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March 19, 2001

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

Dear Secretary O'Neill,

The previous Administration actively supported an Organization for Economic Cooperation and Development (OECD) initiative designed to stop so-called "harmful tax competition." I understand that you are reviewing this policy, and I am writing to urge that the United States withdraw support for this misguided proposal.

As a low tax nation by OECD standards, the United States benefits greatly from international tax competition. Indeed, our attractive tax and privacy policies for foreign investors have helped attract trillions of dollars of capital into our economy. I am very concerned with the OECD's attempt to effectively put an end to this beneficial influx of capital.

While I believe that the OECD initiative is contrary to our national interests, I am also particularly troubled by the implications this initiative will have on financial privacy and national sovereignty. As you know, the OECD is seeking to force all nations into a global system of information exchange for tax purposes. Not only does this compromise the financial privacy of people everywhere, it ignores the sovereignty of individual nations by dictating their tax policy.

I believe the current global tax system, which fosters healthy competition between nations, is something the United States should encourage rather than discourage. Therefore, it is my hope that you will overturn the prior Administration's policy on this issue. I look forward to working with you on this issue.

Sincerely,



Richard Shelby