



Secret Swiss Bank Accounts Are A Good Thing

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This week's [agreement between UBS and the Internal Revenue Service](#) to reveal the names of Americans holding secret Swiss bank accounts ... is a terrible thing. There are going to be major unintended consequences.

You may think this is about rich tax cheats—but no matter what your income is—your taxes are lower because of tax havens. And they help prevent tyranny by corrupt governments.

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Do you know which country in the world is the biggest tax haven? The United States.

The U.S. government generally does not tax interest and capital gains received by foreigners who invest in America, according to Dan Mitchell from the Cato Institute. And guess what, if a foreign government came to us to get that information, we would have no information to give them because the IRS doesn't collect it.

But now every foreign country can come to us and say: "Hand over information about our citizens—you made the Swiss do it."

Think about that. Hugo Chavez of Venezuela, who is stealing his citizens' property in seizures every day, can come to us and say: "These people are evading my taxes." Should we hand that information over to him? By this action, we give him the moral platform to do so.

If you still don't think tax havens are about preventing tyranny, remember why Swiss banking privacy laws were strengthened in the first place: To help Jewish people hide their assets from Hitler's Gestapo.

I am not, and do not advocate people cheating on their taxes. But tax havens help keep your taxes lower by providing tax competition.

It's no surprise that countries like France, Italy and Germany are the biggest complainers—they have high taxes and they want the rest of the world to have high taxes as well. And the U.S. is getting there too.

Some say this UBS agreement was a win for America, while others, myself included, say this was a big loss.

• *For more about the issue, watch the video ...*

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