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One Hundred and Seventh

Congress of the United States
House of Representatives

Washington, DC 20515-4322

June 20, 2001

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

Dear Secretary O'Neill:

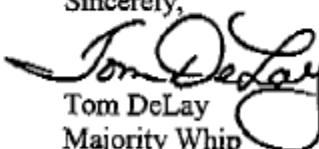
I am strongly opposed to the "information exchange" tax initiatives being promoted by the European Union (EU) and the Organization for Economic Cooperation and Development (OECD). These assaults on financial privacy and due process legal protection are driven by a desire to thwart international tax competition. But since the United States is the world's biggest beneficiary of tax competition, it makes no sense for America to participate in an endeavor that will undermine our competitive advantage in the global economy.

Tax competition promotes economic freedom by pressuring governments to implement lower tax rates – much like what happened when President Reagan's tax rate reductions in the 1980s led to a global shift toward lower rates. Nations should have the right to maintain high tax rates, of course, but they also should bear the consequences. Under no circumstance, however, should they be permitted to interfere with the sovereign right of other nations to adopt attractive tax and privacy laws.

I intend to follow this issue closely, and plan to examine during the appropriations process whether Congress should continue to fund international organizations that push policies that are contrary to America's national interests. I also will closely review whether various departments are misallocating resources by lending support to misguided initiatives sponsored by international bureaucracies.

I applaud you for your opposition to the OECD's so-called "harmful tax competition" initiative and I hope you will logically extend that opposition to the anti-privacy information exchange schemes being advocated by the OECD and EU. I look forward to hearing how we can work together to advance the cause of economic freedom.

Sincerely,


Tom DeLay
Majority Whip