

A PARALLEL UNIVERSE? Countering the neo-liberal economic arguments for offshore

Mark P Hampton
University of Kent

John Christensen
Tax Justice Network

A Parallel Universe?

The paper's central points:

- Some neo-liberals inhabit a strange parallel universe
- Tax competition: argument, what argument?
- The 6 propositions are untenable
- Tax havens can't be defended using this logic

Tax competition

- Tax competition & economic theory
- Firms compete & act as profit maximisers
- BUT states don't compete with each other as revenue maximisers
- So tax competition is an illogical concept

The Heritage Foundation:

“Tax competition is a positive force in the global economy. *It forces politicians to be more responsible, pushing tax rates down and allowing people to enjoy more of the money they earn.*”

(Daniel J. Mitchell, 2002, p.31, emphasis added)

Tax competition

“Tax competition is a healthy & natural economic process which weeds out stupid or inefficient taxes.” (T. Dwyer, 2002, p.52)

“No offshore centre is forcing any OECD country to have a bloated welfare state or impose high taxes on labour & capital” (T. Dwyer, 2002, p.61)

The six propositions. Tax havens:

- enable companies to legitimately maximize their 'tax efficiency'
- demonstrate healthy free markets in operation
- are conduits for capital
- are an 'antidote' (discipline) to High Tax High Spend governments
- are exemplars of successful government
- act as fiscal refuges for wealthy individuals

References

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