



It's Past Time to Dump the OECD

Let taxpayers in high-tax nations subsidize the Organization for Economic Cooperation and Development.

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Taxpayers are spending millions of dollars every year funding an army of bureaucrats who advocate higher taxes and bigger government around the globe.

Last year, the United States sent \$77 million to the Organization for Economic Cooperation and Development, the largest single contribution and fully 21 percent of the Paris-based bureaucracy's \$370 million annual budget. Add to that several million dollars in additional expenses for special projects and the U.S. mission to the OECD.

In theory, the OECD is a place "where the governments of 34 democracies with market economies work with each other, as well as with more than 70 non-member economies to promote economic growth, prosperity, and sustainable development." The OECD will occasionally publish papers on its website laying out the theoretical benefits of economic growth and smaller-government policies.

In practice, despite the OECD's heavy reliance on American taxpayer funds, the organization persistently works against U.S. interests, arguing for international tax cartels, the end of privacy, redistribution schemes and other big-government fantasies.

Take its campaign for tax harmonization, begun as a way to protect high-tax nations from bleeding more capital to lower-tax jurisdictions. In the minds of OECD bureaucrats, high-tax nations are entitled to all they can extract from people and companies. Individuals aren't legally allowed to shift their economic activity to jurisdictions with better tax policies if it hinders the ability of big governments in Europe to feed their domestic fiscal beast. The OECD may recognize competition is good in the private sector, but promotes cartelization policies to protect politicians.

In 2000, the OECD singled out 41 nonmember countries and territories with lower tax rates and a healthy commitment to financial privacy as havens of supposedly unfair tax competition.

OECD warned these countries to promptly discontinue their "unfair practices" or face the financial protectionism of its member countries. The goal was to pressure low-tax countries into increasing their tax rates or through automatic information-sharing schemes becoming deputy tax collectors for high-tax European nations.

The bureaucrats, abetted by the European Union and the United Nations, even started clamoring for the creation of some kind of international tax organization, for global taxation and more explicit forms of tax harmonization.

Unfortunately, after years of bullying, the statisticians have made tremendous progress. Targeted jurisdictions have agreed to sign tax information exchange agreements, weakening their human rights laws on financial privacy.

Although we're not directly targeted, American taxpayers should be concerned about the OECD campaign. As one of the biggest tax havens in the world, the United States faces European pressure to comply with these awful policies. Tax harmonization results in a higher-tax environment and a weaker global economy. And without the checks on political greed that competition affords, we inevitably suffer.

But that isn't all. For the sole purpose of a massive tax grab, the OECD is now targeting American corporations with excessive and expansive new reporting requirements. As David Burton of The Heritage Foundation has reported, this puts trade secrets unrelated to tax assessment in the hands of unscrupulous governments and makes proprietary data vulnerable to unauthorized access by third parties.

After years documenting their disingenuous and downright statist work, Dan Mitchell with the Cato Institute found that OECD bureaucrats have repeatedly pushed Keynesian spending binges on countries trying hard to eliminate government red ink.

At the same time they make unsubstantiated claims that "higher taxes would lead to more economic development or more public goods" and that "a nation isn't developed unless taxes consume at least 25 percent of GDP," Mitchell said. It may come as some surprise that the United States isn't developed yet!

And these OECD bureaucrats make all these claims about the need for more taxes while earning outside tax-free salaries subsidized by the United States.

It's time for us to zero out this line in our budget. Let taxpayers in high-tax nations subsidize the OECD.