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Nathan Deal
Congress of the United States
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November 14, 2001

Committee on
Energy and Commerce
Subcommittee on Commerce,
Trade, and Consumer Protection
Subcommittee on Health
Subcommittee on
Telecommunications
and the Internet

The Honorable Paul O'Neill
Secretary
U.S. Department of Treasury
15th and Pennsylvania NW
Washington, D.C. 20220

Dear Secretary O'Neill:

I am writing to support you in your efforts to resist the "information exchange" proposals of the Organization for Economic Cooperation and Development and the European Union. High-tax governments that dominate these international bureaucracies think it is "harmful" when jobs and capital migrate from high-tax economies to low-tax economies and they want to hinder this process by creating what has been referred to as a "global network of tax police."

Information exchange, which would require low-tax jurisdictions to put the laws of other nations above their own, is not in America's interests. Our tax burden is relatively low compared to most other industrialized countries. In addition, we have very favorable tax and privacy laws for foreign investors. Combined with other market-based policies, these features of our tax system have helped attract trillions of dollars of capital to our economy. Needless to say, it would be foolish to change these policies just to help foreign tax collectors enforce oppressive tax regimes – especially when it means they would be trying to tax income earned in America.

But my opposition is not based solely on self-interest. I am troubled by the fact that Europe's welfare states are seeking to undermine the economies of many of our Caribbean neighbors. These jurisdictions, many of which are governed by people of color, are being threatened with financial protectionism because their free-market tax and privacy laws make them effective competitors. This is a form of fiscal imperialism, and if the OECD and EU succeed, they will undermine economic opportunity in these persecuted nations. Needless to say, America will be left to deal with the consequences when emigration and drug-running take the place of private sector economic development.

I am also worried that "information exchange" is inconsistent with civil liberties and due process legal protections. Our Constitution states that government cannot invade our privacy unless a court has been presented with probable cause of misbehavior. Our founders also included the principle that people are innocent until proven guilty. Yet both of these principles

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are undermined if government is given carte blanche authority to suspend financial privacy just because tax collectors think someone might not be paying enough tax. Adding insult to injury, the OECD and EU want to shelve due process protections such as the right to be notified and the right to contest when governments engage in cross-border fishing expeditions for additional tax revenue.

I applaud your defense of competition, privacy, sovereignty, and civil liberties, and look forward to working with you to protect Constitutional freedoms and spread prosperity throughout our hemisphere. Again, thank you for resisting tax harmonization and standing up for U.S. interests.

Respectfully,

A handwritten signature in black ink that reads "Nathan Deal". The signature is written in a cursive, slightly stylized font.

Nathan Deal

ND:jw