



June 24, 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 members and supporters of Citizens for a Sound Economy, I congratulate you for rejecting the anti-tax competition initiative of the Organization for Economic Cooperation and Development. The OECD scheme represents bad tax policy, bad privacy policy, bad sovereignty policy, and bad trade policy. It also is contrary to America's national interests since our country is the world's biggest beneficiary of tax competition.

Unfortunately, the battle for a competitive international tax system is not over. International bureaucracies may realize that tax harmonization is not an immediately achievable goal, but they continue their assault on financial privacy in order to help uncompetitive nations tax income on a worldwide basis. More specifically, they are pushing "information exchange" proposals that would require the collection and sharing of private financial data between governments. To add insult to injury, these anti-privacy proposals are driven by a desire of high-tax governments to double-tax income that is saved and invested and to impose their tax systems on income earned in other nations.

Citizens for a Sound Economy has long been a strong advocate of fundamental tax reform. As you surely understand, the United States would have nothing to gain from an information-exchange regime if we shifted to a simple, territorial tax system like the flat tax. Indeed, we would make it harder to achieve fundamental tax reform if information exchange become more firmly entrenched in the world economy.

Because of our strong belief in tax reform, competition, privacy, and individual freedom, I urge you to reject the information exchange schemes being pushed by the OECD and the European Union. Low tax jurisdiction, including the United States, should not be under any obligation to help enforce the oppressive tax laws of other nations.

Sincerely,

Paul Beckner
President