

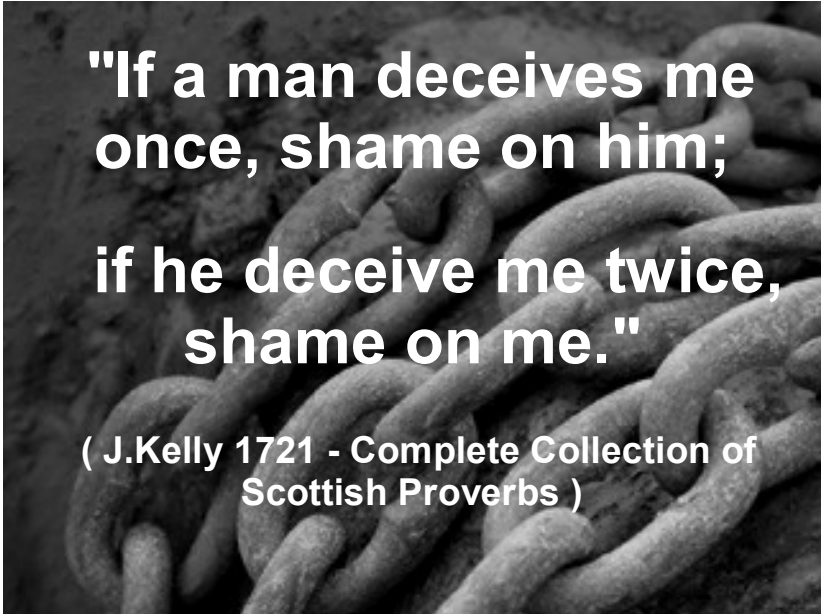
We want our

Island Back



Newsletter

April 2005



**"If a man deceives me
once, shame on him;
if he deceive me twice,
shame on me."**

**(J.Kelly 1721 - Complete Collection of
Scottish Proverbs)**

Want to know more?

Come to our next meeting. April 14th, 7.30pm at St
Thomas' Church Hall (to the left of the Church),
Val Plaisant

Or phone Pat Lucas on 768980
or e-mail jeanandersson42@hotmail.com
For more information go to www.jersey.attac.org

Letter from the Editor

I often hear people say that they are disillusioned with the establishment.

"They don't listen to us," they tell me.

"They ask us what we think and then do the complete opposite."

"They treat us like idiots who know nothing."

We do know that our Island is being systematically destroyed and we don't want any more of it.

Do you feel that you've been deceived by the establishment?

If so you are probably thinking - **Shame on them!**

If that's the case and you are not prepared to do something about it, I'm thinking - **Shame on you!**

There has never been such a right moment as now. Don't imagine there'll ever be a golden age when the conditions are perfect. There never is. Let's seize the moment here and now.

The arrival of party politics in our Island may be new to some of us but in western democracies this is considered to be normal. Party politics and democracy go together.

The word 'democracy' comes from an ancient Greek word 'demos' (the people) and 'kratos' (strength).

This is a system of government where the strength of the people is of paramount importance. In party politics it is not just a question of the freedom to elect representatives and then leave it all to them to make the decisions. Rather it is an ongoing participation in the process of government where the people play an active part along with their representatives. Don't be put off by the prophets of doom who say it won't work. It's up to us to make it work.

Let's grab this opportunity for normality with both hands.

Pat Lucas

Those poor banks!!!

After reading the Crown Agents report on the proposed implementation of a Goods and Services Tax (GST), and having been advised by Senator Terry Le Sueur that we have to tighten our belts to cover the £80-100 million black hole created by the proposed introduction of 0/10 corporate tax, I find it unacceptable that the finance industry as a whole will be exempt from GST. The industry has lobbied long and hard arguing that they need tax breaks to remain competitive in the global market. What they don't

mention, however, is how much money they are making in after-tax profits from their Jersey operations.

So, how much money do the banks in Jersey make? Well, in 2003 Jersey's banks made a net profit of **£833 million**. That's, **£150,000** for every full-time employee. The rest of the finance industry manages to make **£94,200** net profit per full-time employee. These profits per employee are among the highest in the world. So does it seem too much to ask that instead of trying to compete through tax breaks they take a small reduction in their after-tax profits and make a fair contribution to the community that hosts them? And, if they genuinely do need to cut costs to compete on the international markets, why don't they cut their astonishingly high fee levels, which are amongst the highest in the world?

The Finance and Economics Committee (F&E) argue that they exempted the finance industry from GST for two reasons. Firstly, in order that the finance industry would remain competitive. Secondly, on the recommendation of their external advisors, a private consulting business called Crown Agents. Therefore, it will come as no surprise that the said committee are choosing to ignore the advice of Crown Agents to allocate £6 million a year for an Income Support Scheme

and prefer to reduce this figure to a paltry £2 million.

F&E are proposing to implement GST set at 3 per cent; this will include food and clothes, two basic needs for survival. It is estimated that GST will generate about £45 million a year of which £2.4 million will come from the poorest fifth of our population - people like pensioners, those with long-term health problems, children and people in low-paid occupations.

A recent report by the Employment and Social Security Committee on the Income Support Scheme has quoted £128 a week as the minimum essential weekly budget for an adult. Therefore, if the poorest fifth of our population is supposed to live on £128 a week, does it seem unfair to ask the finance industry to pay their share considering their fees are some of the highest in the world? If the States of Jersey Government were to tax the banks' profits at 3 per cent, it would generate £24.9 million a year. This would go a long way to filling that black hole.

To me it seems that Jersey has an established group of politicians that pander to the whims of the finance industry whilst formulating and implementing policies that rape and pillage the lower socio-economic classes.

Chris Steel Dip SP&C, Cert SocSci (Open).



Comité **attac** du pays malouin

35, rue Ernest Renan – 35400 SAINT-MALO

Tél. 02 99 89 69 59

Courriel : stmalo@attac.org

Association pour une Taxation des Transactions financières pour l'Aide aux Citoyens

A brief presentation of ATTAC :

ATTAC is an international organisation that was born in France in 1998, following an appeal published in *Le Monde Diplomatique* (December 97) to raise awareness within national and international public opinion about new issues in a time of globalisation. I.Ramonet, chief editor of *Le Monde Diplomatique*, reminded his readers of a research by U.S Nobel-Prize winner James Tobin to prevent the risks of economic and political turmoil resulting from new techniques and technologies at work in the world of finance. The unexpected response to his article led to the birth of a national association a few months later. It is now present in 45 different countries and has a membership of 30,000 members in France alone.

It is an “Association” as described in French Law (Loi de 1901) which enables it to act publicly as a “moral person” through meetings, publications, forums...It follows a French tradition of “Education populaire orientée vers l’action”, i.e with an aim to share knowledge and expertise to develop citizens’ awareness on all issues related to the organisation

of society (environment, culture, economy, education, media,...) as a non-religious, non-discriminatory, non-secret, non-violent organisation. Most Attac movements in the world have followed this pattern and fulfil the same function. Thus, "Attac-Jersey" can be seen as a "subsidiary" of Attac-France and Attac-International via its links with Attac-Saint-Malo (Attac Pays malouin/Jersey) .

A strong sense of solidarity unites all groups throughout the world and evidence of this can be found in the many exchanges and international forums organised over the last few years. In this, it fully confirms its association status: neither a trade union nor a political party, it aims at facilitating information exchanges and individual access to the widest knowledge available to develop democracy and citizenship.

More information can be found on all websites related to or run by ATTAC (attac.org.fr)

Jacques Harel

Prof. University of Rennes
Co-ordinator Attac France/ Attac Jersey

The Rest of us have to Stump Up

Did you know Rupert Murdoch saved himself £522 million in taxes last week? How? He floated his family's £3.8 billion personal investment company in Bermuda. No wonder he had enough ready cash in his pocket, a cool £22 million, to splash out on a huge residence in Manhattan opposite Central Park!

Lakshmi Mittal, the world's third richest man is worth about £13 billion. He saved himself a heavy tax bill too. How? Because he claims that his primary residence is overseas and is therefore exempted from paying. No wonder he was able to buy a big house worth £57 million next to Kensington Palace and still be able to afford £31 million for a nice little wedding for his daughter!

Philip Green is a name that rings bells. He saved himself £150 million in tax. How did he do it? Simple. His business empire is mostly held in his wife's name. And Tina lives in Monaco.....Neat Tina!

It's plain to see, isn't it, that if you're rich enough you can dodge the tax. The rest of us have to stump up. Is this fair? I don't think so.

What's even more disgraceful is that according to Easter Sunday's Observer 11.5 trillion dollars belonging to the super-rich are hidden in tax havens all over the world. The taxable income on such an amount could be more than 2.55 billion dollars!

A sum like that would certainly make poverty history!

Money that should be used for building the infrastructure of the poorest countries is being hidden in havens by corrupt politicians and multinationals exploiting tax loopholes. Many aid agencies find this alarming. In the Seventies there were just 25 tax havens, now there are at least 63, about half of them British protectorates or former colonies and offshore companies are

being formed at the rate of about 150,000 a year. Tax avoidance in Britain alone is estimated to cost the Treasury between £25bn and £85bn a year.

George Gelber, head of public policy at the Catholic aid agency Cafod, says: 'The people who use tax havens are free-riders on the taxes paid by working people round the world. They pay little or nothing for public goods such as the rule of law and security, which have to be paid for by the taxes of much less well-off people.'

'If only a fraction of the taxes due on the trillions of dollars held in tax havens became available for international development, it would enable most rich countries to allocate 0.7 per cent of their national income to development assistance (double what Britain, for example, currently spends), and put the Millennium Development Goals (on alleviating poverty) within reach of even the poorest countries.'

The campaign group, the Tax Justice Network, a collection of tax experts and economists have done the research for the first time and pieced together the amount of wealth in low-tax environments. The figures are truly shocking and indicate that the social contract between sovereign states and the wealthy is being torn up. What other conclusion could you come to?

'This is one of the defining crises of our times,' says John Christensen, co-ordinator of the Tax Justice Network and a former economic adviser to the Jersey government. 'One of the most fundamental changes in our society in recent years is how money and the rich have become more mobile. This has resulted in the wealthy becoming less inclined to associate with normal society and feeling no obligation to pay taxes.'

James Jones, Anglican Bishop of Liverpool, said: "In this country, we have created a culture of tax avoidance. The current debate is pandering to a culture of consumption and avoidance. We need a much better debate than the political parties are currently giving us."

Individuals such as Rupert Murdoch, Philip Green, Lakshmi Mittal and Hans Rausing - among the world's richest men - all make extensive use of tax havens.

There is nothing illegal about placing assets and cash offshore, but campaigners are promising to attack tax avoidance by the world's richest people in much the same way that they currently target environment and trade issues.

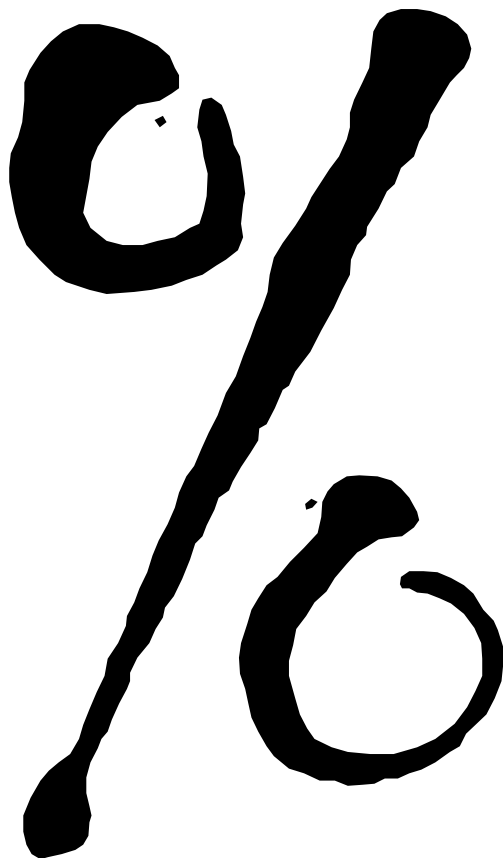
The \$11.5trn does not include the vast amount of money stashed in tax havens by multinational corporations, which are using increasingly sophisticated techniques to run rings round the authorities.

The Tax Justice Network study has drawn from data supplied by the Bank of International Settlements, Merrill Lynch and McKinsey. Richard Murphy of Tax Research, who co-authored the report, said: 'No one has tried to calculate a number like this before. To ensure the credibility of our data, we have only used information already in the public domain and produced by some of the most authoritative sources in the world.'

'In addition, we tested our conclusions against three independent sources of information, and all seem to substantially agree, giving us a high degree of confidence in the conclusions.'

'Gordon Brown and the British government are ideally placed to act on offshore tax avoidance, since so many of the banks and tax havens that facilitate these processes have British links,' said Charles Abugre, Christian Aid's head of policy.

'Only last week, the Commission for Africa called for an immediate doubling of aid to Africa to help it meet the Millennium Development Goals. And yet here is a potential source of revenue that even the most responsible governments are doing little to tap into.'



This newsletter is produced by Attac Jersey which is a member of the international Tax Justice Network.

www.taxjustice.net