

COALITION FOR TAX COMPETITION

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Tax Justice Network Sides with Europe's Tax Collectors, Ignores Critical Role of Low-Tax Jurisdiction in Protecting Human Rights and Promoting Pro-Growth Policy

Washington, DC (Thursday, April 7, 2005) – Along with several other radical organizations, the European-based **Tax Justice Network** today hosted a Capitol Hill briefing on “Offshore Tax Evasion.” Members of the **Coalition for Tax Competition** commented on the biased briefing and asked important questions that almost surely will not be addressed by any of the participating organizations.

Andrew Quinlan, the president of the Center for Freedom and Prosperity Foundation, remarked: “The organizations participating in today’s one-sided briefing are defending the statist policies of France and Germany. These same groups have contempt for America’s commitment to free markets and individual responsibility – an approach these left-wing groups sneeringly refer to as the ‘Anglo-Saxon’ economic model.” Quinlan added, “Do these organizations really think that nations should return to the days of 70 percent tax rates and the other growth-destroying fiscal policies that existed before tax competition forced governments to behave more responsibly?”

Daniel Mitchell, senior fellow at the Heritage Foundation, commented: “Low-tax jurisdictions not only promote better economic policy by serving as an escape hatch for over-burdened taxpayers, they play an equally vital role in protecting minorities from oppression. By arguing that extra-territorial tax enforcement should take precedence over every other concern, the Tax Justice Network and its allies are putting at risk millions of people. Whether they are business owners from Venezuela, ethnic Chinese in Indonesia, Jews in France, or homosexuals in Saudi Arabia, there are people all around the world who are victimized by corrupt and/or despotic governments. Without the ability to protect their assets in so-called tax havens, these people would be at even greater danger. Does the Tax Justice Network not care about the human rights of persecuted minorities?”

Veronique de Rugy, research fellow at the American Enterprise Institute, added: “The Tax Justice Network assumes that low-tax nations have an obligation to enforce the bad tax laws of high-tax nations. This assault on sovereignty is disturbing, particularly since it is an effort to promote the interests of relatively wealthy white nations like France and Germany at the expense of low-tax jurisdictions, many of which are developing nations governed by people of color. Why do the organizations participating in the briefing believe that developing nations should be forced to act as fiscal colonies? And if they believe that nations have an obligation to always enforce each other’s laws, does this mean they want to extradite Tiananmen Square protesters back to China? Would they have sent women seeking a college education back to the Taliban?”

(over)

Grover Norquist, president of Americans for Tax Reform, said: “The Tax Justice Network agenda is a direct threat to America’s economic interests. The U.S. is a tax haven, and this policy has helped attract trillions of dollars of job-creating capital to America’s economy. The left-wing groups participating in today’s briefing believe that foreign governments should have the right to tax income earned by nonresidents in America and other low-tax jurisdictions – a policy that is fundamentally inconsistent with President Bush’s tax reform agenda. Why does the Tax Justice Network oppose tax policy changes that will create more economic opportunity?”

John Berthoud, president of the National Taxpayers Union, commented: “The Tax Justice Network and its allies think that tax evasion can only be addressed by giving governments massive new powers to destroy privacy. Do they realize that tax evasion is much more effectively addressed by lowering tax rates and reforming corrupt tax systems? Do they understand, for instance, that personal income tax revenues more than doubled in just four years after Russia adopted a 13 percent flat tax?”

These are just a few of the issues that the Tax Justice Network will avoid during today’s briefing. It is also safe to assume that the participants will not address the fact that so-called tax havens are platforms for investment in the U.S. economy. Caribbean jurisdictions, for instance, invest more than \$1 trillion in America according to the Treasury Department. If their statist agenda succeeds, the Tax Justice Network will force much of that money back to Europe – to the detriment of U.S. capital markets. It is also likely that participants will ignore the vital role of tax competition in promoting the flat tax reforms in Eastern Europe. These sins of omission are not a surprise since, as Mr. Quinlan notes, “The Tax Justice Network is a hard-left organization trying to prop up Europe’s inefficient welfare states.”

The **Coalition for Tax Competition** was founded in 2001 and now includes more than 45 influential free market organizations from around the world. The coalition’s partners represent millions of individuals, work with members of Congress and legislators in all 50 states as well as international politicians and reach hundreds of millions of taxpayers worldwide through their respective media programs. Coalition for Tax Competition has mounted an effective education campaign designed to help world lawmaker and policy makers understand why the OECD, EU, and UN tax agendas are contrary to America's national interests and other freedom-loving individuals from all over the world.

For more information on the CTC visit: <http://www.freedomandprosperity.org/ctc/ctc.shtml>
Treasury Data on Foreign Investment: <http://www.treas.gov/tic/exhibitsa-d.pdf>

For additional comments:

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