receive more praise than criticism, though on a much smaller scale than the Tobin Tax.

However, despite overall support, such figures should not lead one to believe the UK is overly optimistic about global taxation. Many of the newspapers’ contributors have recognized the challenges that lie ahead. A January 2007 Guardian article stated that, “there is little public support for a global taxation system,” two articles called global taxes “controversial,” another article said that it would be, “impossible to impose any sort of global tax on aviation fuel,” and one article went so far as to say “global taxation will be troublesome and politically hazardous.”

represented in the media stated the following with regards to currency transaction and airline ticket taxes:

The suggestion, that less than £1 be added to every ticket, has drawn strong if predictable criticism from airlines. ... [and] the airlines are right; the scheme is illogical and confused. … The underlying concept is certainly a worthy one: placing a small tax on international transactions in order to fund international aid. One alternative way to do that would be a small tax on foreign exchange transactions. Airline travel, on the other hand, is a major contributor to greenhouse gases. If a tax is to be placed on flight - both cargo and passenger - it should be as a means of combating climate change rather than the inappropriate, although admirable, cause of increasing international aid. The time has come to seriously get to grips with changing the tax treatment of air travel…

To go a step further and look at a change in attitude from the first half of the decade, one can see that international taxation is not only talked about more often in the last five years, but also in more favorable terms. The discussion has also become more diverse, moving from a discussion almost entirely focused on the Tobin Tax, to including carbon taxes, airline taxes, and other levies on arms sales or the Internet. The next question, then, is how this shift has translated into public opinion.

2. UK Public Opinion

Public opinion regarding international taxation schemes and UNITAID has not been measured to the degree or specificity in the UK as it has in the US. However, that it is not to say the UK public has not been polled fairly thoroughly on relevant issues. As in the US, no polling agency has asked UK citizens a specific question regarding UNITAID or an airline ticket tax for

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global health. Nevertheless, one can glean from relevant polls, such as those that gauge UK confidence in the UN and other multilateral governing structures, attitudes toward development aid in general, and support of global taxes for development, to infer how UK public response might be to UNITAID.

Beginning with UK attitudes toward the UN, those polled tend to show a reasonably strong level of support. A summary of the findings is below:

<table>
<thead>
<tr>
<th>Table X: UK Attitudes Toward the UN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issue</strong></td>
</tr>
<tr>
<td>I tend to trust the United Nations</td>
</tr>
<tr>
<td>The UN can manage many of the world’s most pressing problems better than any single country.</td>
</tr>
<tr>
<td>I have a favorable opinion of the United Nations</td>
</tr>
<tr>
<td>Average</td>
</tr>
</tbody>
</table>

As the table shows, a strong majority of the Brits polled have a favorable opinion of the UN, trust it, and think it is more appropriate than any single country in managing the world’s problems. However, with regards to one of the world’s most significant problems – underdevelopment – Brits tend to be less optimistic and knowledgeable. Organization for Economic Cooperation and Development (OECD) studies have found British surveys demonstrate, “very little awareness about the existence of the MDGs,” and suggest that, “when people do know about the MDGs, they are skeptical about the possibility of achieving them,

especially those concerning the environment and halving extreme poverty.”

Such an analysis has proven true. A UK Department for International Development (DFID) poll found that less than one tenth of those polled thought the MDGs could be achieved by 2015. Moreover, where Brits showed the highest degree of optimism, it was with regards to reaching the goal of “access to family planning,” which is no longer one of the MDGs.

In terms of UK feelings toward the EU and its role in development, a 2004 poll done by ICM/News of the World asked the following question: “Should a government in Britain or a government in Brussels have the final say… in economic development?” An overwhelming majority (83%) of the respondents said that the government in Britain should ultimately control development, with only 13% giving Brussels (EU headquarters) that privilege.

Another poll directed toward Labour Party voters about the EU and the power to tax showed a similar sway toward nationalism. Eighty-seven percent of the population polled agreed with the statement: “The European Union should not have the power over tax and spending plans of member states. This should be left to national governments;” while only 9% agreed with the statement, “The economies of Europe are linked. Therefore the European Union should have power over the tax and spending plans of member states.”

With regards to taxes – even at the national level - a minority of Brits (33%) considered taxation a way individuals could contribute to poverty reduction in developing countries, falling behind contributing to charities (59%), buying fair trade goods (52%), and pressuring politicians

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203 Fransman, 14.
Additionally, those most likely to support taxation for development tended to be in the managerial and professional occupations and have a higher education level.

More specific questions on airline ticket taxes showed a similar lack of support. The results of two 2007 environmental polls showed that UK citizens actually oppose airline tickets, at least when they are applied for environmental protection. According to the report based on the survey data:

Both surveys show opposition to “green taxation” - increases are viewed cynically, with 63% thinking they merely a way to raise taxes. 60% told YouGov they were opposed to extra taxes on cheap flights, 69% were opposed to more congestion charges, 63% were opposed to higher fuel duties…

In the BPIX poll 66% of people said they expected that an increase in air taxes wouldn’t actually result in a drop in passengers, it would only result in people paying more tax. Only 5% of respondents said they personally would reduce the number of flights they took a year if taxes rose by £10 per flight, and according to the Mail on Sunday, few people told BPIX that higher taxes would stop them flying until extra taxes reached £50 per flight, at which point 48% of people said they would cut down on the number of flights they took.

A British Broadcasting Corporation (BBC) poll conducted a year earlier showed similar results. A question which read: “The organisation Climate Care estimates that it costs about

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207 Lader, 51.
208 The report found that “Nearly one half (46 per cent) of respondents in the managerial and professional occupations group said that they could effectively contribute to poverty reduction in developing countries by paying taxes compared with a third or fewer of respondents in other occupational groups,” and “the likelihood of a respondent mentioning paying taxes or supporting socially responsible business was closely associated with educational background. The proportion of respondents who said that they could effectively contribute to the reduction of poverty in developing countries by paying taxes fell from 47 per cent of respondents with degree level qualifications to 34 per cent of those with qualifications below degree level and 20 per cent of respondents with no qualifications.” Lader, 51-54
£2.50 per person to offset pollution caused by flying from Birmingham to Alicante in Spain. Thinking about the people you know, if this charge was voluntary, do you think they would pay it or not?” revealed that 43% of the respondents thought that people would pay the voluntary tax, while 54% would not. The same question asked with slight modifications, replacing the cities with London and Miami and raising the tax cost to £15, found that respondents believed only 38% would pay the tax, and 59% would not.210 A summary of Brits’ attitudes towards global taxation can be seen in the following table:

Table XI: UK Attitudes Toward International Taxation

<table>
<thead>
<tr>
<th>Issue</th>
<th>Agree</th>
<th>Disagree</th>
<th>Polling Agency</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>The economies of Europe are linked. Therefore the European Union should have power over the tax and spending plans of member states</td>
<td>9%</td>
<td>87%</td>
<td>ICM</td>
<td>2003</td>
</tr>
<tr>
<td>Taxation is a way individuals could contribute to poverty reduction in developing countries</td>
<td>33%</td>
<td>NA</td>
<td>DFID Office of Statistics</td>
<td>2005</td>
</tr>
<tr>
<td>People would voluntarily pay £2.50 more to fly from Birmingham to Alicante, Spain to offset pollution.</td>
<td>43%</td>
<td>54%</td>
<td>BBC</td>
<td>2006</td>
</tr>
<tr>
<td>People would voluntarily pay £15 more to fly from London to Miami to offset pollution.</td>
<td>38%</td>
<td>59%</td>
<td>BBC</td>
<td>2006</td>
</tr>
<tr>
<td>I am in favor of extra “green” taxes on cheap flights.</td>
<td>NA</td>
<td>60%</td>
<td>YouGov</td>
<td>2007</td>
</tr>
<tr>
<td>Average</td>
<td>31%</td>
<td>65%</td>
<td>Sources: see above</td>
<td></td>
</tr>
</tbody>
</table>

As the table illustrates, a strong majority of Brits are opposed to supranational taxation schemes, no matter the collector or the cause. The various UK public opinion polls create a profile of a nationalistic population that tends to guard its sovereignty as closely as it guards its pounds. Brits are not fond of the idea of allowing supra-national bodies to tax or determine economic development policy, they generally do not believe paying additional taxes will decrease international poverty, and they appear to be unwilling to pay a tax on airline tickets to ameliorate environmental damage. Moreover, they are more reserved in their confidence of the UN when

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211 Some of the questions have been rephrased in order to make comparisons in attitude. The original questions are in the text above.
compared to Americans, and are largely unaware of the MDGs. As such, the UK does not seem to provide an ideal population in which to launch an airline ticket tax for an international development goal, and given the aforementioned lack of media coverage, the population might not be aware of the possibility of paying a UNITAID air ticket tax.

3. UK Parliament

The UK Parliament, and particularly the House of Commons, has had the most robust discussion surrounding UNITAID, as well as a long history of an open and involved debate on international taxation in general. To begin with UNITAID, Parliament has discussed the drug purchasing facility in one way or another twelve different instances since the facility’s official launch. The majority of these discussions took form in written questions and answers between Parliamentarians and either Ed Balls, the Chancellor of the Exchequer, or Gareth Thomas, Parliamentary Under-Secretary of State in the Department for International Development. Eight of these exchanges have occurred as of April 29, 2007, and have ranged from inquiries regarding provision of reduced-cost medicines to the developing world to questions regarding pharmaceutical negotiations and cost coordination. Responses from both Balls and Thomas highlight the UK’s involvement in UNITAID as a way to combat disease and improve development. A typical example can be found in the following exchange, which took place in December 2006:

Mr. Clifton-Brown: To ask the Secretary of State for International Development what funds and assistance his Department has made available to the Clinton Foundation;

Mr. Thomas: … We have worked closely with the foundation in a number of areas… [including] in relation to UNITAID, an international drug purchasing facility to negotiate the reduction in price of essential medicines. The UK is a founding member country of UNITAID, and has made a 20-year commitment, which starts with €20 million in 2007, and subject to performance, rises to €60 million by 2010. Last week, the Clinton Foundation negotiated lower prices for HIV/AIDS treatment with $35 million of UNITAID money.213

In this, as in most of the exchanges, the UK’s involvement in UNITAD both as contributor and founder is explained to the Parliamentarian. Moreover, UNITAID is consistently portrayed in a positive light – as an effective instrument that Britain uses to help combat disease in the developing world.

A similar attitude has occurred the four times UNITAID has been brought up in actual floor discussion. For example, a speech given by Hilary Benn, the Secretary of State for International Development, on World AIDS Day 2006 highlighted the importance of UNITAID, saying:

I share the concern that has been expressed about medicines for children. That is why, in September, we helped to found UNITAID, the new international drug purchasing facility. That predictable, long-term funding aims to lower drug prices, and to get more people on to treatment. UNITAID’s first board meeting in October agreed $36 million to fund anti-retroviral treatment for up to 100,000 children in 2007 and double that number in 2008, and approved $70 million to expand second-line therapy—where first-line anti-retroviral treatment does not work—to 100,000 patients.214

Both the written question-and-answer exchanges and the spoken debate read almost like a sales pitch from international policy makers to Parliament, educating them as to what UNITAID is, the amount of commitment made, and the global health benefits it offers. What is not mentioned, however, is the airline ticket tax that accompanies UNITAID. As discussed earlier, the UK is currently contributing to UNITAID through ODA, but UK representatives such as Gareth Thomas have expressed internationally their intention to launch a UNITAID-specific aviation tax in the near future. This conspicuous exclusion might lead one to assume that an international-type tax might be hard to sell to Parliament. However, debate from the previous ten years show that the UK Parliament tends to be quite receptive to the idea.

The UK Parliament has engaged in a very active debate regarding international taxation over the course of the decade, especially with regards to the Tobin Tax. Like the US, a few key players dominate the debate; however, these players tend to be advocates for – not opponents of – global taxation. The following table summarizes the type of Parliamentary action that has occurred on the issue since 1997:

**Table XII: Parliament Summary of International Taxation 1997-2007**

<table>
<thead>
<tr>
<th>Total Instances</th>
<th>Speakers</th>
<th>Speakers</th>
<th>House of</th>
<th>House of</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debates, Speeches, Questions</td>
<td>Repeats Included</td>
<td>Repeats not included</td>
<td>Lords</td>
<td>Commons</td>
</tr>
<tr>
<td>49</td>
<td>88</td>
<td>52</td>
<td>9</td>
<td>40</td>
</tr>
</tbody>
</table>

As we can see, the issue of global taxation has arisen in forty-nine debates in which individual speakers addressed the issue eight-eight times. Fifty-two different individuals, be it Parliamentarians themselves or those testifying (including global financier and philanthropist George Soros, Chancellor of the Exchequer Gordon Brown, and former Prime Minister Tony Blair), have addressed taxation at least once, while others have frequented the floor with the issue. Of the latter group, House of Commons Representative Harry Barnes is by far the most.

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215 Hansard Database. “International Taxation,” “Global Taxation,” and “Tobin Tax.”
outspoken, having advocated the Tobin tax fourteen times in as many debates, promoting the benefits of the currency transaction tax under such themes as the reconstruction of the Balkans and Kosovo, impeding terrorist financing, and debt relief. Other multiple-time speakers include Lord McIntosh of Haringey, who has opposed the Tobin tax on five occasions, Gordon Brown, who has responded to global tax inquiries five times, often pointing out their infeasibility, Lord Parekh and Lord Coleman, each who have advocated global taxation three times in their respective chambers, and finally Tony Blair, who has spoken as an opponent of global taxation on three occasions.

As with the above sample of speakers, attitudes toward global taxation vary, but tend to be skewed toward global tax endorsement. A breakdown of the attitudes within the global tax debate can be seen in the table below:

<table>
<thead>
<tr>
<th>TAX TYPE</th>
<th>ATTITUDES 1997-2001</th>
<th>ATTITUDES 2002-2007</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pro</td>
<td>Con</td>
<td>Neutral</td>
</tr>
<tr>
<td>Tobin</td>
<td>26</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Carbon</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Aviation</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other/General</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Totals</td>
<td>28</td>
<td>12</td>
<td>0</td>
</tr>
</tbody>
</table>

The above table shows an overall advocacy for global taxation that has remained mostly consistent throughout the ten-year timeframe. For every time one speaker has opposed an international tax, nearly two have spoken in its favor. Nevertheless, negative attitudes toward the tax have increased in the latter half of the decade, or at the very least, its opponents have become more vocal. Although there were more pro-tax speakers during this period, the second half of the decade saw an 82% increase in negative comments, while only a 1% increase in pro-tax remarks. Of these shifts, the Tobin tax suffered the most, both losing number of advocates and gaining vocal opponents. Aviation taxes suffered, as well, going from one advocate in the first half to an opponent and a neutral party in the second. Nevertheless, vocal support for carbon and global taxes in general grew significantly, and Tobin taxes still remain the most popularly discussed
despite its slight decline in popularity. Indeed, the great majority of the international tax
discussion focused on the Tobin tax, with seventy-six of the eighty-eight total comments focusing
on the tax’s stabilizing benefits, revenue generating potential, or both. The House of Lords went
so far as to have an entire debate dedicated to the Tobin tax in June of 2000, in which five Lords
spoke in favor of the tax and two against. An excerpt from the debate demonstrates the nature
and temperament of the dialogue:

Lord Judd: Like many others, I believe what needs to be examined by government is
whether a Tobin tax on foreign exchange transactions could not at least alleviate some of
the most damaging excesses of financial markets: whether it might not be able both to
play a part in calming speculation and also in mobilising potentially billions of pounds in
the fight for the elimination of poverty…

Lord Joffe: It seems particularly appropriate that the United Kingdom Government
should take the lead in inquiring into the practicability of such a tax…. [It] initially may
sound wildly Utopian. However, other similar ideas which were thought to be Utopian,
such as debt relief, the banning of landmines …seemed Utopian at the time that they were
first raised. Yet they are now regarded as sensible and mainstream and are backed by
politicians and international institutions alike…

Lord Grenfell: I am as sure as I can be that, as a means of discouraging volatile short-
term trading and its destabilising effects and as a means of enhancing national control
over tax policy, the tax simply cannot pass the test. And, left with the revenue
mobilisation as a sole objective, in my view it cannot pass that test either because,
regrettably, it cannot be implemented effectively as an international tax…. 216

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http://www.publications.parliament.uk/pa/ld199900/ldhansrd/vo000608/text/00608-20.htm#00608-
Given the British embracement of the Tobin tax, and even the relative popularity of carbon emissions tax, it seems odd that airline ticket taxes were chosen as a financing tool in their stead. What little has been said about the aviation tax in Parliamentary debate has ranged from positive to negative, with the latter occurring most recently. For example, in a 1997 speech, Parliamentarian Matthew Taylor encouraged the UK to take the “leading role” in implementing an airline tax and prompt global cooperation by “pushing it up in [UK] international negotiations.” However, five years later Mr. David Jamieson, the Secretary of State of Transport, countered Mr. Taylor’s suggestion, saying:

Imposing a tax on aviation equivalent to the current rate of duty on unleaded fuel in the UK has not been considered in ICAO and the Government has given an undertaking not to remove existing zero rating for VAT [Value Added Tax] purposes of air transport. Imposing such tax increases on aviation would go well beyond what is justified on the basis of evidence of its environmental costs.

As such, while Parliamentary culture as a whole tends to be considerably pro-global taxation, the aviation tax has proved to be the least popular and least discussed among the tax schemes. Granted, the more popularly discussed taxes are more global in nature, and unlike ticket taxes would require more universal support to be successful. Nevertheless, given that UNITAID is voluntary, the UK’s involvement with the facility and its eventual commitment to an airline tax seem out of character. Openness to global taxation in itself does not explain sufficiently why the UK would agree to found the drug purchasing facility.

However, to go a step further in looking at Parliamentary preferences in their relation to

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UNITAID, one can see that the UK is also the founder of - and principle advocate for - the IFF, and the recently launched pilot IFF for immunization (IFFIm). Both are innovative finance mechanisms opposed by the US and supported by the UK and France, among others. Both, too, currently are financed at least in part by an airline ticket levy.

The UK Parliament has been a longtime advocate for the IFF and IFFIm, having praised and/or discussed it well over 100 times since it was first conceptually introduced in 2003. Dawn Primarolo, Paymaster General at Her Majesty’s (HM) Treasury, said in 2005 that the treasury, “believe[s] the International Finance Facility remains the most developed proposal for providing additional resources in the region of the required $50 billion estimated for meeting the Millennium Development Goals,” and that, “the Government is prepared to consider all proposals for raising international finance for development…”

The success of the facility, then, justified almost any means that would lead to its success. In this case, the ticket levy appeared to be the most reasonable of options for initial financing, given that it could be introduced voluntarily and function on a non-international level. It also suggests why the UK might be more willing to work with UNITAID. The two initiatives were born more or less simultaneously and with a similar goal in mind. As explained by Ed Balls in the following 2006 Parliamentary correspondence:

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219 The IFF is a financing mechanism based on “legally binding donor commitments” that the IFF would “leverage in additional money from the international capital markets by issuing bonds.” The UK expects the facility to generate the $50 billion needed annually to achieve the MDGs by 2015 by “frontloading” donor commitment. While it has gained support from France, Italy, and Sweden, it lacks support from the US, who opposes it due to “concerns with the “legally binding commitments” in accord with constitutional practice.” HM Treasury. “International Finance Facility.” 14 April 2004. http://www.hm-treasury.gov.uk/documents/international_issues/int_gnd_intfinance.cfm. 4 May 2007; Kariuki, email. Clunies-Ross, 93. Note that its introduction occurred a year after the Monterrey Convention for Financing for Development.

220 According to former UK Mission to the UN First Secretary James Kariuki, the UK is contributing a portion of an air passenger duty to “refinance the International Finance Facility for Immunisation.” Kariuki, email.


France and the UK agreed at the Paris Conference on Innovative Financing in March to jointly establish a working group to consider the implementation of an IFF going to health and education and funded by an air ticket levy as well as by other revenues from the Landau report. Discussions with the French and other countries have continued including on broader innovative financing mechanisms and on initiatives such as UNITAID and AMCs.223

The two facilities continue to be mentioned in the same breath – a status that seems to benefit the IFF, which is able to piggy back on UNITAID’s international popularity, gain publicity, and – as follows – increase its number of supporters. The two facilities have been lumped together both in national level discussions as well as at the international level. According to the US negotiator, France and the UK have joined efforts in such agreements as the 2006 Political Declaration on HIV/AIDS and the 2006 IFS Resolution.224

The overlaps of these two facilities help explain why the UK might be more inclined than the US to agree to UNITAID. The IFF is the UK’s pet project - its contribution to the discussion on international financing and international development in general. The IFF benefits from being tied to UNITAID. Moreover, if inclined to levy and airline tax for the IFF, a step further to UNITAID is less taboo. In short, the UK has both incentive to join and an international tax precedent. The UK Parliament, which in general expresses hope to see global taxation as an international financing strategy, and is also a big proponent for the IFF, may see UNITAID as a step towards furthering both agendas. The next question is, then, to what extent this joint-advocacy has manifested in international negotiations.

4. UK International Negotiations


The UK is a member country of UNITAID and the EU, and as such, the fora for negotiations widens significantly. Nevertheless, UN provides one of the central stages for UNITAID discussions, and is often used as a means to gain further support. As such, an interview with the UK’s former First Secretary for Economic Development Issues at the UN reveals much about how the UK has handled its relationship with UNITAID and other innovative financing mechanisms in the last few years.225

The UK first became involved with UNITAID-type issues as early as 2004, invited to several French-led discussions regarding ideas coming out of the Landau report and Action Against Hunger and Poverty (AAHP) Group (in which the UK was not at the time participating), including early versions of an International Drug Purchasing Facility (IDPF). According to the UK negotiator, the UK’s initial response – not unlike that of the US – was rather hesitant: while the UK tended to favor increasing development resources and was willing to look at new ways of doing so, it was initially quite skeptical about the idea of a tax to raise global funds.226 The initial IDPF proposal involved a Tobin Tax, which the UK and many others were quite wary of, but later evolved into a solidarity levy with various levels of volunteerism ranging from national to personal, and eventually became the UNITAID airline ticket tax. This evolution of the financing mechanism eased the core of the UK’s concern. According to the UK negotiator:

The initial idea of either the Tobin tax or a global tax on a particular type of transaction was difficult for us – and that was one of the original ideas going around… As the project evolved, the French clarified or developed the idea that the group of countries participating in UNITAID would be … on a voluntary basis, imposing their own kind of levy on aviation travel, and that they would be pooling resources into the fund which

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225 The Former UK First Secretary for Economic Development Issues was interviewed May 29, 2007. Like his US counterpart, he will remain anonymous (UK negotiator.)

would be especially for the International Drug Purchasing Facility. … So at that point … the main philosophical issue disappeared.227

The other key element of agreement in UK agreement, however, was more political than philosophical. The UN was host to a big debate on innovative financing in late 2003-2004, and in response, the UK and France co-hosted a meeting in Paris on the issue in late 2004. At this meeting, two innovative financing mechanisms were particularly promoted and debated: on one side, the UK’s IFF, and on the other, the French IDPF solidarity levy. According to the UK negotiator, “we formed an alliance around a sort of general idea of innovative financing with each government having a particular initiative that they had done the work on and were developing, but with openness to support each other’s ideas.”228 This openness soon evolved into mutual support, and eventually, “detailed exchanges … between the two governments on how each would support each other’s initiatives.”229 France eventually made a specific pledge of assistance to the IFF in late 2004, and in 2005, the UK concreted its support of UNITAID and had mobilized funds to support it by its 2006 launch.230

Once the coalition had been made, the UK and France began working together to strengthen the two initiatives jointly. The fora for UNITAID/IFF negotiations are many, each serving a different purpose. One forum that exists is a broad international discussion, which includes negotiations on resolutions, conclusions and declarations. These types of negotiations are most often held within the UN General Assembly (GA), and include the ECOSOC-type resolutions discussed earlier by the US negotiator, as well as more high profile declarations such as the 2004 Lula-Chirac declaration on innovative financing.

227 UK FSED interview.
228 UK FSED interview.
229 UK FSED Interview.
230 The actual issue of funding tends to be one of the more complicated issues in the IFF-UNITAID relationship. The UK has launched an airline ticket levy to fund IFF and contributes to UNITAID from their foreign aid budget – an exact reverse of what the traditional mechanisms for each facility’s funding should be. As such, the airline ticket levy was not as much as a philosophical concern for the UK. Nevertheless, at least for the time being, the UK does not plan to levy an additional tax for UNITAID but rather maintain their current structure of financing. UK FSED Interview.
According to the UK negotiator, these types of negotiations are valuable to IFF and UNITAID insomuch that they are used “to generate political awareness and interest in the projects.”\textsuperscript{231} In this context, the UK’s main objective is to increase support and awareness of innovative financing. Instructions coming from London have four core objectives: first, that all innovative financing references include both mention of IFF and UNITAID; second, that the debate around these issues remain “alive and positive,” thus creating the proper background for individual countries to join; third, that the international community recognize the benefits of these initiatives as an important contribution to development finance; and finally, that innovative sources like IFF and UNITAD are just one type of development assistance and not a replacement of traditional ODA, debt relief, or private flows.\textsuperscript{232}

In order to accomplish these objectives, France and the UK have to work through the EU, which is a designated voting block within the UN. Gaining intra-European support, however, has been complicated. Not all EU members have joined on to IFF and UNITAID, and some remain quite skeptical. Objections from these countries mirror closely those of non-EU opponents: financial concerns over the affect it will have on the airline and tourism industry, and philosophical concerns regarding objections to a global or EU-type tax. To garner EU-wide support, then, negotiators from supporting states have argued that countries can support the facilities in principle without being forced to participate, as both UNITAID and IFF are voluntary. While some non-member countries have expressed concern that continued ideological support of the initiatives would eventually lead to increased pressure for them to join financially, the EU did manage to reach consensus position that they could present as at the UN.\textsuperscript{233} This is not

\textsuperscript{231} UK FSED interview.
\textsuperscript{232} This fourth point regarding additionality is mainly to address G77 concerns that these new mechanisms might replace traditional ones, which could greatly alter the amount of financing they receive. UK FSED interview.
\textsuperscript{233} The concern regards the aforementioned tradition of agreed language. The assumption is that if a country continually agrees in a consensus document that it supports the facility, the next logical step would be for them to join. Negotiators will use previous support as leverage in attempting to convince the countries to become formal members. The unified position regarding the exact language to be used came out of ongoing discussions among expert groups at the UN and in Brussels prior to international negotiations at the UN, and they were largely led by the UK, which held the EU presidency at that time. UK FSED interview.
to say, however, that the facilities’ supporters are not encouraging other EU countries to join, and in some cases, have had some success.

Beyond these political-type declarations of support exist the more technical negotiations among member countries. These negotiations are focused on the governance structure, the modalities of the facility’s functioning, the ways in which the money will be spent, and the various contribution levels of the member states. Within these negotiations, the UK has been careful to promote two philosophically important points: first, that the financing mechanism is voluntary, and second, that the increased resources are additional to traditional development assistance.234

A final set of negotiations, then, occurs among a tight knit group of countries involved with the AAHP initiative, in which the UK has become a de facto member. It is at this stage of negotiation that the link between UNITAID and IFF is most clearly outlined. According to the UK negotiator, “the UK has had a sort of negotiation with that group on the relationship between the UNITAID and the IFF, and so essentially we’ve become a sort of partner in the Hunger and Poverty group later on, as a point to establish exactly what our support to UNITAID would be.”235

In terms of opposition to UNITAID, the UK negotiator cited specific countries (as opposed to industries) as the central source of anti-UNITAID pressure. Within the EU, opposition countries, including Germany and some from the more “conservative” south, tend to lobby France and the UK internally, but ultimately go with the overall sentiment of the group. However, this unified position does not exist in other forums, such as the G7 and G8 (Group of Seven and Group of Eight industrialized countries, respectively).236 In these arenas, Germany can join with other opponents like Japan, Russia, and the US to apply pressure on France, the UK,

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234 UK FSED Interview.
235 UK FSED Interview.
236 The G7 includes US, France, Germany, Italy, Canada, UK and Japan, and the G8 is the same group plus Russia.
and Italy. Of these, the UK negotiator recognized the US as one of the strongest opponents, but was not surprised at the US position. According to him, “the UK and the US differ quite strongly on development finance issues … inasmuch as that our position in the GA … has been kind of at the aggressive end of arguing for more aid over the last few years, so we’ve had arguments with the US over debt relief…[and] ODA volumes… I think that on this particular dossier, the US was not particularly surprised to find us in opposition to each other.”

With regards to other pressure sources, such as the airline industry, the UK negotiator seemed unconcerned, saying, “One of the attractions of UNITAID … was that the solidarity levies were not sufficiently large … to distort the market… People haven’t stopped flying on some airlines because they’re UNITAID countries.” Moreover, the UK negotiator did not see UNITAID as a stepping-stone toward a more universal or mandatory global tax, which in itself would be worrisome from the UK perspective. According to the UK negotiator, levying a multilateral or international tax, whether for the World Bank, UN system, or an EU fund, ultimately is tied to the issue of accountability and, “the extent to which public taxpayers, whether they are paying on income or on airplane tickets, are happy about the status objectives and oversight mechanisms … for the money that’s being raised.” The issue of global accountability thus causes tension, which is further increased by the threat of market distortion that any sort of levy could cause. According to the UK negotiator, “from the UK perspective, the initiative (UNITAID) has been a good one, and has gone through the development process to make sure that it addresses the concerns that people have about international taxation or about distorting markets.” In the end, rather than encouraging international taxation, the UK negotiator believes a successful UNITAID will push more countries to participate in innovative financing mechanisms in general.

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237 Italy also supports IFF and UNITAID, while trying to promote its own finance mechanism, the Advanced Market Commitment. (AMC) Italy’s pet initiative, however, has not entered the type of relationship that the UK and France have created with IFF and UNITAID. US SDO Interview; UK FSED interview.
238 UK FSED Interview.
239 UK FSED Interview
240 UK FSED Interview.
CHAPTER VI

A Summary of Differences – The US and UK Compared

To compare the US and the UK on the issues of UNITAID and global taxation, one can see that they are markedly different at every level. However, their continuous external differences do not mean they are internally consistent: the UK does not provide a smooth line of global tax approval from the various pressure groups any more than the US has a seamless political culture of global tax opposition. In the following pages I will briefly summarize the external differences between the two states as well as their internal inconsistencies.

1. Media

Both the US and the UK had very little coverage of UNITAID – a fact that might be expected in the US, but is rather surprising in the UK. Even more surprising is that the US had double the amount of coverage of UNITAID than the UK, printing four articles versus UK’s two. However, the UK’s articles tended to be less critical and more supportive of UNITAID.

When it came to international taxation coverage, the roles were reversed numerically but remained the same attitudinally. The below table puts the ten-year coverage of both states back-to-back:

<table>
<thead>
<tr>
<th>GLOBAL TAX</th>
<th>US COVERAGE</th>
<th>UK COVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pro</td>
<td>Con</td>
</tr>
<tr>
<td>Tobin/CTT</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Carbon</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Aviation</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other, General</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Totals</td>
<td>1</td>
<td>8</td>
</tr>
</tbody>
</table>

The United Kingdom had over six times the coverage than the US, both in terms of articles printed and specific instances in which various taxes were named within the articles. Not
only was UK coverage more robust, it was also more positive. While the US only had one article advocating a Tobin tax, written by its creator, fifty-eight UK articles supported international taxation. The UK media has printed a mere fourteen articles against global taxation – granted, more than the US’s eight, but percentage-wise significantly less. As such, while taxation has been all but ignored in the US press, the UK media has opened the debate and has actively attempted to educate and include the general public in the global tax debate.

2. Public Opinion

The US and UK public have both been subjected to various polls in the past ten years that have measured their attitudes toward the UN and other supranational governing bodies, development goals and how to finance them, and international taxation. The results from these polls paint very different pictures of the UK and US populations.

With regards to the UN, a strong majority of those polled in both countries tend to demonstrate trust and confidence in the organization. While for the most part specific questions differed between the two countries, we can look at overall confidence ratings taking into account the various questions:

<table>
<thead>
<tr>
<th>Attitude toward the UN</th>
<th>United States</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Favorable</td>
<td>72%</td>
<td>66%</td>
</tr>
<tr>
<td>Unfavorable</td>
<td>26%</td>
<td>26^</td>
</tr>
</tbody>
</table>

The above table compares the averages of approval/disapproval expressed toward the UN based on the information provided in previous chapters. While the same percentage of each population tends to have an unfavorable attitude toward the UN, Americans are six percent more likely to favor it. In addition to the above averages, similarities between countries become even
closer when we look at the one question asked to both populations, which showed near-mirroring responses:

<table>
<thead>
<tr>
<th>Table XVI: US and UK Public Opinion toward the UN Compared - Specific²⁴¹</th>
<th>Overall Opinion of the UN</th>
<th>United States</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Favorable</td>
<td>19%</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Mostly Favorable</td>
<td>57%</td>
<td>59%</td>
<td></td>
</tr>
<tr>
<td>Mostly Unfavorable</td>
<td>14%</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Very Unfavorable</td>
<td>5%</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>

However, beyond this point the US and the UK tend to differ significantly. The below table shows the difference in attitudes towards international taxation:

<table>
<thead>
<tr>
<th>Table XVII: US and UK Attitudes toward Global Taxation Compared</th>
<th>Attitude toward Global Tax</th>
<th>United States</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Favorable</td>
<td>63%</td>
<td>31%</td>
<td></td>
</tr>
<tr>
<td>Unfavorable</td>
<td>34%</td>
<td>65%</td>
<td></td>
</tr>
</tbody>
</table>

As the numbers demonstrate, public attitudes toward global taxation is practically reversed – with close to two-thirds of Americans approving of a global tax scheme and nearly two-thirds of Brits disapproving. To look at specific examples, while a great majority – 71% - of the US citizens polled said they would be willing to pay between USD$15-50 in increased taxes to help reach the MDGs, UK citizens in general were not aware of the MDGs, and did not believe increased taxes would help achieve poverty reduction. Moreover, while the UK populous tended to show an aversion to supranational taxes and economic development programs, the US demonstrated just the opposite. Granted, neither the US nor the UK responded positively toward aviation taxes; however, as already discussed, the US case is unclear whether opposition was toward the tax or the vague end destination. The UK case is less ambiguous: a strong majority clearly objected to airline taxes even when directed toward a specific good, usually environmental protection, and the majority did not believe such a tax would receive much support. Therefore, as

²⁴¹ The question asked to both UK and US citizens was: Would you say your overall opinion of the United Nations is very favorable, mostly favorable, mostly unfavorable, or very unfavorable?
a whole, it seems the UK would be a much more difficult constituency in which to launch an international tax – especially on aviation – when compared to the US.

4. Lawmaking Bodies – Congress and Parliament

Perhaps the most marked and important difference exists between the two lawmaking bodies: the US Congress and the UK Parliament. While the former has yet to mention UNITAID in its discussion, Parliament has favorably discussed the drug finance facility twelve times since its September launch.

The difference becomes even more extreme looking at international taxation in general.

<table>
<thead>
<tr>
<th>TAX</th>
<th>UNITED STATES Instances of Global Tax Discussion</th>
<th>UNITED KINGDOM Instances of Global Tax Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Pro</td>
<td>Con</td>
</tr>
<tr>
<td>Tobin</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Carbon</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Aviation</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other/General</td>
<td>0</td>
<td>34</td>
</tr>
<tr>
<td>Column Totals</td>
<td>1</td>
<td>35</td>
</tr>
</tbody>
</table>

The US Congressional Record cites thirty-six instances in which twenty-one individuals have brought up global taxation, whether through bills, amendments, or speeches. The UK Parliamentary Record, conversely, cites eighty-nine instances where taxes were brought up in forty-nine debates or correspondences brought to the table by fifty-two individuals. To the US’s single pro-tax proposal, the UK has seen fifty-eight instances of advocacy. In short, the US Congress has constructed a culture of anti-global tax sentiment that has largely gone unchallenged and ultimately has resulted in the creation of anti-tax laws. The UK, on the contrary, has built a more inclusive culture of debate on the issue, and its members in general tend to be more welcoming of the idea of an international tax.

4. International Negotiation
Finally, where the confrontation of these positions manifests - although always diplomatically - is in the international negotiations, as each country works through its negotiators to reach certain objectives. Although both negotiators interviewed worked within the same body, and often on the same set of resolutions, their profiles in dealing with UNITAID and innovative financing are markedly different. The table below summarizes these differences:

**Table XIX: US-UK Negotiation Positions**

<table>
<thead>
<tr>
<th>Issue</th>
<th>US</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Position on UNITAID</td>
<td>Open to additional funding but wary of financing mechanism.</td>
<td>Open to additional funding but wary of financing mechanism, especially initial Tobin tax proposals.</td>
</tr>
<tr>
<td>Current Position on UNITAID</td>
<td>Welcomes any additional funds that are generated, but will not be joining due to the financing mechanism.</td>
<td>Encourages innovative financing mechanisms like this and the IFF, and urges countries to participate.</td>
</tr>
<tr>
<td>Position on Airline Ticket Tax</td>
<td>Opposes the imposition of any taxes, including an airline ticket tax, for fundraising for global initiatives due to its financial and philosophical implications.</td>
<td>Although wary of global taxes in general, believes the air ticket levy is reasonable in that it does not distort the market and can be issued by countries on a voluntary basis.</td>
</tr>
<tr>
<td>Objectives in Negotiations</td>
<td>Discourage overlaps of initiatives (such as with the Global Fund), discourage the financing mechanism, and limit its discussion to appropriate resolutions.</td>
<td>Keep the debate open and positive, always mention UNITAID with IFF, encourage the international community to recognize the benefits of the facilities, and clarify that these funds do not replace traditional ODA.</td>
</tr>
<tr>
<td>Allies</td>
<td>Australia, Canada, Japan, Russia, New Zealand, and outside of the UN, Germany.</td>
<td>The EU, especially France and Italy, South Korea, Norway, Brazil, Chile.</td>
</tr>
<tr>
<td>Forums for Discussion</td>
<td>UN GA and ECOSOC</td>
<td>UN GA and ECOSOC, EU, UNITAID Member Countries, AAHP Group.</td>
</tr>
<tr>
<td>Further Global Taxation?</td>
<td>Not a stepping-stone, but an unhelpful precedent.</td>
<td>Not a stepping-stone to a global tax, but a bridge to more widely embraced innovative financing.</td>
</tr>
<tr>
<td>Position on Global Taxation</td>
<td>Completely opposed for financial and philosophical reasons.</td>
<td>Uncomfortable with possible tensions related to accountability and market distortion.</td>
</tr>
</tbody>
</table>

As the table shows, the US and UK differ in almost every account, from their current position on both UNITAID and its financing mechanism to their goals and allies in the negotiations. What is interesting, however, is where the two overlap. First, both countries had a
similar initial reaction to UNITAID, although the UK was more open to the discussion. Second, neither negotiator believes UNITAID will lead to a universal global tax, and what’s more, neither country would like to see an international levy occur.

5. Summary

To sum, the US and the UK are undoubtedly split on this issues of UNITAID and global taxation at every possible level. Their media covers it differently, with the US showing little and often negative coverage, and the UK allowing for a more open and often positive discussion. With regards to public opinion, both the US and UK support the UN, but the US is far more approving of global tax schemes for development. The US Congress has built a firm history of global tax opposition ultimately leading to anti-global tax legislation, while the UK Parliament has participated in an open and often tax-friendly debate over the past ten years, ultimately approving of an airline ticket tax for IFF. Finally, in international negotiations, the UK stands on the offensive in trying to promote UNITAID and IFF jointly, while the US stands on the defensive. However, despite statements from Stoltenberg, Chirac, and others that suggest otherwise, neither negotiator thinks UNITAID will lead to a more universal global tax – which, from their perception, would be an unwelcome consequence.
CHAPTER VI:  
MULTILATERAL WINSETS AND POLITICAL WILL

The previous chapters provided a profile into the preferences of various pressure groups, but a second important dimension is understanding how these preferences interact, for it is in their interaction that policy is made. To analyze the interactions I will use the previously described Multilateral Winset Model, which fuses analytical negotiation models suggested by Putnam and Sebenius. To recall, Putnam suggests winset size is influenced by power distributions, existing coalitions, perception of the status quo, Level I ratification procedures, and the strategy of the negotiator, and Sebenius proposes that epistemic communities can form winning coalitions formed around a shared belief or motivation. Therefore, in the following pages we will look at the various interacting factors, both national and international, and apply them to the Multilateral Winset Model both for the US and the UK.

1. The US Multilateral Winset

The core of US power with regards to policy decisions surrounding UNITAID is the US Congress. Other pressure sources simply are not as powerful in influencing policy outcomes. The media tends to be aloof or critical when it covers UNITAID and global taxation schemes, and while a great majority of the public tends to favor global taxation, their preferences seem to go unnoticed by the political elites. However, it is worth asking why the latter group does not have stronger influence --- in other words, why is the international policy toward UNITAID based on Congressional assumptions and preferences rather than public inclinations?

For one, it could be that Congress simply does not know true public sentiment, despite their role as public representatives. The Congressional culture of anti-tax sentiment is as strong as it is deep-rooted. It appears Congressmen truly believe in the notion of “no taxation without representation,” and most likely consider it their responsibility to protect that power. This long-
held sentiment might in fact blind them to actual public opinion. Additionally, no real channel exists to make them aware of it. Low media coverage might lead the political leaders to assume the public is either uneducated or apathetic on the issue. There are no active pro-global tax lobbies mirroring the effort of ATTAC in France, and it has not come up as an issue in any elections given higher priority issues such as war, immigration, and the national economy. Granted, when independent organizations ask specifically about attitudes toward global taxation, the US public tends to respond favorably. However, in general it seems they have not gone out of their way to make their sentiment known to lawmakers. To the public, the status quo regarding development financing seems to be acceptable. Adding to this, Congress understands the political ramifications of increased taxes, and is thus unlikely to allow increased taxes for a global public need not immanently apparent to or affecting the US public.

A second reason, too, could be the result of more direct sources of influence on Congress, such as active lobbies. The airline industry is set to bear the largest burden from the tax should it be implemented in the US, and as such, has no doubt exerted a certain amount of pressure. In addition to ICAO, US-based airline lobbies the have responded to UNITAID with disapproval of the tax. When emailed to ask for their opinion about UNITAID’s solidarity levy, representatives from the Air Transportation Association (ATA) and the Air Carrier Association (ACA) responded with the following comments:

Air transportation, both with respect to passengers and cargo, is an important catalyst in improving less developed societies. That is an important contribution of the private sector. However, ATA feels strongly that responsibility for international aid, such as that being taken on by UNITAID, belongs with governments. We oppose any proposals that call for special aviation taxes to fund international development projects or public policy agendas. (ATA)242

242Elizabeth Machalek (ATA) Email message to author. 19 April 2007.
We are very concerned about any new ticket taxes. Airline ticket taxes continue to increase. … [UNITAID] would bring the level of fees and taxes to a new high. We need to hold off on new fees unless they specifically address airline safety issues. (ACA)243

Given the power of the airline lobby within Congress – tied largely to their multi-million dollar giving annually244 – these sentiments are likely to get a welcome ear, and apply significantly more pressure than a rather silent public. In both cases, the continuance of the status quo seems to be the favorable alternative to joining UNITAID, in which Congress would have to face a possible public reaction to increased taxes and an angry airline industry.

The other central pressure groups bound to be affected by UNITAID are the global health NGOs. However, according to the US negotiator, local HIV/AIDS organizations tend to work through and appreciate the US’s own initiative, PEPFAR, which has a budget more than ten times that of UNITAID.245 Moreover, those organizations that do support UNITAID can show their support directly by joining the facility – as did the Clinton Foundation and the Bill and Melinda Gates Foundation – rather than by pressuring Congress or the State Department. Given these facts, it seems understandable that the US Government has maintained its position, and- as the US negotiator stressed – is unlikely that this position will change any time soon.

Such an analysis leads us to another winset factor: Level I ratification procedures. Given that anything agreed upon in international negotiations – or Level II – must ultimately be ratified by Congress – Level I - Congressional attitude necessarily defines the limitations the State Department gives its negotiators. Given the bills introduced and laws passed in Congress, the State Department is clear on its mandate to actively oppose all global tax schemes. As UNITAID is considered a precedent to such schemes, US negotiators must contest it. So strong is the US attitude toward the tax, the US negotiator does not even consider his interactions with the US

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245 US SDO interview; Bartoletti email.
government as a second negotiation, but rather information sharing. What the negotiator tries to provide is a “reality check” for the government, indicating what is working and what is not; he does not necessarily try to manipulate internal flexibilities to reach a compromise more palatable to international colleagues who support UNITAID.  

Finally, the international alliances that exist in opposition to UNITAID further embolden the US position, confirming and concreting its already small winset. To use Sebenius’s epistemic community model, we can see a “coalition of believers” that includes powerful global players and US alliances such as Japan, Russia, Canada, Australia, and New Zealand. The coalition is formed around a shared opposition to the airline ticket tax, and the countries’ mutually reinforcing agendas allow them to uphold national preferences without giving in to international pressures.

Given these factors, the US winset toward UNITAID can be diagramed as follows:

Figure III: US Multilateral Winset for UNITAID

The arrows in the diagram represent the level of influence each source has and where they apply it. For instance, a dashed line indicates a minimal influence on the winset size, while the thick bold arrow indicates strong influence. As such, we see the US winset most strongly affected nationally by US Congress and the State Department, and internationally by allied nations forming a solid Epistemic Community. Other potential sources of influence such as public opinion, media, and global health organizations exist within the chain but exert almost no

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246 US SDO interview.
influence on final policy toward UNITAID. The global health organizations can choose to assert their influence by directly joining UNITAID. Similarly, the public can choose to support UNITAID directly via individual support or contributions or less directly through support of a member global health NGO. If, Congress is influenced by any outside opinions, it is most likely the airline industry, which has the most to lose in UNITAID’s national-level implementation.\textsuperscript{247}

The result of the interacting influences, then, an extremely small winset that does not overlap with UNITAID agreement.

2. UK Multilateral Winset

An analysis of UK influences shows many of the same relationships as the US toward UNITAID and global taxation, although reversed in position. With regards to internal power sources, we see again that the political elite carries the most influence on international policy choices, despite the preferences of the population. The UK Parliament has proactively and often positively discussed global taxation for the past ten years, thus creating a culture of openness toward the idea. Media coverage of the issue has only encouraged this discussion, as it closely mirrors the Parliamentary debate both in openness and in attitude. As such, the media does little to inform Parliament of public sentiment. As with the US, it could be that Parliament is ignorant to public preferences, or even more likely, that other sources have formed a stronger lobby to make the status quo – in this case not agreeing to UNITAID – a less attractive option.

The “lobby” in this case comes from within the UK government and its desire to increase development aid. As the UK negotiator said, the UK has been particularly aggressive on the issue of increased ODA commitments and innovative resources in the last few years. The UK developed the IFF and IFFim, and has worked hard to promote it as a valuable tool for increasing development resources. To fund this mechanism, the UK government already approved and

\textsuperscript{247} US SDO interview.
levied an airline ticket tax for the IFF, thus the philosophical and financial barriers had been overcome.

Adding to internal pressures to increase aid was an external “community of believes” led by the French, which ultimately formed a strong epistemic community centered on the issue of innovative financing. To recall Sebenius, while epistemic communities might have some ideological or political similarities - in this case, a shared view on development financing, a similar relationship with former colonies in the developing world, and a common European heritage - a more meaningful coalition is created by understanding and building upon “perceived zones of possible agreement.”248 As the UK negotiator made clear, originally the zones of agreement – or winsets - did not totally overlap on the issue of financing. However, through a process of careful negotiation, France and the UK, among other UNITAID nations, came to a mutual agreement on a voluntary, nationally set solidarity levy on airline tickets. Moreover, Sebenius goes on to say that agreements are further strengthened through creative cooperation, such as increasing the size of the pie or creating new sources of value.249 In this case, the increased value of UNITAID agreement would be greater international level support for the IFF. As such, the UK formed an alliance with France, and together they have gained much support, be it principled or financial, within the EU and international community at large.

This epistemic community is so strong, and ties in so closely to sentiment within the UK government that possible sources of pressure against UNITAID membership did not carry significant weight. The airline industry, for one, seemed to be a minimal concern, as both the UK and France contend that the levy is too small to affect its sales. Other opponents, such as opposition countries, have posed an equally minimal threat. Those within the EU have effectively been silenced enough to allow for an EU-wide position of support, and those outside the EU only affect IFF and UNITAID by not joining. Finally, although UK public opinion tends

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248 Sebenius 325.
249 Sebenius 326.
to go against the financing mechanism, it does not seem that the IFF levy has led to negative public reaction.

Given these factors, the UK winset can be diagramed as follows:

Again, in the UK model the various arrows represent sources and strength of influence. The UK winset is already quite large, reinforced by the amount of support UNITAID and innovative financing (including global taxation) receive both nationally from Parliament (and to an extent the media), and internationally through a strong epistemic community. Moreover, with the epistemic commuting—especially France—adding IFF to the end agreement, the size of the UK winset was further increased. Meanwhile, as with the US, public opinion tends to bear minimal influence, as does the airline industry in this case. The result of these interacting factors has led to the UK supporting and ultimately founding UNITAID, and given all factors, it seems unlikely that UK support for this type of initiative will fail any time soon.

3. The Feasibility of a Universal UNITAID and Similar Mechanisms

Country-level analysis through this point has ultimately led us back to the initial research question: how feasible is the universal implementation of UNITAID and similar financing mechanisms given the current national levels of political will?

250 The thickness of the arrow demonstrates the degree of influence the source has, ranging from weakest (a thin dashed line) to strongest (a thick, solid line).
UNITAID

UNITAID, as it currently stands, will most likely not become a universal facility, although it might gain members, depending on the success of the still-young mechanism. Reasons behind this prognosis stem directly from the country positions and strategies previously discussed.

First, from the side of the opposition, we see that the US has little motivation to join for five main reasons:

1. *Ratification procedures:* Approval for UNITAID membership must come from Congress, which is opposed to the financing mechanism both philosophically (no taxation without representation) and economically (the threat it poses to the airline industry, which itself has a well-organized and aggressive lobby).

2. *Other sources of influence:* Public opinion, although favorable toward the tax, is currently not strong enough to change the status quo. The media has been disinterested and unsupportive, thus creating minimal demand for either the public or policy-makers to address the issue more aggressively. Meanwhile, the airline industry is a strong and effective lobby that is opposed to UNITAID. Finally, global health NGOs work either through nationally sponsored projects or with UNITAID through direct channels.

3. *Added value:* No incentive currently exists to sufficiently entice the US policy-makers, such as an IFF-type deal did with the UK. Moreover, the US is currently the world’s most generous aid donor, and thus it does not feel particularly compelled to give more.

4. *Historical ties:* Unlike the UK or France, the US was originally a colony – not a colonial power – and therefore does not feel the same type of attachment to the developing world that its European counterparts do.
5. **International alliances**: the US has sufficient allies worldwide to maintain its hard-line position.

These factors are not necessarily limited to the US. To look at its four other core allies – Canada, Australia, Japan, and Russia – we see that overlaps exist on several levels. First, these countries tend to be quite concerned about the international tax precedent that the solidarity levy imposes, and are extremely wary of future international taxation schemes. Second, like the US, these countries are not socially or economically linked to former colonies. And third, they are strengthened by their mutual support. Beyond these reasons, each country no doubt has its own set of local pressures and priorities that have prevented them from joining UNITAID.

These attitudes thus create a shared small winset among the UNITAID opponents that is not sufficiently countered by a strong or growing winset from the supporters. According to the US negotiator, “our position is pretty clear and I don’t think that anyone has any thought that we’re going to change our mind on UNITAID.” Based on the actions of UNITAID supporters, no one is making that effort. Rather than aggressively recruit members, UNITAID member countries are trying to create a positive environment where the facility is appreciated. According to the UK negotiator:

> We’re never requesting at the GA that everybody … join UNITAID or IFF, but we’re saying that everybody should recognize the benefit of them – that they make an important contribution to development finance, and that that contribution should be welcomed by the international community. Subsequently, if other people want to join in into the funding, that’s great.

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251 Observation of author. UN 61st General Assembly, 2006.
252 US SDO Interview.
253 UK FSED interview.
UNITAID member states are not only passive in active recruitment, they are also slow to add value to UNITAID so as to attract current non-members. It seems that once France gained the UK and EU as allies, the effort to amend UNITAID to further entice big fish such as the US, Canada, or Japan simply has not been done. Early talks within the group suggested making the airline levy voluntary on a personal – not national – level, thus giving the power to decide whether not to contribute to the facility to the actual passengers.\textsuperscript{254} This more consumer- and airline-friendly model might be easier for the US and others to agree to, but was ultimately passed over by the UNITAID founders in favor of the current nationally-imposed solidarity levy.\textsuperscript{255} Similarly, at the political message level of negotiation, UNITAID countries could agree to include mention of additional programs like PEPFAR alongside IFF and the AMC; however, the EU has declined their inclusion.\textsuperscript{256} The result of UNITAID-directed relationships on both sides, then, creates a set of non-overlapping winsets, which can be represented as the following:

Figure V: Current Political Will – US/UK Multilateral Winset Model

As the above figure demonstrates, the two sides are rather far from overlapping winsets on UNITAID agreement as a result of both internal and external pressures. Both the US and the

\textsuperscript{254} UK FSED Interview.
\textsuperscript{255} UK FSED Interview. The author observed that within USUN there was a tendency to be in favor of this type of personally voluntary-type model.
\textsuperscript{256} Observation of author. UN 61\textsuperscript{st} General Assembly, 2006. IFS resolution negotiations.
UK are most strongly influenced by their political elites. Both countries’ media more or less reflects the views of the policy elites, while public opinion – in direct opposition to the preferences of the political elite – ultimately goes unheard. Further emboldening the political elites are strong international epistemic communities, which parallel and enhance nationally set policy goals.

The US, with its international allies, has maintained a tough-line position on the issue, and thus a small winset that shows little hope of growing. The UK, on the other hand, has a lot of room for agreement: it is comfortable with the voluntary financing mechanism, it benefits from IFF inclusion, it is an established and aggressive advocate for increased development resources and innovative financing, and it has a strong epistemic community back its position. Moreover, the UK does not necessarily have as its core ambition with UNITAID to make the facility universal. As such, the status quo for both sides is acceptable. Therefore, it is unlikely that current levels of political will on either side with change significantly enough to increase domestic winset size in a move toward a more universal UNITAID.

Innovative Financing’s Next Step: A Global Tax?

The next question then, is what kind of precedent does UNITAID set for future global taxation efforts? In this case, the author tends to agree with the negotiators rather than global tax optimists such as Chirac, Lula, and Stoltenberg: it seems quite unlikely that a truly global tax will become a reality in the foreseeable future.

For one, the opposition to global taxation in the anti-UNITAID countries is excessively strong, and it seems unlikely to change any time soon. To again look only at the US, for a sufficient change in political will to occur, it would require several internal changes. First, the entire political culture surrounding global taxation within the policy elite would have to change. This could occur through a drastic change in administration, but given the depth of anti-tax sentiment and the activity and preferences of anti-tax lobbies, it would most likely take more than a set of new, more progressive policy-makers. The public, for one, would need to become
significantly more active in vocalizing their opinions, and more concerned in general about worldwide poverty and its causes. Second, development financing would need to become a foreign policy priority, and an early step toward this would be seeing the US Government agreeing to a 0.7% base ODA commitment.\footnote{An increase in ODA to 0.7% of GNI is another debate occurring within the UN, with the EU and US on opposing sides. Shortfalls in ODA, in fact, is one of the key factors leading to the innovative financing debate.} Third, the US would need incentive to join. Its current position as top donor and global hegemon give little reason for the US to increase its money or influence in the developing world; however, should shifts in either country-level generosity or international power structures occur, the US might be more willing explore new ways to maintain its position globally – a transition similar to what has occurred in the EU.

Finally, external changes would need to occur, as well. First, the global community would need to increase the accountability of whatever institution would receive the tax. A strong international governance structure with a trusted bureaucracy and a well-functioning distribution mechanism would need to exist to collect and allocate the resources. Such a global governance mechanisms would also have to deal with local-level concerns, such as corruption and suppression, so that any money distributed would in fact be going to help those in need and not the administrations that oppress them. Finally, global leaders must find a way to administer a global tax that would not negatively affect the global financial structure, which in itself could undermine development efforts.

These last more internationally focused points would be necessary for current UNITAID supporters, as well. The UK negotiator made clear the UK was wary of global tax schemes due to the financial implications and the current lack of accountability, and said that leaders in France are anxious about these issues, as well.\footnote{UD FSED interview.} Additionally, the UK population remains a difficult constituency in which to sell a global tax, and the Parliament maintains a body of opponents to global taxation, including the newly appointed Prime Minister Gordon Brown. France’s new President, Nicolas Scarkozy, is also less likely to promote international taxation than his
predecessor – he’s more conservative than Chirac, and more likely to support the US foreign policy. While UNITAID will most likely be maintained under his leadership, it seems doubtful Scarkozy will initiate more aggressive global tax schemes. As such – for better or for worse – there is little hope for a global tax era on the horizon.

However, UNITAID has strengthened the push toward innovative financing, and as predicted the UK negotiator, if it goes well, it could be that more countries agree to contribute to development through innovative sources. This growth could manifest through increased membership to existing mechanisms, such as UNITAID, the IFF, or the AMC, or through the development of other, more internationally friendly initiatives that involve mechanisms other than a tax. Nevertheless, finding ways to increase development funding will remain a challenge so long as the leadership in some countries considers the status quo acceptable.

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259 According to an Economist article printed shortly after Scarkozy’s election: “Mr Sarkozy will mark a distinct break with the Chirac era, not just in tone but in substance. He is more instinctively sympathetic … to America than any French leader for 40 years; he wants … put an end to France’s traditional African policy, “based on personal ties between heads of state”, in favour of a more transparent, democratic approach.” The Economist. “The Gualist Revolutionary.” 10 May 2007. http://www.economist.com/world/europe/displaystory.cfm?story_id=9149752
The goal of this research was to analyze the feasibility of a universally embraced UNITAID and similar development financing mechanisms given current levels of national political will. In order to respond to this inquiry, I asked the following series of questions:

1. How can the level of political will any state has toward an international policy issue be measured?
2. In what socio-political environment did this specific issue emerge, and how has it influenced the policy-making process?
3. Who are key actors in UNITAID’s ultimate success, and how have they responded to it and similar financing mechanisms?
4. What do their responses say about the future of UNITAID and global taxation?

In Chapter I, I addressed the first research question using models derived from game theory. I began by discussing international cooperation theory, which provided a suitable backdrop for understanding some aspects of UNITAID negotiations, but ultimately fell short in measuring the influence of both domestic and international pressures. To fill this gap, I turned to models proposed by Putnam and Sebenius, which offer theoretical explanations of international decision-making based on zones of possible agreement (Sebenius), or winsets (Putnam). By looking at the various domestic and international pressure sources influencing the winset size, these theoretical models provide a tool in which sources of political will toward an international issue could be measured. By combining Putnam and Sebenius’ models to create the Multilateral Winset model, I formed the basic framework from which I would measure country-level political will towards UNITAID.

In Chapter II, then, I introduced UNITAID and the environment in which it was born, thus addressing my second research question. I began with a description of UNITAID, including how and by whom it was created, its mission and objectives, its financing and governance structures, how it was received initially by the international community, and why it is a divisive
facility. In explaining this last point, I described the larger and more contentious issue of global taxation as a form of financing for development --- an idea that grew out of GPG theory and would be applied as an innovative financing mechanism to help fund the UN Millennium Development Goals. I introduced the global tax options on the table, including the IATT, Tobin tax, and carbon tax, and explained how UNITAID grew out of this financing concept.

In Chapters III through VI, I answered my third research question: who are the key players and how are they responding? I began with a short discussion on France, the central force behind the UNITAID effort, explaining social, political and historical factors that have led to its advocacy of this type of innovative financing. However, given France’s exceptional nature, I chose to focus more on the US and UK cases, given their many ideological similarities and once shared opposition to the airline ticket tax. In looking simultaneously at local and international pressure sources, be it public opinion, media coverage, the political culture and preferences of the lawmaking bodies, or international alliances, I tried to see why in the end Britain was enticed to join and the US was not.

I was able to answer this and my fourth research question in Chapter VII by applying the various domestic and international factors to the Multilateral Winset Model. In doing so, it became clear that the main sources of policy pressure comes from the political elite, who have made decisions regarding UNITAID to promote their own political agendas seemingly irregardless of public opinion. The US, for instance, had nothing to gain from UNITAID. To the US government, UNITAID represented an unhelpful precedent to future global taxation schemes, a burden on its taxpayers and airline industry, and competition to its own AIDS initiative PEPFAR. The UK, however, did have something to gain. The UK’s main objective was to advance the IFF, which was already funded by a ticket levy. Joining UNITAID, thus, presented an opportunity to promote IFF politically without raising internal philosophical concerns (within the government) regarding this specific form of global taxation. Finally, both the US and the UK have strong international alliances to reinforce their position.
In the end, satisfaction with the status quo seems to be the deciding factor in the future of both UNITAID and global taxation. With regards to UNITAID, the US has little motivation to join the facility, and the UK is unlikely to push them to do so. Moreover, both the US and the UK are opposed to universally applied global tax schemes, and given their economic status globally, their opinion matters. As such, it seems unlikely that UNITAID or any international taxation scheme will become universal in the foreseeable future.
APPENDIX A – LIST OF ABBREVIATIONS

AAHP: Action Against Poverty and Hunger
ACA: Air Carriers Association
ACT: Artemisian Combination Therapy
AIDS: Acquired Immune Deficiency Syndrome
AMC: Advanced Market Commitment
ARV: Antiretroviral
ATA: Air Transport Association
ATTAC: Association pour la taxation des transactions financiers pour l'aide aux citoyens (French); Association for the Taxation of Financial Transactions to Aid Citizens (English).
BBC: British Broadcasting Company
CTT: Currency Transaction Tax
DAC: Development Association Committee
DFID: Department for International Development
ECOSOC: Economic and Social Council
EDA: Economic and Development Affairs
EEB: Economic, Energy and Business Bureau
EU: European Union
FFD: Financing for Development
G7: Group of Seven
G77: Group of Seventy-Seven and China
G8: Group of Eight
GA: General Assembly (UN)
GPG: Global Public Good
HIV: Human Immunodeficiency Virus
HM: Her Majesty's (Treasury)
IATT: International Air Transport Tax
IDPF: International Drug Purchasing Facility
IFF: International Finance Facility
IFFIm: International Finance Facility for Immunisations.
IFS: International Financial System and Development Resolution
IO: International Organizations Bureau
JUISCANZ: Loose alliance among otherwise non-aligned countries, including Japan, US, Israel, South Korea, Canada, Australia, and New Zealand.
LDC: Least Developed Country
MDG: Millennium Development Goal
MDR-TB: Multi Drug Resistant Tuberculosis
MOU: Memorandum of Understanding
NGO: Non-Governmental Organization
ODA: Official Development Assistance
OECD: Organization for Economic Cooperation and Development
PEPFAR: President’s Emergency Plan for AIDS Relief
PMTCT: Prevention Mother-to-Child Transmission
TB: Tuberculosis
UK: United Kingdom
UK FSED: United Kingdom First Secretary for Economic Development
UN: United Nations
UNDP: United Nations Development Program
UNESCO: United Nations Educational, Scientific, and Cultural Organization
UNICEF: United Nations Children’s Fund
UNITAID: United to Aid
UN-WIDER: United Nations World Institute for Development Economic Research
US: United States
**USD$**: United States Dollar

**US SDO**: United States State Department Official

**USUN**: United States Mission to the United Nations

**VAT**: Value Added Tax

**WHO**: World Health Organization

**WTO**: World Trade Organization
APPENDIX B –
EXAMPLE OF US CONGRESSIONAL DEBATE REGARDING INTERNATIONAL TAXATION

Amendment NO. 15 Offered by Mr. Blunt
House of Representatives - July 19, 2005

Mr. BLUNT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 15 offered by Mr. Blunt:

In subtitle B of title XI, redesignate sections 1111 through 1126 as Sections 1121 through 1136, respectively. At the end of subtitle A of title XI, add the following new section:

SEC. 1111. STATEMENT OF POLICY RELATING TO INTERNATIONAL TAXATION

(a) Policy.--It is the policy of the United States to use the voice, vote, and influence of the United States to vigorously oppose any international or global tax that is or may be considered or promoted by the United Nations, its specialized or affiliated agencies, its Member States, or United Nations -recognized nongovernmental organizations

(b) Efforts.— United States representatives at the United Nations shall--

(1) use the voice, vote, and influence of the United States to vigorously oppose any effort by the United Nations or any of its specialized or affiliated agencies to fund, approve, advocate, or promote any proposal concerning the imposition of a tax or fee on any United States person in order to raise revenue for the United Nations or any such agency; and

(2) declare that a United States person shall not be subject to any international tax and shall not be required to pay such tax if such tax is levied against such person.

(c) *Exception.*--The policy described in subsection (a) shall not apply to fees for publications or other kinds of fees that are not tantamount to a tax on a United States person.

(d) *Person Defined.*--For purposes of this section, the term "person" has the meaning given such term in section 7701(a)(1) of the Internal Revenue Code of 1986 (26 U.S.C. 7701(a)(1)).

*The CHAIRMAN.* Pursuant to House Resolution 365, the gentleman from Missouri (Mr. Blunt) and a Member opposed each will control 15 minutes. The Chair recognizes the gentleman from Missouri (Mr. Blunt).

*Mr. BLUNT.* Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, what this amendment does is it opposes the creation of any international or global tax by the U.N. or its affiliate agencies. Global taxes imposed by leaders of foreign governments on United States citizens are clearly at odds with the Constitution and the tradition of our country. The Constitution says: "The Congress shall have the power to lay and collect taxes, duties, imposts, and excises." It is our responsibility as the elected representatives of the people to ensure that no outside entity can ever collect revenue directly from U.S. citizens. This concept of global taxation is not as unimaginable as it may seem. In fact, it is being actively advocated now. A new book, "Innovative Sources of Development Finance," which is widely cited by U.N. bureaucrats, raises the specter of such taxes. Some estimates suggest that if fully implemented, the taxes could levy as much as $13 trillion a year. According to the book I just cited and the staffers at the U.N., the global taxation project is being coordinated by the U.N. Department of Economic and Social Affairs and the U.N. University's World Institute for Development Economics. Even a figure as prominent as George Soros supports global taxation on the American people, stating support recently for an international tax "not only on currency transactions, but also on all financial transactions." Let me just give my colleagues a few examples, Mr. Chairman. The U.N. Convention on the Law of the Sea, which the United States Senate has wisely refused to ratify for 25 years, contains provisions requiring U.S. companies that would eventually engage in deep sea
mineral extraction within our own coastal waters to pay a "mandatory royalty" to an international entity. Shortly before this year's G-8 Summit in Scotland, several European leaders, including President Jacques Chirac of France, suggested the creation of an "international airline tax" that would raise revenue from airline passengers to help finance global development projects. In the most disturbing effort of all, this September the U.N. plans to hold a plenary meeting to close a $65 billion annual gap in its budget. A senior U.N. staffer to Kofi Annan recently suggested the most effective way to close this gap would be to generate revenue through a global tax.

As these examples clearly show, the international community through the U.N. could very easily move in this direction. This amendment, Mr. Chairman, just says that no one representing our country, no one spending money on behalf of our country could advocate or support in any way taxes levied in these ways, and I think it is an important addition to the bill. Mr. Chairman, I reserve the balance of my time.

*The CHAIRMAN.* Does any Member seek time in opposition to the Blunt amendment?

*Mr. BLUNT.* Mr. Chairman, I yield 1 minute to my friend, the gentleman from Indiana (Mr. Sodrel).

*Mr. SODREL.* Mr. Chairman, I thank the gentleman from Missouri for yielding me this time.

The American people have given the United States Congress the sole authority to levy taxes for the support of our national government. They have not given any constitutional authorization to any global organization to tax them, either directly or indirectly. It is important that we make perfectly clear to the United Nations that any effort towards international or global taxation is entirely unacceptable. We are currently paying almost 25 percent of the U.N.'s $2 billion annual budget. Many of my constituents already question whether that money is well spent. The Oil-For-Food questions have done little to instill confidence in the U.N. on the part of the American taxpayer. I urge my colleagues to support this amendment. We do not want any misunderstanding on the part of the U.N. as to our position on the issue of international or global taxation. I thank the gentleman for this amendment.

*Mr. BLUNT.* Mr. Chairman, I yield 1 minute to the gentleman from Indiana (Mr. Pence).
Mr. PENCE. Mr. Chairman, I thank the gentleman for yielding me this time; and more importantly, I thank him for his leadership on the Blunt amendment. Sometimes one has to go to Missouri to state the obvious. The Blunt amendment does just that, but it does it with real teeth. Like many of the reforms in this legislation that we will seek to move today, the Blunt amendment not only requires every representative of the United States on every U.N. body to oppose the creation of an international tax, but it also clearly states that United States citizens and corporations are exempt from any taxation that is imposed on the United Nations. This is the kind of show-me clarity that the American people have come to expect from Missourians [sic]. I am grateful for the Blunt amendment. What you tax you get less of. What you subsidize you get more of. We have subsidized the United Nations as an experiment in a world forum, but we must not permit the United Nations to become an entity of taxation on the American people or for our part the world.

Mr. BLUNT. Mr. Chairman, we have no other speakers. I look forward to this amendment being included in the legislation, and I am certainly grateful to our good friend, the gentleman from Illinois (Chairman Hyde), for bringing this legislation to the floor. Mr. Chairman, I yield back the balance of my time.
APPENDIX C
EXAMPLE OF UK PARLIAMENTARY DEBATE REGARDING INTERNATIONAL TAXATION

House of Lords debates Tuesday, 23 April 2002 Foreign Exchange Transactions: Taxation261

Lord McIntosh of Haringey My Lords, I have no doubt that the matter will be raised at the G8 summit, especially in view of the participation of the countries referred to. The currency transaction tax is not the only global tax that is being considered. The issue has been discussed for a very long time, since Willy Brandt and Gro Harlem raised it. There could be global taxes on carbon dioxide emissions, on aviation fuel, and on arms exports. But all present the same difficulty as the Tobin tax; namely, that they require near universal support to be effective.

The Earl of Northesk Lords, without in any way gainsaying the worthy intent of those who advocate the so-called Tobin tax, does the Minister recall his observation in a debate on this matter some two years ago? At that time he said:

"I am sorry, I would like to think that it would work but I cannot believe that it can".—[Official Report, 8/6/00; col. 1323.]

Does the Minister agree that nothing has happened since that debate to make the practicality of such a tax any more certain?

Lord McIntosh of Haringey Lords, perhaps I am a little less blunt than I was two years ago. This is what happens—it grinds you down after a time, doesn't it? Fundamentally, I think I am saying the same thing now as I was then. The problems are, as Spahn said, political will, international co-operation and legal enforcement. There must be near universal acceptance and enforcement in order to make such a tax work.

Lord Newby: My Lords, does the Minister agree that, so far as concerns political will, by far the single most important player is the United States? Will he urge his colleague the Chancellor to use the close relationship that the Government now have with the United States to build on the steps that it took at Monterey to accept some responsibility for the development of the poorest countries in the world, so that fresh impetus can be put into examining how these taxation proposals might be made effective—whether it is the Tobin tax, the Spahn tax, or any of the other options set out by the Minister?

Lord McIntosh of Haringey: My Lords, that is exactly what the Chancellor has been doing. That is exactly what he did so effectively at Monterey in March—from which the additional pledges from the European Union and the United States resulted. Indeed, there have been pledges of 12 billion dollars a year of ODA funding after 2006. In addition, the Chancellor has been pursuing, including with the United States, his plans for an international development trust fund, which I think the noble Lord would agree would be a very effective step forward.

Lord Paul: My Lords, will my noble friend confirm that a tax on foreign exchange transactions before we join the euro would make British products even more expensive, making it difficult to compete in Europe?…

Lord Campbell-Savours: My Lords, is it fair to say that my noble friend is saying that he is not opposed in principle to Tobin, but he thinks it is unenforceable at the moment?

Lord McIntosh of Haringey: Lords, my noble friend has said more precisely and concisely what I was trying to say, perhaps with greater verbosity.


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