

White House Reiterates Opposition to EU Savings Tax Cartel: Free-Market Leaders Hail Administration Stance

Washington DC (October 29, 2002) - Moving to erase any ambiguity, the Bush Administration reiterated its opposition to a European Union proposal that would require nations to collect and share private financial information on nonresident investors. Larry Lindsey, the President's senior economic advisor and Director of the National Economic Council, firmly stated that "the Administration does not support the EU Savings Directive -- there is zero interest in it."

Following a similar statement of opposition from Glenn Hubbard, the Chairman of the President's Council of Economic Advisers, the Lindsey proclamation is compelling evidence that the United States will not participate in the EU initiative. And since the "savings tax directive" is explicitly predicated on unanimous support from all 15 EU nations and six non-EU nations, this is the death knell for the controversial initiative.

Supporters of tax competition in the United States reacted favorably to the news. Andrew F. Quinlan, President of the Center for Freedom and Prosperity, stated, "Defeating the EU savings tax cartel has been the Center's top priority. I am extremely gratified that President Bush and his team have rejected this scheme to undermine tax competition, financial privacy, and fiscal sovereignty."

Daniel Mitchell, Senior Fellow at the Heritage Foundation, also reacted favorably: "The EU information-sharing proposal would have enabled foreign governments to tax U.S.-source income. And because the United States has attracted about \$5 trillion of passive investment from overseas, the EU cartel would have harmed America's competitive advantage in the world economy. The Administration is defending America's national interests and President Bush deserves thanks from everyone who supports fiscal competition and economic liberalization."

Veronique de Rugy of the Cato Institute praised the Administration, but warned that career bureaucrats at the Treasury Department are trying to undermine the President. She stated "Larry Lindsey and the Bush Administration economic team are to be commended for standing up for American taxpayers. This firm stand against global tax harmonization is good tax policy. Now the administration needs to send a clear message to the bureaucrats at Treasury to stop negotiating with the Europeans and start putting the interests of the American people before the interests of European tax collectors."

For additional comments:

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See CFP's dedicated web page on defeating the EU "savings tax directive" for additional information:

<http://www.freedomandprosperity.org/eu/eu.shtml>