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**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

February 27, 2001

The Honorable Paul H. O'Neill  
U.S. Department of Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Secretary O'Neill,

The United States has an interest in helping other nations enact market-based reforms that promote private-sector wealth creation. As we know from our own history, tax competition, lower tax rates and a pro-growth tax code are key determinants of an economy's performance. A modest tax burden rewards entrepreneurial initiative and attracts investment. This, of course, leads to rising income levels and broadly shared prosperity.

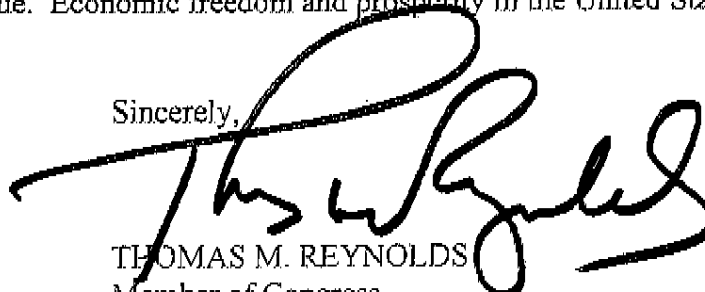
Unfortunately, the Organization for Economic Cooperation and Development (OECD) is threatening this successful formula. Two years ago the OECD launched a project to stop so-called harmful tax competition. This misguided initiative, which attracted support from your predecessor, is fundamentally inconsistent with the market-based principles that we both share.

In fact, tax competition is a positive force in the global economy. It pressures lawmakers to reduce tax rates and make long-overdue budgetary reforms. But this issue involves much more than fiscal policy. It has important implications for individual freedom and national sovereignty.

America should not take part in any multi-lateral effort that seeks to penalize nations with low tax burdens. We also should be careful about supporting an endeavor that could be used against us in the future. As you know, the United States is a "tax haven" compared to many other nations. This low-tax status has allowed us to attract trillions of dollars of wealth to our economy, all of which has boosted job creation and economic performance. I am concerned that some of our high-tax competitors eventually would use the OECD's attack on low-tax nations as a precedent to pressure us to eliminate our favorable tax and privacy laws.

I urge you to address this issue. Economic freedom and prosperity in the United States and abroad is in danger.

Sincerely,



THOMAS M. REYNOLDS  
Member of Congress

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