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When money mischief goes global

Treaty would let tyrants peer into Americans' financial information

By Richard Rahn

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Do you want the Obama administration sharing all of your financial information with the Russian, Chinese and Saudi Arabian governments? You may be thinking, not even President Obama would go that far. Not so, read on.

This past week, the Organization for Economic Cooperation and Development (OECD) released its full proposal for a global standard for the automatic exchange of financial information. The rationale behind this despicable idea is to more effectively enable governments, such as that of France and the United States, to identify tax evaders. This might sound like a good idea until one realizes that every individual and business will be stripped of all of their financial privacy if this becomes the law of the land — and it is very close to being just that.

Under the OECD proposal, all of the information that financial institutions now report to the U.S. government to try to ensure income-tax compliance, including your account balances, interest, dividends, proceeds from the sale of financial assets — would be shared with foreign governments. This would apply not only for individuals, but also for both financial and nonfinancial businesses, plus trust funds and foundations. The United States and other governments will, of course, claim that your sensitive financial information will remain confidential — and that you can trust the governments.

After the recent Internal Revenue Service scandals — which recur every decade or so — why would anyone believe anything the IRS says? Remember, the IRS leaked information on some of Mitt Romney's donors during the 2012 presidential campaign. It was blatantly illegal, and the IRS (i.e., you the taxpayer) paid a small fine, but no one went to jail. Many U.S. presidents have misused the IRS, starting at least as far back as Franklin Roosevelt, and the American people are always told "never again," which is the beginning of the new lie.

It is bad enough when American officials leak or misuse sensitive financial information about U.S. citizens and businesses, but just think what is going to happen when all of those corrupt officials in foreign governments get ahold of it. Some will use the information for identity theft and to raid bank accounts, others for industrial espionage, some to identify potential kidnapping victims and some for political purposes. The potential list goes on and on. The U.S. Treasury Department says it will insist on strict confidentiality protections. (Lois Lerner, please call your office.) If you are a Ukrainian-American who donates to Ukrainian free-market and democratic

causes, would you really think that Vladimir Putin's team, having your financial information, would not misuse it? If you are an American Jew who donates to Israeli causes, do you really think that all of those in the Saudi government who now have full access to your confidential financial information are not going to misuse it? The Chinese are well known for using malware against their opponents. Just think of all the mischief they could cause if they had access to all of the sensitive financial information of human rights advocates in America.

The Senate Foreign Relations Committee has already held a hearing on the proposed treaty that would implement the automatic information-sharing with many countries in the world. The countries that may then be approved by the administration include unreliable, corrupt and even very bad actors. Yet the Senate may well vote to ratify this protocol in the near future.

Many senators will vote for it out of ignorance because they have not done their homework. Others will vote for it because the Obama administration is a strong supporter of the protocol. (Surprise, the Obama administration is an enthusiastic supporter of a really bad idea, which will destroy personal liberty and undermine economic growth, and at the same time help foreign enemies of the United States.) Now folks in the administration will say they are not going to release information to the Russians at this time. Just remember, though, President Obama's famous "reset" with Russia and how he was overheard telling then-Russian President Dmitry Medvedev to tell Mr. Putin before the 2012 election that he could be more "flexible" once he was re-elected.

As Lord Acton famously reminded us, governments are prone to misuse information and power. The instrument behind this information-sharing ploy is the OECD, which started out as a statistical collection and dissemination agency to promote free trade among its members. It has now morphed into an international agency promoting big government and higher taxes, and the destruction of financial freedom — while at the same time, by treaty, its staff salaries are tax-exempt. No hypocrisy there.

Thinking Republicans and Democrats should unite around opposition to this terrible treaty and defund the OECD. Those who vote for it will deservedly be easy marks for their political opponents.

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