



NATIONAL TAXPAYERS UNION

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April 11, 2001

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

Dear Secretary O'Neill:

On behalf of the 300,000-member National Taxpayers Union (NTU), I am writing to express our strong opposition to American participation in the Organization for Economic Cooperation and Development (OECD) and to urge you to reverse the previous Administration's policy on this issue.

Competition is not only important in a free-market economy, it is also necessary in tax policy. Many states and localities in the United States have benefited greatly by lowering and simplifying their tax rates, thus encouraging economic development. These localities and states were not punished for engaging in this economic and tax competition – and rightly so. The competition benefited everyone involved, from the local residents, to the new businesses, to the governments themselves.

This type of behavior should be encouraged, not punished. Yet taking retribution on low-tax jurisdictions is exactly what OECD proposes to do on an international scale. The result will be higher taxes, slower growth, privacy infringements, impediments to truly free trade, and economic disaster to many developing countries – to name just a few consequences of OECD's misguided policies.

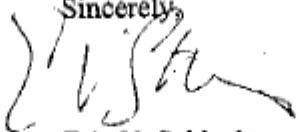
A repercussion of considerable concern to us, however, is the considerable blow dealt to tax reform should the United States decide to participate in this international tax cartel. The key to tax reform in America is to move away from our current system of double and triple taxation of savings and investment and move toward a consumption based tax system. Participation in the OECD cartel would make this transition next to impossible given the OECD's almost complete reliance on taxation on savings and investment. In short, by entangling ourselves in this international web of tax monopolies, we do a great disservice to the tax reform effort. Given the Administration's support for tax reform, I am sure this concerns you as much as it does NTU.

The OECD and the economic philosophies that lie behind it belong in the dustbin of history. It represents the type of big-government, one-world, high-tax ideology that has left many of the OECD's member nations so economically uncompetitive that they must rely on government organizations like the OECD to compete in the international economy. For the most part, America has correctly avoided the failed economics that

fuel the OECD. We should continue our tradition of economic freedom and competition by rejecting the OECD.

Thank you for your attention to this matter. Please feel free to contact us with any questions, or if we can be of any assistance.

Sincerely,



Eric V. Schlecht
Director,
Congressional Relations