

# United States Senate

OFFICE OF  
ASSISTANT MAJORITY LEADER  
WASHINGTON, DC 20510-7012

February 6, 2001

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

Dear Secretary O'Neill:


In today's global economy, tax policy is an important part of a nation's competitiveness. The U.S. economy has prospered in part because we are attracting savings, investment, and entrepreneurial talent from other nations. Indeed, this is one more reason why President Bush's tax cuts are desirable.

With this in mind, I want to express my deep concerns with an initiative sponsored by the Organization for Economic Cooperation and Development (OECD). Several years ago, the OECD launched a "harmful tax competition" project to pressure dozens of low-tax nations to change their tax and financial privacy policies or face financial protectionism from OECD nations. The previous administration supported this effort.

I believe it is contrary to America's economic interests to restrict tax competition, a phenomenon that keeps politicians in check and enhances economic growth potential. Our relatively low-tax status has fueled economic growth and enabled our economy to draw investors and savings from many of our high-tax European competitors. Those competitors will eventually use the OECD initiative as a weapon to undermine our sovereign right to enact pro-growth tax policies.

It does not make sense for the United States to participate in an effort that is inconsistent with our long-term tax agenda. I encourage you to review the OECD initiative and reconsider American support for it.

Sincerely,

  
DON NICKLES  
U.S. Senator

*THANKS for your  
ATTN for on this*

DN/hm