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

Dear Mr. Secretary:

I understand that you have been resisting initiatives by the European Union and the Organization for Economic Cooperation and Development to support tax "harmonization" policies. These policies such as "information exchange" would make it easier for other governments to tax income earned in America.

As a long-standing Member of the Committee on International Relations, I believe that the United States benefits from tax competition. Compared to other industrialized nations, our aggregate tax burden is low, and our tax and privacy laws for foreign investors have helped attract trillions of dollars to the U.S. economy. It would be counter-productive to undermine the recent tax cuts and economic reforms that have been initiated by President Bush and passed by Congress, especially given that the economy is now recovering from the weakness that began with the previous administration.

Furthermore, I disagree with the notion that fiscal competition between nations is "harmful." Tax competition has proven to be a liberalizing force in the global economy. Its "invisible hand" rewards nations for being fiscally responsible and penalizes governments that impose oppressive tax regimes.

Mr. Secretary, I applaud you for defending America's interests by resisting these initiatives. I urge you to vigorously oppose policies such as information exchange that would undermine our competitive advantage in the world economy.

Sincerely,

Dan Burton
Member of Congress