



AMERICANS FOR TAX REFORM

# LEGISLATIVE ALERT

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## Why the OECD<sup>1</sup> should be de-funded

### Basic Facts:

- Originally the Organization for European Economic Cooperation, it was formed to administer aid for reconstruction of Europe after World War II. With its objective complete, it now says it wants to “broaden its scope, looking ahead to a post-industrial age in which it aims to tightly weave OECD economies.”<sup>2</sup>
- The OECD currently has 30 member-countries.
- Each country contributes to the OECD relative to their Gross Domestic Product, although there is a cap so that no country contributes more than 25% of the total budget. The United States contributes the maximum 25%, commonly referred to as part I funding. There is also a Part II funding which is for other special projects.
- In the year 2000 Congress and the US Department of State allocated **\$50,668,000** for the OECD part I and part II funding.<sup>3</sup>
- The OECD has a staff of 1929 people including 263 Americans. They are exempt from paying income tax.
- The OECD is opposed to “harmful” tax competition, believing that it undermines European-style welfare schemes. The United States is a low tax economy, spending only 30.5% of GDP, significantly less than the OECD or EU averages. The OECD’s attack on tax competition is anti-American and any such proposals to ‘harmonize’ tax levels should be resisted.

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<sup>1</sup> Organization for Economic Cooperation and Development

<sup>2</sup> From: the OECD’s origins web site located at: <http://www.oecd.org/about/origins/index.htm>.

<sup>3</sup> US Department of State, Fiscal 2002 Budget, Page 95. Document can be found at:

<http://www.state.gov/documents/organization/2155.pdf>.

## What others are saying about the OECD:

“[Tax harmonization] is about ensuring that the burden of taxation is fairly shared and that tax should not be a dominant factor in making capital allocation decisions.”<sup>4</sup> –OECD quoted on BBC News

“American taxpayers should not pay over \$50 million to fund bureaucrats, exempt from income taxes, searching for a ‘raison d’etre.’ The agency has completed its mission of rebuilding Europe. Its latest effort to increase taxes on Americans under the guise of ‘leveling the playing field’ should be responded to by de-funding our portion of its dues.”

**-Damon B. Ansell  
Vice President for Policy  
Americans for Tax Reform**

“We don’t think tax harmonization generally is a good thing.”<sup>5</sup>  
-Mark Weinberger, assistant secretary to the US treasury for Tax Policy.

“By OECD standards, [the United States is] the largest tax haven in the world. The United States, for example, taxes neither interest nor capital gains earned by non-resident aliens. This offer isn’t available to citizens or residents. And it doesn’t require financial institutions to notify the Internal Revenue Service of any earnings, which means we’re not tattling to foreign governments.”<sup>6</sup> –Michael Lynch, *Reason Magazine*.

“A Network of Global Tax Police.”<sup>7</sup>  
-Dick Armey (R-TX0, Majority Leader).

“[We are about] creating a level-playing field... making sure that everyone pays a fair share.”<sup>8</sup> –OECD Reports.

“A display of imperialism not seen since the collapse of the Soviet empire.”  
–Dan Mitchell, The Heritage Foundation.

“Governments must take measures, in particular intensifying their international co-operation, to avoid the world-wide reduction in welfare caused by tax-induced distortions in capital and financial flows and to protect their tax bases.”<sup>9</sup> –OECD Reports.

## For More Information:

- The Heritage Foundation: Mitchell, Daniel J. “An OECD Proposal to Eliminate Tax Competition Would Mean Higher Taxes and less privacy.” *The Heritage Foundation*. Backgrounder # 1395. 18 September 2000. This article can be viewed at: <http://www.heritage.org/library/backgrounder/bg1395.html>.
- The OCED Website: <http://www.oecd.org>

<sup>4</sup> BBC Business News, “Sanctions Threat to Tax Havens.” 26 June 2000.

<sup>5</sup> Martinson, Jane and Charlotte Denny. “Bush to Scuttle OECD Tax Plan.” *The Guardian* (London) 10 May 2001.

<sup>6</sup> Lynch, Michael W. “Tax Haven Haters.” *Reason Online*. 3 May 2001.

<sup>7</sup> McIntyre, Robert S. “Devil in the Details.” *The American Prospect*. 4 June 2001.

<sup>8</sup> Horner, Frances, M. “The OECD, Tax Competition, and the Future of Tax Reform.” *OECD Directorate for Financial, Fiscal, and Enterprise Affairs White Paper*. January 2000.

<sup>9</sup> Owens, Jeffrey. “Harmful Tax Practices” OECD Report. [http://www.oecd.org//daf/fa/harm\\_tax/harmtax.htm](http://www.oecd.org//daf/fa/harm_tax/harmtax.htm).