



UNITED STATES
HOUSE OF REPRESENTATIVES

November 16, 2001

The Honorable Paul O'Neill
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220-0001

Dear Secretary O'Neill:

I want to applaud you for resisting the tax harmonization initiatives of the European Union (EU) and Organization for Economic Cooperation and Development (OECD). Contrary to the claims of high-tax welfare states, tax competition is not "harmful." Rather, competition imposes much needed discipline on politicians across the globe.

Instead of trying to alter the rules of international taxation and commerce so they can tax income earned in low-tax countries, high-tax governments should reduce their tax rates. That is the responsible way to keep jobs and capital from shifting to lower-tax countries. Nations have the sovereign right to maintain inefficient tax systems, of course, but low-tax nations like America should not be compelled to implement policies like "information exchange" to shield welfare states from the consequences of bad policy.

Recent horrible events have shown that there are areas where governments can and should cooperate. Investigating and prosecuting universally recognized crimes like terrorism serves the interest of all decent nations. Setting up a cartel for the benefit of high-tax nations, however, is not in that category. Indeed, the OECD and EU schemes to hinder tax competition could undermine cooperation by hurting the world economy.

I look forward to working with you to make America's tax system more competitive.

Sincerely,

GARY G. MILLER
Member of Congress

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