

Attac Newsletter Winter Edition 2008

We are members of the international
Tax Justice Network

We stand for fair taxation

Letter from the Editor

The start of a New Year is traditionally a time for reassessing what we would like to do and be for the coming year. The aims of Attac Jersey and the international Tax Justice Network of which we are a member remain the same:-

to research, educate and campaign to further public awareness. We are seeking to alleviate poverty through the creation of just taxation systems to fund social goods.

This edition includes articles on what happens when a system of government becomes so selfish that many people in society get left behind and trampled on.. What of Jersey's future after the insulting rejection of the anti-GST petition?

One minute we're being told all is well and there are 'squillions' in the Island's coffers; the next minute we're told we're so broke that old age pensioners among others are having to help fill the black hole. What a disgrace!

Is there light at the end of the tunnel? Could it be that the time is fast approaching when some financial institutions who specialise in the tax avoidance industry leave Jersey without a backward glance? Our taxes won't have to go to support them any more, will they? Read on and consider some positive suggestions as to how we can turn our Island round in a post tax haven Jersey.

Pat Lucas

One person's take on Income Support

With the new benefit starting on 28th January 2008 there are many people who will be losers and many, like me, who will be forced to claim benefits which they have never claimed before. I work for the States of Jersey. When my children were young working part-time was the only way for me as childcare was expensive. Being at home, claiming rent abatement and family allowance, enabled me to be there after school for my children. I even managed to afford a holiday away.

As the family grew up and started work I still managed to make ends meet working part-time and claiming rent abatement. Now I have medical problems so I am not able to work full-time, even if I wanted to, as there are no full-time posts available where I work.

With the new Income Support system I will now have to prove that I cannot work full-time. If I can't prove it I will have three chances to find a full-time post or I will lose my benefit. This would leave me with no option but to claim long-term Incapacity Benefit. Yes, I agree, I will be better off with this benefit, but I will still have to find money for doctors. If I'm lucky I might receive a one-off payment for dental work as I'm not on HIE. Everyone can see this new benefit will cause a lot of hardship for many people out there, more losers than winners.

When I, like many people, started work and paid contributions it was on the understanding that when we got sick and were unable to work we would be looked after and not plunged into poverty as many will be now. As I have asked many times - When are the soup kitchens starting up? I will be the first in line. So, Jersey 2008, welcome to the third world!

There is an answer to all this as Senator Routier has been told many times. Lift the threshold on contributions from £35,000 to £100,000 per year and stop this madness.

Rose Pestana

A French perspective on the future of Jersey as Finance begins to leave.

The risk of not anticipating a post-Tax Haven scenario is highly irresponsible and, simultaneously, a risk of chaos through hastening capital flight too soon from their nests to other more profitable ones, has also to be taken into account. Do not count, indeed, on any "corporate responsibility" from Finance to offer any gradual alternative or compensation... And tourism, agriculture, and the rest, even with high-tech and internet trade, are very unlikely to offer any magic wand to replace the present situation in the short term, even if they should not be underestimated either (organic food will be paid better soon, I am sure).

Just like any "addiction" (probably a relevant metaphor for the organic links between politics and finance in the C.I), weaning has a cost and is painful at first for some time. A complex combination of economic perspectives probably has to be explored, including negotiations with GB, the OECD and the EU to help -even if the CI still officially remain outside the EU- as a transition would take place towards a new institutional, economic, demographic, arrangement .

Attac in many documents has insisted that (technical and financial) assistance should be provided to any newcomer to the "club of (tentatively) honest members" of the international community, exactly in the same way as assistance has been provided by member-states to post-89 former communist satellites entering the EU or, well before that period, to formerly poorer countries like Ireland (Yes, remember!) or Portugal. One can discuss the details and the varied degrees of "generosity", but roughly it has been working, and this parallel can be delved into more seriously.

The C.I certainly could keep some of their finance activities and "financial engineering" skills that still could be appreciated in a more transparent and legal international framework(John Christensen, I believe, has said that before), and what seems to look like a demographic and structural "saturation" (notably environmental limits) would not suffer from a decrease of all the present constraints on the islands i.e fewer people and fewer cars for instance...

We share the view that more imagination outside the mere scope of local geography has to be considered in this context of globalisation, whether we like it or not, in Saint-Malo and in the C.I alike! "Your" problem is also "ours", don't you think? And your politicians are making you pay the price, alas, for their short-sightedness, exactly as ours have done and are still doing in France and particularly in Saint-Malo.

Jacques Harel
Institute of Political Sciences
Rennes 1 University

Financial Armageddon here we come,
care of the States of Jersey - a
parliament in name, a small town
council in aptitude and a prisoner of the
financial services industry in practice.

The Wolves of Justice.

We have observed reports of late within the depths of the JEP and elsewhere that the Wolves of Justice are now snapping at the heels of all those fat cats hiding their often black money in our so called Finance Centre, as Chief Minister Walker insists on calling it. This is because, no doubt to the surprise of the Chief Minister, much of the interest paid on the billions of £'s placed in our squeaky clean Islands appears to go straight into the pockets of its recipients without them paying a penny in income tax.

What we now know is that the UK Government pressurised Barclays and other UK banks to supply them with information on all their UK based account holders in Jersey, Guernsey and the Isle of Man. As a result 45,000 of them admitted that they were evading income tax on their interest. This was, of course, a complete surprise to all on the Island where, of course, no one believed that anyone was putting their ill gotten gains into Jersey to do such a dastardly thing!!

It's just the same of course with corrupt money. We know, as everyone knows that corrupt African leaders are stealing billions of dollars of foreign aid and other cash belonging to their governments (a perk of power in Africa is to fill ones pockets as much as possible) and we also know that over time we have seen our banks accept it with absolute delight and then brag about how wonderful it is to have such huge amounts invested in our Finance Centre.

Of course, this money was for the benefit of the poor struggling nations to try to drag the people out above absolute poverty, and definitely NOT to line the pockets of corrupt officials, and if we had any conscience at all we would not allow any such investments to take place, instead of bragging about how much is here. Fortunately the world is waking up to the injustice of what is going on, bringing the perpetrators to book, and naming the Tax Havens who have been complicit in hiding their dirty immoral operations.

It's the same with multinational companies. Does anyone really believe Northern Rock actually did anything in Jersey? Yet we played a part in its downfall.

Jersey will eventually be condemned for allowing any such activities to take place, compliance will be much more rigid to try to prevent it and the crooks will look to other places who do not care what effect the operation has on the infrastructure of the country where the money comes from, whether from foreign aid, donations or scams.

Investment figures here will dip and to counter it GST will have to provide, so we the residents will have to pay more and as the EU get further into tax evasion they will further reduce the power of the Tax Haven lobby. That means if it is not too late the States MUST right now look at all other means of producing revenue in an attempt to at least maintain a good standard of living for the people.

For a number of years , suggestions have been made to achieve this, such as regenerate tourism, do something with agriculture, make it advantageous to hold conferences here, court the French tourists coming up from Paris to St Malo on the TGV to pop over to see just what a wonderful place Jersey is , and perhaps come back for a holiday. Certainly it will cost money in the first place, which we have in the rainy day fund, if necessary we could borrow it and put it back when things get going, in any event if we just sit back and wait for the finance industry to decline and eventually up sticks and go, it will be too late, and those responsible will have not sought re-election or will have retired .

Committee Member.

Selfish capitalism is bad for our mental health.

Oliver James says of his new book *Selfish Capitalism*:

By far the most significant consequence of “selfish capitalism” (Thatch/Blatcherism) has been a startling increase in the incidence of mental illness in both children and adults since the 1970s.

As I report in my book, *The Selfish Capitalist - Origins of Affluenza*, World Health Organisation and nationally representative studies in the United States, Britain and Australia, reveal that it almost doubled between the early 80s and the turn of the century. These increases are very unlikely to be due to greater preparedness to acknowledge distress - the psychobabbling therapy culture was already established.

Add to this the astonishing fact that citizens of Selfish Capitalist, English-speaking nations (which tend to be one and the same) are twice as likely to suffer mental illness as those from mainland western Europe, which is largely Unselfish Capitalist in its political economy. An average 23% of Americans, Britons, Australians, New Zealanders and Canadians suffered in the last 12 months, but only 11.5% of Germans, Italians, French, Belgians, Spaniards and Dutch. The message could not be clearer. Selfish Capitalism, much more than genes, is extremely bad for your mental health. But why is it so toxic?

As he goes on to note:

Readers .. will need little reminding that Selfish Capitalism has massively increased the wealth of the wealthy, robbing the average earner to give to the rich. There was no “trickle-down effect” after all.

The real wage of the average English-speaking person has remained the same - or, in the case of the US, decreased - since the 1970s. By more than halving the taxes of the

richest and transferring the burden to the general population, Margaret Thatcher reinstated the rich's capital wealth after three postwar decades in which they had steadily become poorer.

His diagnosis is:

What does the damage is the combination of inequality with the widespread relative materialism of Affluenza - placing a high value on money, possessions, appearances and fame when you already have enough income to meet your fundamental psychological needs. Survival materialism is healthy. If you need money for medicine or to buy a house, becoming very concerned about getting them does not make you mentally ill.

But Selfish Capitalism stokes up relative materialism: unrealistic aspirations and the expectation that they can be fulfilled. It does so to stimulate consumerism in order to increase profits and promote short-term economic growth. Indeed, I maintain that high levels of mental illness are essential to Selfish Capitalism, because needy, miserable people make greedy consumers and can be more easily suckered into perfectionist, competitive workaholism.

As he says:

We desperately need a passionate, charismatic, probably female leader who advocates the Unselfish Capitalism of our neighbours. The pitch is simple. Not only would reduced consumerism and greater equality make us more ecologically sustainable, it would halve the prevalence of mental illness within a generation.

This comes from Richard Murphy's blogsite.
<http://www.taxresearch.org.uk/Blog/>

He is in agreement with what Oliver James has to say here and adds his own comments below.

The Right Wing are of course out in force on the Guardian web site trying to rubbish what Oliver James has to say, largely using the facts of increased material well being. All of which shows they can count but know nothing of value, and that they can't or aren't willing to read James' article.

That article does of course exclude argument for one obvious policy we must commit to if we are to see increased well-being in the English speaking developed world, and that is progressive taxation, something we do not have at present.

Richard Murphy

An Ageing Population

Life expectancy is longer. As medical science advances so will this unless global warming ends it all. How do we cope? Jersey has a big problem for starters. We are grossly overpopulated for such a small island. Plus, through lack of government control, we have become too expensive, creating a fight for survival for the less well off and the poor, probably the bulk of the population.

Then we have the space issue. The demand for housing is overwhelming yet unaffordable flats have been built and often left empty. Now we find ourselves dependent on Finance, who were attracted here by the prosperity caused by a successful Tourism industry. Those who came were quick to realise that we were governed by politicians with visions of grandeur and easy to mould to their needs. This is precisely what has happened to the detriment of the people of Jersey.

I believe that Finance and the government have got it wrong. Finance has to compete and to do this it has to grow. Staff and space are needed in an Island where space is limited. Competing needs incentives which should come from them and not the people of Jersey. Nor should we have to pay to keep them here. That is what is happening.

Jersey Finance uses taxpayers' money to globetrot, to encourage finance and business to locate here tax free. Good for them! Not for the less well-off and the poor. What we need are incentives to save for old age. I did this but I am now penalised. We don't need to become dependent on uncaring politicians who allow others to become wealthy at our expense.

There is very little in place to help those in need. What there is is means-tested by politicians who legislated against means-testing for themselves! In such a wealthy Island this is disgraceful! Our tax haven status is causing conflict with the UK, the EU and the rest of the world and is likely to reverberate on us. The legal tax avoidance loopholes in the law, responsible for tax loss are not good for the less well-off who have to pay for the tax loss.

Then we have the high cost of living, about to worsen with more taxes, such as GST, due shortly. As for the wrongly named Income Support - it really is a means of clawing back benefits from those who need them in order to cope with incapacity. Many of those who are now in need saved for old age and consequently have to take care of themselves. In order to get help you now have to fill in a lengthy intrusive questionnaire asking every imaginable bit of personal information!

What we see happening to personal information being lost in huge quantities in the UK, putting thousands at risk, is invasion of human rights at its worst. Such questionnaires should no longer be allowed. Guarding the public purse is one thing; this is something else.

So how do we cope with an ageing population? First, let's welcome the fact that it is so and let's concentrate on making it more possible and easier for people to help themselves much more than they can now. In order to do this further incentives to Finance should cease. Loopholes in the law legalising tax avoidance must be closed. The outrageous cost of living must be brought under control. All

attempts must be made to bring us back to our low cost status, the attraction for Finance and business.

This was the blueprint of our great success. It would bring us back to normality, making salaries and wages much easier to cope with. It would also revive Tourism. With the threat of terrorism Jersey as a safe affordable holiday destination must be a winner! We must no longer be dependent on Finance. Tourism should once again be our premier industry.

That is my vision of the future of Jersey and, in my view, the best and logical way to deal with an ageing population. We did it before and we can do it again. If we don't that group of politicians who call themselves the Council of Ministers will bury us all in the blackholes they have created!

*Kenneth F. Godfray
Veteran of Force 135*

"The world is a dangerous place, not because of those who do evil, but because of those who look on and do nothing."

Albert Einstein

Statement

Association for the taxation of financial Transactions for the Benefit of Citizens (Attac)

We are members of the international Tax Justice Network (TJN).

The aims of both organisations are to research, educate and campaign to further public awareness. We are seeking to alleviate poverty through the creation of just taxation systems to fund social goods.

Useful websites include:-

www.aabaglobal.org

www.taxjustice.net

www.taxresearch.org.uk/Blog

www.jersey.attac.org

www.isthisjersey.com

If you would like to send us a story or short article please contact Pat Lucas e-mail address jeanandersson42@hotmail.com

