

## All tax competition is harmful

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Back in 1998 the OECD, the Paris based organisation that seeks to set the rules for cooperation on world tax, [issued a document with this](#) cover:



Ever since John Christensen and I have known each other, which we can easily date to our being co-founders of the Tax Justice Network in 2002, we have asked a very simple question. It is this.

*If it is accepted that there is harmful tax competition might you please define what benign tax competition looks like?*

The reason for asking should be obvious, I hope. It is that all competition is necessarily premised on the idea of there being winners and losers. That means even benign tax competition must create those who gain and suffer loss from it.

And why should that be, is our question? What is the reason why some, who are most likely to be the owners of internationally mobile capital, should gain from arbitraging the democratically chosen tax systems of countries and so by implication undermine democracy and the rule of law in the places where they decide to avoid (at best) their obligations? What is ever benign about this process of undermining the public goods that democracy and the rule of law represent?

We could never find any satisfactory answer to that question. We do not think that there is one. As a result we do not think benign tax competition exists. There is, in fact, only the harmful variety. All tax competition is, then, to the detriment of society. That is why we still oppose it.