

Center for Freedom and Prosperity

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CF&P Celebrates OECD Defeat in Ottawa: Paris-Based Bureaucracy Concedes Absence of Level Playing Field

Ottawa, Canada (October 15, 2003) – The Center for Freedom and Prosperity announced that the Organization for Economic Cooperation and Development suffered a major defeat at a Global Forum on International Tax Policy, which concluded today in Ottawa, Canada. The OECD's Global Forum, which was designed to reinvigorate the Paris-based bureaucracy's anti-tax competition initiative, was designed to convince so-called tax havens that they had to enforce the bad tax laws of Europe's welfare states.

Instead, the OECD was forced to concede that many of its own member nations also were tax havens, and that persecuted jurisdictions on the OECD blacklist had no obligation to undermine their market-based laws unless all countries agreed to the same misguided policies (the famous "level playing field" requirement). And since the European Union savings tax directive exempted numerous OECD nations from any requirement to divulge private financial data to foreign tax collectors, this set the stage for the OECD's defeat in Ottawa.

Andrew Quinlan, President of the Center for Freedom and Prosperity, remarked, "The OECD's tax harmonization effort has hit a brick wall, and this is good news for the global economy. If high-tax nations are worried that jobs and capital are fleeing to low-tax jurisdictions, they should fix their bad tax laws rather than trying to create a global tax cartel."

Daniel Mitchell of the Heritage Foundation echoed these sentiments, stating, "The OECD anti-tax competition scheme is designed to impose discriminatory tax burdens on capital, which is fundamentally inconsistent with global economic growth. The collapse of the OECD proposal is good news for free market tax policy."

Along with the Heritage Foundation, the Center for Freedom and Prosperity sponsored a tax competition roundtable October 13. Attended by more than 40 representatives from more than 15 jurisdictions, the roundtable featured nine speakers and analyzed how the EU savings tax directive violated the level playing field principle – and also explained why a level playing field based on double-taxing capital on an extra-territorial basis is bad tax policy.

A Strategic Memo provided to low-tax jurisdictions can be accessed at the following link:
<http://www.freedomandprosperity.org/memos/m10-10-03/m10-10-03.shtml>

A list of speakers participating in the Roundtable can be found at the following link:
<http://www.freedomandprosperity.org/press/p09-30-03/p09-30-03.shtml>

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