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Congress of the United States
House of Representatives

March 29, 2001

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

Dear Secretary O'Neill,

The Organization for Economic Cooperation and Development thinks it is unfair for low-tax countries to lure savings, investment, and entrepreneurial talent away from high-tax nations. To stop this process, the Paris-based bureaucracy is demanding that low-tax nations change their tax and privacy laws so high-tax nations can tax income and assets on a worldwide basis. Low-tax countries that refuse to surrender their fiscal sovereignty and acquiesce to the OECD's demands are being threatened with financial protectionism.

Not surprisingly, the previous administration supported this egregious assault on the right of sovereign nations to determine their own fiscal policies. Fortunately, the United States - as the OECD's biggest financial supporter and as the largest economy in the world - is in a position to derail this flawed initiative.

I implore you to reverse the previous administration's foolish policy and withdraw U.S. support for the OECD's proposed tax cartel. We should pull the plug on the OECD initiative, not only because it is appropriate to defend the sovereign right of all nations to adopt free market policies, but also because we do not want to create a precedent that our high-tax competitors could use against America. We are, as you know, a low-tax nation by OECD standards. Combined with favorable tax and privacy laws for foreign investors, this low-tax status means America is a big winner from international tax competition.

The United States should never support an international policy that would inhibit our right to cut taxes and make long-overdue tax reforms. I look forward to working with you to protect America's fiscal sovereignty.

Sincerely,

JOHN T. DOOLITTLE
Member of Congress

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