



Grover G. Norquist

President

February 26, 2001

The Honorable Paul H. O'Neill
Secretary of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary O'Neill:

News reports indicate that you are reconsidering whether the US government should support the OECD's so-called harmful tax competition project. I congratulate you for addressing this critical issue. Tax competition is a liberalizing force in the world economy, and it should be celebrated rather than persecuted.

I am particularly concerned because the OECD initiative is a direct threat to America's national interests. We are a low-tax country and a tax haven for foreign investors. These policies have helped our economy prosper in the last 20 years and we should strongly resist any proposal that would undermine the right of sovereign nations to enact pro-growth tax policies.

The OECD's assault on low-tax countries, while currently focused on relatively powerless jurisdictions, is a weapon that eventually will be used against the United States. Indeed, because the OECD is trying to criminalize territorial tax systems, the project clearly undermines our long-run tax reform agenda.

Finally, I think there is an important moral component to this debate. The OECD's campaign to mandate worldwide taxation – and the concomitant level of intrusion that is required to enforce such a system – is a threat to fundamental values such as privacy, sovereignty, civil liberties, and the rule of law.

I urge you to defend these principles and to defend America's national interests. I look forward to working with you in the years to come as we seek to make our tax code even more attractive to investors and entrepreneurs from around the world.

Sincerely,

Grover Norquist