

# Libertas

A Brief Analysis from the Center for Freedom and Prosperity Foundation

## OECD Subsidies Are Against U.S. Interests

The Organization for Economic Cooperation and Development (OECD) is a Paris-based bureaucracy which increasingly promotes a big government agenda. In recent years the organization has supported for the U.S. a value-added tax, Obamacare style healthcare, cap-and-trade or carbon taxes, and stimulus spending. Since 1998, the OECD has also pushed an anti-tax competition project aimed at persecuting low-tax jurisdiction. The organization has increasingly come under the control of politicians and tax bureaucrats from high-tax nations who, unwilling to reform their tax codes for fear of undermining their ballooning and highly inefficient welfare states, push the OECD to enforce unjust protectionist measures against jurisdictions that have adopted free-market tax policies.

U.S. taxpayers shoulder a disproportionate share – nearly one-fourth – of the OECD's budget, yet receive little to no benefit in return. In fact, the OECD frequently pushes for policies both within the U.S. and internationally that are not in the interest of the United States, and would increase the tax burdens on U.S. citizens, inhibit the free flow of capital, and reduce economic prosperity. With a direct contribution from American taxpayers of almost \$100 million, and other expenses on the U.S. delegation in Paris and U.S. agencies that participate in OECD activities, this negative return is unacceptable. Funding of the OECD should be cutoff until such time as the organization ends its campaign against low-tax jurisdictions and the principles of limited government.

Over the years, OECD actions undermining the interests of U.S. taxpayers have included:

- Repeated urging of the United States to adopt a value-added tax and a plethora of other tax increases.
- Support for big government style healthcare and other spending programs.
- A decade-plus anti-tax competition project that poses a threat to national sovereignty. Bureaucrats in Paris should have no right to dictate tax policy to sovereign jurisdictions.
- Deliberate conflation of legal tax avoidance and illegal tax evasion. The OECD has adopted a radical theory, known as Capital Export Neutrality, which holds that taxpayers should never be allowed to benefit from better tax policy in other jurisdictions.

- Expression of support for global taxation by endorsing the United Nations' proposal for "innovative sources of financing," which means taxes levied by the U.N. – such as on carbon, currency and financial transactions, and airline tickets.
- Efforts to interfere with the right of U.S. states to control their own corporation laws. The OECD is attacking incorporation laws in American states because high-tax nations are unhappy that investment activity is shifting to America.
- Siding with unions in a campaign to hinder competition in the international shipping market. The OECD proposal, the result of an unholy alliance between unions and high-tax governments, sought to cripple "open registries" that have lowered shipping costs.
- Seeking to make it easier for nations to: a) impose high tax rates; b) double-tax income that is saved and invested; and c) tax income earned in other jurisdictions. If the OECD is successful, reforms like the flat tax would be an impermissible "harmful tax practice." Global growth will suffer as bad policy is perpetuated.

**For More Information:**

October 2011, University of Alabama Public Law Research Paper No. 1950627, "Cartelizing Taxes: Understanding the OECD's Campaign Against 'Harmful Tax Competition'," by Andrew P. Morriss and Lotta Moberg

<http://ssrn.com/abstract=1950627> or [doi:10.2139/ssrn.1950627](https://doi.org/10.2139/ssrn.1950627)

May 2011, CF&P Foundation Prosperitas, "Monitoring the OECD's Campaign Against Tax Competition, Fiscal Sovereignty, and Financial Privacy: Strategies for Low-Tax Jurisdictions," by Dan Mitchell and Brian Garst

<http://freedomandprosperity.org/2011/publications/strategies-for-low-tax-jurisdictions/>

August 2010, CF&P Foundation Economic Lessons Video, "The Paris-Based OECD: Pushing Obama's Big-Government Agenda With Your Tax Dollars," narrated by Dan Mitchell

<http://youtu.be/oVr8R41nZJU>

CF&P Market Center Blog posts on the OECD

<http://freedomandprosperity.org/tag/oecd/?cat=11>



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