

We want our

Island Back



Newsletter

April 2006

Letter from the Editor

Over the Easter period many of us have heard calls for justice, for a fairer world where people will be valued and live in peace and dignity as human beings.

Many of the great religions, as well as those who claim no religion at all, are seriously working for justice. You don't have to be religious to see the gross injustices or to get stuck in to do something about it.

No-one has a monopoly on the truth. The poor and the less well off in developing countries and in our own Island have heard too many empty promises in the past. Mere words are no good to anyone, so individuals and groups, whether religious or otherwise, are getting together around the globe, to turn words into action to establish a fairer world.

Christian Aid is campaigning for the eradication of tax avoidance and Cafod is calling for transparency in business operations and financial accountability. Taken to its logical conclusion this will bring an end to tax haven activity.

The Christian Aid report, "The Shirts off Their Backs" makes it clear that cancelling the debts of the poorest countries and increasing aid to them is not enough to put an end to poverty. We need to be aware of how money flows out of those same countries. A blood transfusion to poorer countries will not solve the problem in the longer term. We need to stem the haemorrhage by addressing the problem of tax avoidance. Tax provides hospitals, schools, a proper infrastructure and gives individuals and businesses a stake in society. That is what tax is for. If vast amounts of money disappear into tax havens it cannot be used in the countries

where the money was made. This is a major cause of poverty.

Just to give you an idea of the scale of the problem here is what Alex Cobham from the Oxford Council on Good Governance (2005) has to say. \$385 billion is lost to developing countries each year. How? Through a combination of (i) tax evasion by individuals in the developing country, (ii) lost tax because the money made in that country has been spirited away through tax havens (iii) tax avoidance/ tax competition by Multinational Companies in the developing country. This figure is probably the most robust estimate of the direct losses to developing countries from these combined issues.

Many of the poor are being robbed so why should they constantly have to be so grateful just because they've been given back a little? Who wants to be a charity case all the time? It's belittling.

According to Christian Aid:

"Tax has hitherto been neglected as a weapon in the fight against poverty and in the building of democratic accountability in poor countries. As tax strategies have changed, they have threatened to increase poverty by gradually shifting the burden of taxation from rich to poor. The impact of the shift in the tax burden, resulting from tax competition, trade liberalisation and tax havens, has meant that poor people in the developing world are being asked increasingly to meet the domestic portion of the bill for reaching the Millennium Development Goals (MDGs) – the internationally agreed targets for tackling poverty"

The Christian Aid Report unambiguously calls for international action to reduce tax avoidance and tackle the veil of secrecy surrounding tax havens. This is a practical working document. It's not something you file away in a dusty drawer or simply leave in your computer files. That would be utterly useless. We've heard a lot from them this year and there's still a lot to do. Well done Christian Aid.

CAFOD, the Catholic Association for Overseas Development, in its paper entitled "Transparency: a Christian Concern." 2003 quotes from a Bishops' Conference calling on individuals and corporations as follows:

"Governments, international financial institutions, and private corporations... all have a moral responsibility ... Transnational corporations ought to adopt codes of conduct that reinforce their social responsibilities, direct their activities toward the common good, and adopt transparency in operations and financial accountability."

Am I hearing correctly? Is this the Catholic Church sticking its neck out and demanding transparency in operations and financial accountability? It is! I'm overjoyed. Jersey is a tax haven so this is just the right place to say it. Go ahead. You'll lose a few "friends" but you'll be doing the work of the Church. Anyway, this isn't the Colosseum!

Here in Jersey people are struggling to make ends meet too. Prices are already among the highest on the planet yet we, the tax payers, are told that we'll have to pay a "Goods and Services Tax" on top of everything else.

Why? So that the tax avoidance industry, which enables the very wealthy and big business to avoid paying tax, can continue to ply its trade unhindered. Does this sound fair to you?

Pat Lucas

Please answer the question Senator Walker

Below is the transcript of a Channel Television interview between one of its presenters and Senator Frank Walker regarding whether Jersey's Corporate Tax Policies will meet the European Union Code of Conduct on Business Taxation.

As you will see Senator Walker does not bother answering the question, but prefers to use character assassination instead of political debate. All the people of Jersey want to know is have we received written confirmation from the European Union and the British Government that our Corporate Tax policies regarding 0/10 will meet the Code of Conduct.

Chris Steel

Treasurer Attac Jersey

EU doubt over 0/10 plans

A former States economic adviser in Jersey is accusing senior Channel Island politicians of 'deluding the public' over the zero/ten tax proposals. John Christensen, now Director of the Tax Justice Network, says Brussels bureaucrats doubt if the proposals will meet EU codes.

Mr Christensen was speaking after a meeting with the top team of tax policy experts at the European Commission.

Mr Christensen says he was told the EU has not been contacted by any officials from the Crown Dependencies seeking approval of any proposals. Senator Frank Walker, Chief Minister of Jersey, commented: "I don't know, again, where Mr Christensen is coming from. This is just the latest in a series of attacks by someone who, let's face it, is a disgruntled, disenchanted former States employee who's done little over the last ten years but seek to destroy Jersey's finance industry and with it our economy."

Thoughts on Achieving Democracy

We talk about democracy but what do we mean? Are we prepared to pay the price? Do we have democracy in Jersey? Some democracy, for sure, but observant visitors to this Island would have to look very hard to experience a lively spirit of democracy.

What is it that stops many exercising their right to help mould their own society? Why do they give up and just close the door to concentrate on family and friends? Why leave politics to the politicians and education to the educators?

If we look back to the past we can be thankful for the many improvements which have been made to our lives - medical advances, the right to vote and other beneficial changes. At

the time, however, those advocating such changes were sometimes criticised, often ridiculed and even ostracised. Why? Because of the vested interests of some people. Had it not been for the dissatisfaction of those with the accepted way of doing things, progress would never have been made. We love being the inheritors of the selfless and often heroic efforts of those who have gone before us. The pain was theirs. The gain is ours.

Perhaps this gives us a clue to attitudes in the present. Being critical of the status quo, demanding change for a better and more wholesome society is not welcome either. I sometimes feel that a virtue is made here in Jersey of being uncritical of what is being handed out to us. Feathers must not be ruffled on principle! The reason is the same as it always has been - vested interests - whether it's money, status or just sheer comfort. On the whole we humans do not want to jeopardise the advantages we enjoy.

We are a very foolish people if we do not learn that lesson of history which teaches that for real progress to be made honest questioning of both the State and society has to take place. To do this effectively we need to stand back a few paces and answer the question, "What do we want for our world now and in the future?" Those hardworking few who have understood the demanding nature of working for democracy should not be left to work alone. Many not few are needed if hopes and aspirations for society are to be achieved.

Jean Andersson
Secretary Attac Jersey

Sunday Opening. How fair is this to families?

When Sunday opening was introduced in the UK Contracts of Employment for new employees suddenly read that they would be required to work 5 out of 7 days, leaving people with no option. As nurseries and schools are not open at weekends where will this leave people with children in Jersey?

With approximately 300 divorces in Jersey per year has any consideration been given to the effect Sunday opening would have on families?

I see this move as further erosion of family life. For many families Sunday is the only day they get to spend quality time together.

For divorced/separated families Sunday is the only day many parents can get to see their children for access. If they then have to work on a Sunday when will they get to see their children or more importantly when will the children get to see the absent parent?

In the UK there is now a group called Keep Time for Children which points out the long working hours and lack of quality time given to children. If parents are working all hours is it any wonder that we see so many children with social problems? Keep Time for Children states that weekend working is having an adverse effect on families across Britain, particularly on disadvantaged households.

Around 1.4 million parents are working regularly through the whole weekend and over 2.5 million families are affected by a parent working regularly over the weekend.

Low paid parents are particularly vulnerable to work at weekends. They simply cannot afford to lose their jobs, and often can't risk arguing for working hours which let them spend time with their family.

While weekend working is often the result of consumer choice, it leaves little choice to the workers themselves. Research undertaken and published in September 2002 found that 75% of workers who work weekends do not do so out of choice. Amongst mothers in this group 78% said that they were dissatisfied with working on Sundays.

Some may say that if parents cannot afford to look after their children properly then they should not have children in the first place. A recent news story from the UK pointed out that England is facing a future problem as some 90,000 fewer children are being born each year. This in turn will lead to problems in the future with our generation having no younger people to care for the elderly or obviously pay into the system? Incentives are being looked at.

Europe and the Mediterranean have many more holidays than the UK and shorter working hours. They are also much more family orientated and therefore there is less youth crime and problems.

With large supermarkets open 6 days a week from 8am until 9pm there really is no excuse to have to open on a Sunday. Most other shops are open 6 days a week now. Again many open from 9am until 6pm.

As for the excuse that it will attract tourists we fail to understand this point as people actually go on holiday to relax and get away from the hustle and bustle of daily life. Many people who visit European and Mediterranean

countries find shops closed during the siesta time and during the many holidays. Jersey really does not offer cheaper prices any more and with shops not deducting VAT how will this increase business? Surely it will merely spread the weekly takings over seven days instead of six. We are all very well aware many of our local residents regularly travel to the UK and France on shopping trips to save money and with GST looming who is kidding who?

If Sunday opening is seriously to be considered then good legislation preventing employers wording contracts of employment in a way that leaves employees with no choice but to work. There are many single people or people without children who may welcome working on a Sunday and therefore it should be by choice not force.

Please remember our children and put them first. Do what is best for the younger generation otherwise we will only see even more children with problems. We in Jersey are failing our young people.

Denise Carroll

Mission Statement

We are members of the Association for the Taxation of financial Transactions for the Benefit of Citizens (Attac) & the Tax Justice Network (TJN).

The aims of both organisations are to research, educate and campaign to further public awareness.

The cost of tax havens

The Tax Justice Network argues that at least US\$11.5 Trillion is hidden away in tax havens¹. This deprives the poor of the first to third world countries of vital tax revenue. If we taxed the US\$11.5 trillion at the modest rate of 30%, we could see a return of US\$255 Billion². This vast sum would go a long way to meeting the United Nations Millennium Development Goals.

So who are the tax avoiders that use tax havens? Let us consider two individuals and their companies that will be household names to most of us.

The first is Bill Gates and Microsoft. Gates and his wife front the Gates Foundation to the extent of US\$ 31 Billion so far³. This philanthropic gesture is to aid the health of those in third world countries. No doubt, this philanthropy is tax deductible and goes some way to meet Microsoft's corporate social responsibility.

However, Microsoft has moved its intellectual software branch to Ireland and in the process is avoiding US\$500 million a year in US corporate tax⁴. So maybe Microsoft does not look so charitable after all. US corporations sifted US\$75 Billion of their profits to tax havens in 2003 depriving the Inland Revenue Service of approximately US\$15 Billion in tax revenue⁵.

The second person we should look at is Philip Green and his company Arcadia/ British Home Stores. Green lives and works in the UK, but does not pay income tax, as he claims no salary. However, his wife is a resident on the tax haven of Monaco where income tax is zero-rated. However, Mrs

Green is paid £1.2 Billion a year in bonuses⁶. So what about Arcadia's corporate taxes? Well, Arcadia is owned by Taveta Investments which in turn is owned by Taveta Limited, a Jersey based company controlled by the Green family. As Jersey is not part of the UK Arcadia will save approximately £115 Million in due taxes⁷ had it been registered in the UK. No doubt Mr Green will pick up a Knighthood one day for being an industrious businessman?

Chris Steel
Treasurer Attac Jersey

Footnotes:

¹ Tax us if you can, (2005) a Tax Justice Network Publication.
www.taxjustice.net

² Evening Standard, 27th April 2005.

³ The Economist, 25th February 2006.

⁴ The New York Times, 17th November 2005.

⁵ The Corporate Reform Weekly, 18th April 2005.

⁶ The Daily Mail.

⁷ Independent News, 28th October 2004.

Our **Next Meeting** will be held at Saint Thomas' Hall (on the left side of the church) at 7.30 pm on Thursday 8th June.

If you'd like to learn more about us or think you might like to help please come along. You'll be most welcome.

