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January 24, 2002

The Honorable Paul H. O'Neill
Secretary
United States Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary O'Neill:

I want to express my appreciation for your resistance to the tax harmonization initiatives of the European Union and Organization for Economic Cooperation and Development. High-tax nations may think tax competition is "harmful," but pressure to be fiscally responsible is a liberalizing force in the world economy.

The United States happens to be the world's largest beneficiary of tax competition. Our low tax rates – at least compared to other Western nations – have boosted job creation and capital formation. Needless to say, it would be senseless to support "information exchange" and other forms of tax harmonization that would undermine our competitive advantage by allowing high-tax nations to tax income earned in America.

Nations should cooperate in many areas, particularly the fight against universally recognized crimes like drug smuggling and terrorism. But there are many areas where competition is more appropriate – and tax policy is one of those areas.

Thank you again for your efforts to protect our economic interests.

Sincerely,

Joe Barton
Member of Congress

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