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February 20, 2002

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

Dear Secretary O'Neill,

In March, the United Nations will be hosting a conference to discuss "Financing for Development." According to various U.N. publications, this conference will be discussing proposals that could pose a threat to America's economic interests. I'm hoping that the Treasury Department is monitoring these developments. In particular, could you have your staff investigate and answer the following questions:

1. The 'High Level Panel on Financing for Development" endorsed the creation of an International Tax Organization. Can you give me a firm commitment that the Treasury Department will oppose such an institution?
2. The Panel also endorsed the imposition of a global tax, with currency transactions and carbon being the two most likely targets. Can you give me a firm commitment that the Treasury Department will oppose any global taxes?
3. Both the Panel report and the conference's preliminary report endorse a form of tax harmonization known as "information exchange." This policy would allow high-tax governments to tax income earned in America and other low-tax economies. Can you give me a firm commitment that the Treasury Department will oppose any scheme that would make it easier for other governments to tax U.S.-source income, particularly since democratically-elected lawmakers in America have enacted tax and privacy laws specifically designed to attract capital to the U.S. economy?

It appears that the United Nations is hostile to tax competition and therefore allying itself with high-tax European welfare states. This is unfortunate, particularly since attractive fiscal policies are an effective strategy to boost economic development. To protect America's competitive advantage in the global economy - and also to promote sound economic policy in poorer nations, I urge you to vigorously resist all forms of tax harmonization.

Sincerely,



Donald A. Manzullo
Member of Congress