

BOB GOODLATTE  
6TH DISTRICT, VIRGINIA

2240 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-4805  
(202) 225-5431  
FAX (202) 225-9681  
www.house.gov/goodlatte  
talk2bob@mail.house.gov

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## Congress of the United States House of Representatives

September 20, 2001

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AND THE WORKFORCE

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

Dear Secretary O'Neill:

I am writing to express my strong opposition to the information exchange initiatives being advocated by the European Union, the United Nations, and the Organization for Economic Cooperation and Development. High-tax governments think that it is unfair when jobs, capital, and entrepreneurial talent migrate from high tax nations to low-tax jurisdictions. Indeed, the OECD and EU even refer to this process as "harmful tax competition."

Europe's welfare states are misguided to think that fiscal competition between countries is "harmful." Tax competition promotes good tax policy by forcing profligate governments to bear the costs of poor policy decisions. It also happens to benefit America's economy. The United States has very appealing tax and privacy laws for foreign investors and our aggregate tax burden is much less oppressive than it is in most other industrialized nations. As a result, our economy is stronger and we are able to attract trillions of dollars of capital from overseas. These funds help create American jobs and increase the competitiveness of our economy.

Your work already has helped slow down the tax harmonization agenda of high-tax nations, and for this you deserve high praise. Yet it is important that these same countries are not able to achieve their flawed goals by compelling other nations to act as vassal tax collectors. Thankfully, the United States has the power to protect financial privacy and America's national interests. As the biggest economy in the world, our opposition would, for all intents and purposes, cause these initiatives to fail.

Please know that I am ready to help you resist misguided tax harmonization schemes that undermine the ability of taxpayers to shift economic activity to low-tax jurisdictions. Thank you for your consideration of this request.

Sincerely,

Bob Goodlatte  
Member of Congress