



Thomas A. Schatz
President

April 9, 2001

The Honorable Paul O'Neill
Secretary of the Treasury
Department of Treasury
1500 Pennsylvania Avenue
Washington, DC 20220

Dear Secretary O'Neill,

On behalf of the one million members and supporters of Citizens Against Government Waste, I strongly urge you to reject the Organization for Economic Cooperation and Development's (OECD) so-called "harmful tax competition" initiative.

The OECD is seeking to impose a new international tax regime to protect high-tax nations and prevent tax reform in other nations, including the United States. Creating an OPEC-like tax organization for international bureaucrats and politicians is both economically misguided and based on the premise that people exist to support government, exactly the opposite of what freedom demands. Tax competition is a much-needed check on politicians. We see the benefit of tax competition in America, when businesses and people flee from high-tax states that place themselves at a competitive disadvantage with low-tax states. The same process promotes pro-growth tax policy on the international level, as it did when nations around the world reduced tax rates following President Reagan's supply-side tax cuts in the 1980s.

I am particularly troubled by the OECD's attack on financial privacy. Adding insult to injury, the Paris-based bureaucracy is attacking privacy in order to implement bad tax policy. Specifically, the OECD wants to create a global network of tax police to help high-tax governments double-tax income that is saved and invested – even when the income is earned outside their borders.

Rarely has the United States involved itself, as it did with the previous administration, in a policy that is so inimical to freedom and so contrary to America's economic interests. I ask again that you protect our freedom and prosperity and reject the OECD proposal.

Sincerely,

Thomas A. Schatz