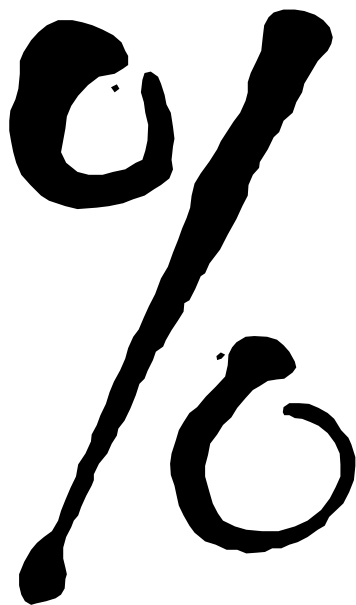


We want our

Island Back



Newsletter

August / September 2005

"Better to get hurt by the truth than comforted by a lie."

(From 'The Kite Runner' by Khaled Hosseini)

Letter from the Editor.

Are you hearing what I'm hearing?

You've got to accept higher and higher prices on all goods and services.

You mustn't expect much of a pay rise. You might even take a pay cut.

You must bow to privatisation.

You must expect skyscrapers and very large buildings on and around the Waterfront.

You must not complain at any time.

Complaining about the way the money is spent means that you don't understand that all this is for your own good.

Above all Jersey must remain competitive so that you can retain your present high standard of living.

Think again. **What does remain competitive really mean?**

Our Island is being systematically vandalised by the big developers, those who finance them and those who give these acts of vandalism the green light to go ahead. Meanwhile, our young people continue to leave their Island by the boatload and the planeload. True, some are leaving because they want to. That's fine.

But many are leaving because they can't afford to stay. That's a tragedy and a disgrace. What an appalling way to run an Island!

What's tax competition?

Our Island is a tax haven. Some deny this and prefer to call it an offshore finance centre. Others call it a low tax jurisdiction. Low tax! Is it low tax for you? It isn't for me. It is a place along with many others through which the very rich and big business, usually by paying fees to accountants and lawyers, can avoid paying tax on the money they make elsewhere in the world. Nice one!

The rest of us are expected to foot the bill. Who are they kidding?

Having used our Island to dodge their responsibilities elsewhere in the world they don't want to pay here either so who else will keep the Island going so they can continue to use it? Us, who else?

Places like Jersey which offer these services **compete for clients**. Did you know there are over 70 tax havens in the world. Half of them are either British Territories, Crown Dependencies (that's us!) or ex-Colonies. That's what they mean when they talk about **tax competition**. Those who promote this kind of competition do so in an intellectual vacuum. It's a brain-dead exercise.

The word "competition" makes no sense when talking about tax. Tax is not about competition. It is about contributing fairly according to your means to the country/Island where the money is made so as to provide services such as clean water, hospitals, schools, proper pensions and so on.

It is not a competitive activity. It is a moral duty.

Swimming competitions, art competitions, even cake-making competitions are O.K. All this is competitive. It makes sense. Naturally, business is a competitive activity too but to talk about tax competition is complete nonsense. There is no basis for tax competition in economic theory. The idea is economically illiterate.

The only possible outcome of tax competition is that the tax burden is transferred away from those who could afford to pay to those who can least afford it. Prices rise and public services are cut back because there's not enough money to fund them adequately.

Are you prepared to accept a goods and services tax that starts off at 3%.. creeps up to 5% 10%....and on....and on so as to retain your high standard of living?

If you're not - make sure you vote for candidates who don't accept it either.

Pat Lucas

Diamonds are a Girl's Best Friend - Or are they?

What does a visitor hope for when they come to the Island? A small, welcoming Guest House where their personal needs are attended to - a cooked breakfast at 5.30 a.m. for an early departure, 24 hour service - service always with a smile? What do they look for when they choose to come to an island? Beautiful bays, wonderful walks and a warm welcome when they come back after a day out.

Here is a tale - a true tale - of a couple who chose to do just that.

"For 18 years until very recently my husband and I ran a Guest House. Despite our attempts to give the very best service we were made to feel this just wasn't good enough. Those of you in Tourism will know that in the past the grading system was from 1 - 3 Diamonds, though recently there has been talk of a much fairer 1 - 5 system. Some of the requirements to achieve the top Grade 3 Diamond seemed so unnecessary.

Whatever we did to improve was never enough to satisfy the inspectors the carpets were not to their taste - the wrong colour, dried flowers on tables were considered to cause an allergy to the guests ... the furniture was not of a high enough

standard or size or style ... all the furnishings had to be of matching colour and pattern etcetera, etcetera, etcetera!! Those little, personal, tailor-made extras were never taken into account by these bureaucrats. So - extra Diamonds we did not gain! In fact, some of the Guest Houses with less to offer were given the same grading as us, so we could have saved ourselves the expense and the bother.

As business started to decline, partly due to restricted air flights and increased costs, many Guest House proprietors had to struggle to keep going. We also had to pay off our existing bank loan. During that period our son was taken seriously ill and spent almost one year receiving treatment in the UK. This made life extremely difficult as we had to spend most of our time to-ing and fro-ing from the UK hospital.

Eventually many of us in Tourism were forced to sell at a low price as Guest Houses no longer suited the Island image. 4 and 5 star hotels were now to be the order of the day! But was this really what visitors wanted? You can imagine how heartbreaking it was when, at nearly 60 years of age, we had to suddenly uproot and like so many others before us left our Island home. We still had a large loan to pay back.

However, we did have some wonderful years

running the business. Pity though that the finance industry was given such priority here that little else seemed to matter. Sterile, isn't it? Is this what we want for our Island? We have seen this happen in other places too. It's a great shame that Jersey has lost most of its continental flair. If it wasn't for some roads still written in the French language you could be almost anywhere in England.

We have to ask ourselves - what do holiday-makers look for? Some chic hotel you could find anywhere in the world or a small, welcoming place run by those proud of the Island's natural quaintness and happy to boast of some of the most beautiful beaches in the world? "

Danielle

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

www.taxjustice.net

Want to know more?

Come to our next meeting. Thursday September 29th,
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

Jersey, Socially Just!

The objective of social justice in a developed western nation state is that it supports the needs and rights of all its citizens. This can be achieved by the government supporting and promoting social policy whilst controlling economic policy.

If they control economic policy the government has the ability to introduce a progressive taxation structure, along the lines of the 'more you earn the more you pay' to a top rate of say 40% as in the United Kingdom. You can then utilise a redistribution of State income to fund the Welfare State. The best example of this is the post second world war Social Democratic era of 1945 to 1979, where the disparity between rich and poor was brought to an acceptable level.

However, as we have witnessed since the instigation of the Neo-Liberal project of the Thatcher, Major and Blair governments who support and promote economic policy and control social policy, the socio-economic income divide has expanded to a degree never seen before where the household income of one family can be in excess of 11,000 times that of another!

Jersey under the 'establishment' promotes and supports economic policy and controls social policy. We have a flat rate of 20% income tax for all our

taxpayers. The reduction in corporation taxes to absurd levels only benefits big business and the finance industry. This leads to a reduction in public resources and therefore less money to be spent on those of our people deemed to be in need.

An example of how this works in Jersey is that Social Security entitlements are well below European equivalents. Jersey has one of the highest gross national incomes per capita in the world, only exceeded by Luxemburg. However, Jersey spends less than half of what Luxemburg spends, and only spends 75% of the European average on Social Security entitlements. Jersey only spends 25% of the European average on its children. For old age pensioners who have contributed all their adult lives in the form of Social Security contributions and income tax they only receive 70% of the European average in old age pension.

The European recognised measurement for assessing relative poverty is 60% of average income. In Jersey, average income per full-time employee is £500 per week and average household income is £530, so, 60% of these figures is £300 and £318 per week respectively. Therefore, no individual or household in Jersey should have a weekly income less than £300 per week. However, Jersey's old age pension for a married couple is £241 per week and invalidity benefit for a single person is £145 per week.

If you support and promote economic policy and control social policy as Jersey under the 'establishment' does, you tend to witness a disenfranchised lower socio-economic status group that tends not to participate in political activity. In this context social policy only serves to placate the middle classes, who gain most from social policy and pacifies the masses who benefit least from social policy.

*Chris Steel Dip SP&C, Cert SocSci (Open).
Treasurer Attac Jersey.*

University of Essex Seminar 7-8th July 2005.

The Tax Justice Network organized a Seminar on Tax Avoidance issues scheduled to start on the 7th, but we all know what happened that awful day!

Along with other passengers from Wales I was ordered to leave the train at Ealing. I got buses as far as Victoria and then walked along the river to the City and up to Liverpool Street where services resumed in the early evening. Some lecturers and students including myself failed to turn up at Essex University on the 7th but by the 8th there were more of us. I attended lectures by Richard Murphy, Bruno Gurtner from Switzerland

who, like me, had to walk across London, Claudio Radaelli from the University of Exeter and Adrian Solitander from Finland. Their papers are available on the Offshore Watch website. At the meetings of the Tax Justice Network we were all invited to make our contribution to the development of its constitution, the main item on the Network's agenda.

Tax Avoidance and Tax Competition were the main themes of the Workshop. Tax Competition, of course, is generated by global competition for capital which means all countries cutting their social expenditure and reducing taxes.

Richard Murphy's talk entitled "Will the Crown Dependencies be EU tax compliant?" * outlined the 5 criteria of the European Union's tax code which assesses if an issue may be deemed harmful. The Isle of Man used to fall down on 11 counts and Jersey on 4. There are doubts whether the measures taken by Jersey to "correct" these will satisfy the E.U. criteria in view of the fact that the E.U. is looking for fairness in taxation.

Despite Dawn Primarola having given her blessing to Jersey's measures of going for a 0% Corporation Tax, Jersey, Guernsey and the Isle of Man may still be open to action by a member state to bring the U.K. to book, as Spain has recently done over Gibraltar.

The other speakers focussed on the face-saving formulae devised in Switzerland: 1. the fact that many measures agreed in the Nice Treaty are on the "back burner" 2. the evasion of global regulation by financial institutions aided by compliant governments, including the U.K.'s funding of legal costs involving the Cayman Islands.

I have been getting the impression that there is a great deal of horse trading going on between nations rather than co-operation to defeat the haemorrhage of government revenues and the growth of on-shore finance to aid this. I have heard that France is devising a trust law in the spirit "if you cannot beat them join them."

In my view Attac still provides the best solution with a proposed world-wide Tobin tax on financial transactions to support social welfare AND aid to developing countries. In my personal view this should ensure among other things that REAL money financed by richer countries should go via NGOs directly to the needy to encourage the development of local infrastructure to provide for their long-term needs.

Adrian A. Walton. 11th August 2005.

** For complete text online go to:*

<http://visar.csustan.edu/aaba/Murphy2005.pdf>

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