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Congress of the United States
House of Representatives
Washington, DC 20515-3601

April 5, 2001

The Hon. Paul O'Neill
Secretary of the Treasury
Department of Treasury
1500 Pennsylvania Avenue
Washington, D.C. 20220

Dear Secretary O'Neill:

I am writing to ascertain whether you intend to reverse the previous administration's support for the Organization for Economic Cooperation and Development's so-called "harmful tax competition" project. Acting on the rather novel belief that it is unfair for low-tax countries to compete with high-tax countries, the Paris-based bureaucracy is seeking to impose fiscal protectionism on all countries.

The OECD initiative is bad tax policy, bad trade policy, bad privacy policy, and bad foreign policy. It would insulate profligate governments from market discipline. Perhaps more importantly, it would undermine America's comparative advantage. By OECD standards, we are a low-tax country, and our favorable tax and privacy laws for foreign capital make us a haven for overseas investors. As a result, foreigners have invested between \$7 trillion-\$10 trillion in our economy, funds that are providing jobs for American workers and strengthening our markets.

American taxpayers provide the largest single source of funds for the OECD. I hope you will use our influence to scuttle this hopelessly flawed initiative. The United States should defend tax competition as a liberalizing force in the world economy. I look forward to hearing how you plan to proceed on this issue.

Sincerely,



Steve Largent
Member of Congress