

Tax Cheaters' Lobby

The next time you might be willing to consider the possibility that so-called “conservative movement” in America isn’t run by lunatics, consider this: the far right’s latest cause is promoting international tax cheating by corporations and the wealthy.

A long list of the right’s luminaries are involved, including Jack Kemp, House Majority Leader Dick Armey, Paul Weyrich of the Christian Right, Steve Moore, ex-Cato, now leader of the Club for Growth PAC, the anti-union National Taxpayers Union, the Heritage Foundation, corporatist groups such as Citizens for a Sound Economy and the Grace Commission (now named Citizens against Government Waste), former Chamber of Commerce chief economist Richard Rahn, Arthur Laffer, and, of course, the ubiquitous Grover Norquist.

These and others have banded together under an umbrella organization called the “Center for Freedom and Prosperity” (a moniker that echoes Newt Gingrich’s “Progress and Freedom Foundation”). Their mission: to protect the God-given right of the rich and powerful to evade taxes.

The right became energized on behalf of tax fraud after the thirty free-market democracies that make up the Organisation for Economic Cooperation and Development issued a report identifying a list of offshore tax havens and calling on them to stop facilitating money laundering, drug dealing and tax evasion.

OECD’s goal is pretty straightforward. As U.S. Assistant Treasury Secretary Mark Weinberger put it recently, “Countries generally should not engage in practices that make it easier for other countries’ laws to be broken or frustrated. . . . [T]hose practices might include bank secrecy rules or an unwillingness to exchange tax information with us that would permit taxpayers more readily to evade our laws.”

You might think that law ’n order would be something the right would support. But that’s not the case when it comes to taxes. “A network of global tax police!” complains Dick Armey. “A display of imperi-

alism not seen since the collapse of the Soviet empire!” thunders Dan Mitchell of the Heritage Foundation. “A Frenchman, for example, who parks some money in Switzerland or the Cayman Islands . . . will find his bank there required to report his holdings to the French government,” laments supply-sider Paul Craig Roberts.

One paper on the right’s pro-tax-evasion web site explains “Why the War on Money Laundering is Counterproductive.” Another offers “The Case for Swiss Bank Secrecy.” And still another worries about “the future of offshore financial centres, such as Vanuatu”—a south Pacific tax haven also known for its promotion of pay-per-view pornography scams on the Internet.

This would all be funny—well, actually, it is pretty hilarious—except that the crazed tribunes of tax cheating played a big role in helping elect George W. Bush, and now have lots of influence in the White House and the Congress. It may seem unthinkable that the right could succeed in reversing America’s long-standing policy against international tax cheating, but there has already been one dangerous sign. While Clinton’s Treasury Secretary Larry Summers was a strong backer of the crackdown on tax havens, his successor, Paul O’Neill now calls the issue “a complicated question.”

Lunar update

In my previous column, I described how a bunch of loony, but influential right-wingers were pressuring the Bush administration to withdraw U.S. support for an OECD effort to curb international tax evasion—and that Treasury Secretary Paul O’Neill was waffling on the issue.

Well, the waffling is over. The Bush administration has now taken a firm stand—in favor of tax cheating! Pushed by Larry Lindsey, Bush’s supply-side economic adviser, O’Neill overruled Treasury’s tax policy staff and endorsed the weird proposition that stopping tax evasion “is not in line with this administration’s tax and economic priorities.”