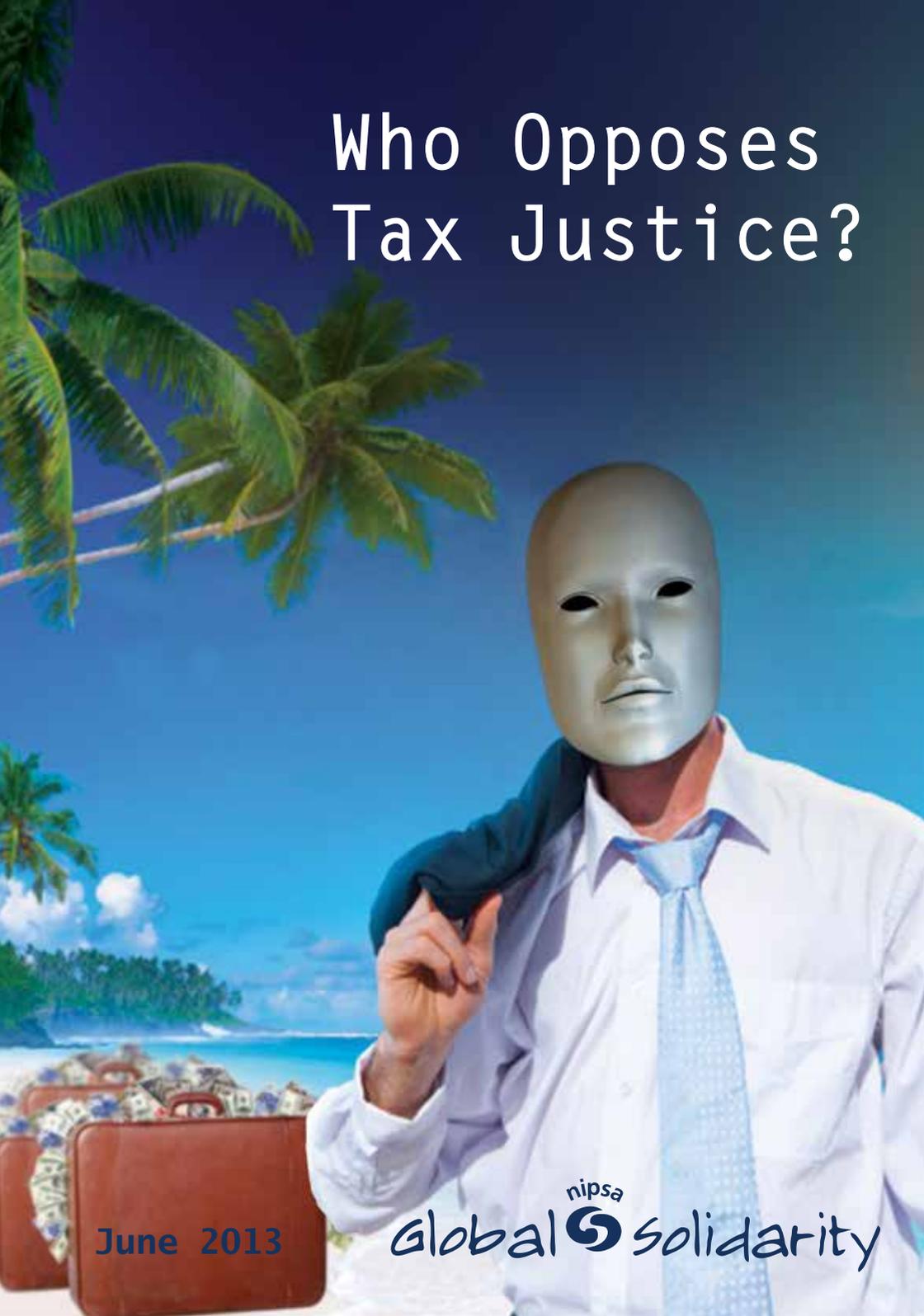


Who Opposes Tax Justice?



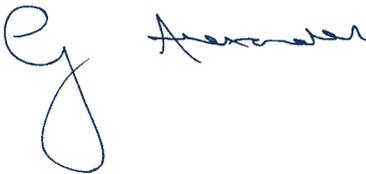
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Preface

This publication is the text of a speech made by John McVey (NIPSA Policy and Research) at NIPSA's Global Solidarity Committee's Tax Justice Training Event on February 28th 2013. As well as comment within it on the current political attack on trade unionists, it is based on NIPSA's October 2012 research on the TaxPayers' Alliance ("Behind the Mask") and its April 2013 anti-privatisation booklet ("Daylight Robbery"). These publications are available for download from the NIPSA website – www.nipsa.org.uk

This speech reinforces the point that the fight for Tax Justice is not an add-on to Trade Union work but is at the heart of it. This is most explicit in relation to opposing privatisation. The reason for this is that privatisation is the opposite of tax justice - rooted in tax avoidance and a philosophy that opposes universal, coherent public provision, funded from general, progressive taxation. Opposing privatisation and the international neo-liberal ideology that drives it therefore offers the perfect example of how activists, in support of Tax Justice can "think globally and act locally".

A handwritten signature in blue ink, appearing to read 'Geraldine Alexander', with a large, stylized initial 'G' on the left.

Geraldine Alexander
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Who Opposes Tax Justice?



Introduction

This speech will examine both “who opposes tax justice?” using as a case study a very particular type of think tank propaganda operation used for this purpose (the Taxpayers Alliance) and also look at how close such groups and their key advisors are to the heart of Government.

It looks at why they oppose tax justice in terms of who benefits from such a mission and then explores why they are obsessed with the Trade Union movement and its progressive allies.

If you look behind the mask of those who oppose tax justice you find a culture rooted in secrecy, shady histories of anti-trade union agitation including blacklisting, as well as a general contempt for any democratic organisation or institution that stands in the way of their profit seeking. When they oppose tax justice they oppose economic justice and the reward for labour/distribution of wealth that this concept represents.

It reinforces the point that this event may be “Global Solidarity” but it couldn’t be more local in relation to the work we are doing – in that everything we do as trade union activists is about a fight for that economic justice.

Economic context

In terms of the political climate we are living in, what we are facing is the economic equivalent of “shock and awe” – the aim being to demoralise, overwhelm and then dismantle the public services. Some may feel, including among our members, that we may be straying into the political with this work but while we are non-party political, all the issues that affect us are shaped by politics - and by responding to them we have to respond to the ideology that is attacking us. We could declare we will be non-controversial, as non-political as possible and stick to only dealing with the “bread and butter” basics of fighting for our terms and conditions, but what do we do then if a government, any government, breaks its promise on these basics? Devalues, for example, pension agreements, insists after years of telling employees their lower wages were deferred pension – that they now have to pay more; work for longer and receive less in pension? That is not a political fight of our making – call it what you will, political or non-political, but we have to respond.

One of the reasons we are pushed towards this is the complete absence of Opposition in its fullest sense in that when New Labour accepted and extended the neo-liberal agenda, Trade Unionists were left with nothing but their false friendship and hollow rhetoric. The New Labour project, therefore, was also an enemy of tax justice.

We can adopt all the slogans we want but in terms of what's ahead of us we also need to remind ourselves of the ruthless focus of our opponents. As was said at the time of the Hunger Marches in the 1930's – "the Tories don't preach class warfare they practice it".

Extremism at the heart of Government

As evidence of how close the anti-tax justice extremists are to the heart of government we only have to look at who the Government asked to review Employment Law – Adrian Beecroft – a venture capitalist, member of the British Venture Capitalist Association, whose company Dawn Capital supports the pay day loan sharks Wonga.com (charging the desperate 4000% interest). The leaked version of his report revealed what he and his kind regarded as the burden of employment legislation. For example, he recommended opt-outs for employers including the repeal of the Equality Act, abolishing employment law as it related to employing children, and repealing Gangmaster licensing legislation (so, presumably in this future, the cockle-pickers who might die on Morecombe beach would have taken such work in the knowledge that their employer had opted out of their protection and were not liable for their death).

Poisoning the Well of Public Debate

The extremism of Beecroft and his ilk has to be packaged, varnished and delivered through a corrupt media – our movement didn't need the phone-hacking scandals, or Leveson, to expose the corruption of the Press – but the Leveson evidence – if not final report – couldn't be clearer who pulls the strings. But despite such a corporate media and the decades long dominance of a 'market knows best' ideology in the UK's governing Parties, a residual public belief in the concepts of "fairness" and "society" providing a safety net, still exists. This is exemplified by the widespread affection for an institution such as the NHS. For this reason, therefore, an ideologically driven war on public

provision and the tax base that funds it, needs to be preceded by and then coincide with a sustained wave of propaganda that demoralises and undermines such faith. The TaxPayers' Alliance (TPA) and its allies fulfil this role with a "continuous and relentless drip – drip of negativity undermining our confidence in our ability to govern ourselves, finance our public bodies effectively, run an efficient country."¹ In short their effect is to poison "the well of public debate".²

This means, for example, that the TPA can both refer to the fact that frontline services are under threat (due to the very austerity measures they support) and imply that this is happening because inefficient government is "carrying on regardless". In short, in propaganda terms they react to what are the profound effects of economic crisis yet chose to 'explain' them with shallow analyses that portray all spending as wasteful. Therefore, in this world, all tax has to be presented as a negative.

Feeding on these sentiments an organisation such as the TPA can present itself, as the 'everyman', the 'outsider', opposed to 'elites', in support of all those who simply want to protect their own money from a faceless bureaucratic enemy. This language has echoes of the United States' Tea Party Movement and its "little person against the system" message. The "ordinary guy" rhetoric, however, provides perfect cover for those who bankroll such campaigns and those who profit most from this "libertarianism" - the private sector beneficiaries of a largely unregulated capitalism.

The message the TPA, then and now, deliver surfs a wave of genuine political disillusionment swollen by the global financial crisis. In the context of the UK, it was clear that the general public was angered by the fact that economic turmoil had not brought political reform but had merely seen its long-term, most culpable beneficiaries (the financial elite) 'bailed out' by taxpayers. To this anger was added further fury at the MPs' expenses scandal where, again, the 'political class' showed itself as completely divorced from those it was supposed to represent. The authentic resentments these events triggered provided a favourable climate in which to promote an 'anti-politics' theme, particularly one that focused on a message of "why should we give them our money?" in taxes.

This finds expression locally where you would be hard pressed to find a negative anti-public sector story in the press – that doesn't have the fingerprints of and quotes from the TPA on it. But who are they? That's why we go behind the mask.

Who funds the TPA?

The TPA makes great play of the issue of public sector financial transparency. The full sources of its funding, however, are unknown with only abbreviated accounts published since 2006. As well as having a former Director who does not live or pay taxes in the UK, what is known and explored in detail in NIPSA's full "Behind the Mask" publication, is that this supposedly 'independent, grassroots', 'non-partisan' organisation, the voice of the 'everyman' taxpayer in the UK has a considerable number of wealthy backers, many of whom have previously donated to the Conservative Party.

They have received substantial sums from rich funders – not ordinary taxpayers – with links to the far right / Eurosceptic wing of the Tory Party and the anti-democratic elements that coalesce around such figures – the Midland Industrial Council, the McAlpine construction firm (currently dealing with its alleged links to the blacklisting organisation, the Consulting Association) etc. In short they receive huge funding from corporate interests.

Transparency

In terms of transparency it is interesting to look at the work of the "Who funds You?"³ campaign and its research on the funding of think tanks/campaigns. Their research analysed 20 UK based think tanks, exploring their openness to public scrutiny and then ranking them in terms of transparency. The most significant aspect of their findings is that those who are rated in the worst category will not even reveal their annual income. The TPA is in this worst category.

International Allies

As well as the Tea Party, the TPA has links to other significant organisations from the richest, most powerful elements of the American far right such as the Americans for Prosperity Foundation (founded by the billionaire

David Koch) and the Cato Institute (who attract the funding support of such 'ordinary' taxpayers as Chevron, Exxon and Shell).

The political 'movement' of which the TPA is a part is also emphasised by them being amongst the participants in the Congress of the European Resource Bank which like the American Resource Bank lobbies against Government 'regulation' and in favour of increased privatisation.

Ideological Public Relations

In terms of their opposition to Tax Justice it is important to examine the thread of extremism that runs through groups such as the TPA. This is shown by their admiration for economists such as Freidrick Hayek and Milton Friedman.

If you want to see where their economic theories led them - look to Thatcherism – look to the “shock doctrine” (as harrowingly described by Naomi Klein) and the policies their politics inflicted on South America and Eastern Europe. Look to how Hayek and Friedman admired General Pinochet after the first 9/11 in 1973 (when the democratically elected government of Salvador Allende in Chile was murderously overthrown) and how the British establishment – Thatcher, Lamont etc. sheltered Pinochet from extradition. These are the spectres behind the mask. These are the people whose ideology gives economic cover to those regimes that happily butcher trade unionists and progressives throughout the world as we were reminded only a couple of weeks ago at another Global Solidarity event in relation to Colombia.

Who benefits?

So a network of global think tanks are engaged in ideologically driven public relations to gloss over the brutal suppression their funders' ideology inflicts on the globe. But who benefits from the world the TPA and their allies would create? The answer, of course, is the private sector - the TPA's wealthiest funders, benefiting both from favourable tax regimes and the chance to be the new alternative provider of services the state no longer offers as a duty to its citizens.

This is why our fight against privatisation is itself a fight for tax justice because privatisation is the means by which universal provision and the very principles of universalism are strangled.

This is why they are obsessed with the Trade Unions - we are the last barrier to the world they want to create. It's not about ordinary taxpayers – if it was they would be on our side about tax justice and tax avoidance, it's not about efficiency – if it was, even at the lowest level, they'd support trade union facility arrangements – it's about clearing the way to capture the public sector.

Moving away from Universalism

It is vital therefore to look at the principles of redistribution and universalism that current public service provision, funded from general taxation represents. As a starting point we need to recognise that the role of public services is so extensive because it represents the 'spine' of society.

From our National Health Service (NHS) to local authorities providing key services and playing a fundamental role in social cohesion, binding our communities together, securing long-term investment and support for local economies and providing the building blocks of the welfare state.⁴

The reason for the scale of public service provision is twofold. Firstly due to the recognition of social need and secondly because its growth represents the progressive move away from the historic, or what was thought to be historic, negligence to which it is the alternative.

In this way:

Before the welfare state was created, essential services that were required by the public were actually only available to those who could afford them, or those who benefited from charities. This is why state education, the National Health Service and the welfare state were created.⁵

Such progressive developments also set the standard for employment rights and reward from collective bargaining in the workplace as well as building the basic structure of a civilised society. This is due to the fact that:

Workers in state-sponsored companies...led the way in achieving equal opportunities, equal pay, and the provision of child care, setting standards in working conditions and wage levels that [also] benefited workers in the private sector.

State and state-sponsored companies also provided what is socially required, not merely services from which a profit can be made by private corporations. They formed part of the collective experience that make us citizens of a country rather than mere consumers.⁶

In this way public provision, under-funded as it is, represents an attempt at progressive distribution of resources, with some measure of political scrutiny. By contrast, at its core, privatisation is the reverse - involving a massive transfer of wealth "to private corporate interests, most of all to monopolies beyond national or democratic accountability".⁷ What we are seeing locally therefore, is merely the 'first world' consequence of what are long-standing events in 'developing countries'.

The 'threat' is not close, it's here

If we look at the threat – it's not just close – it's already here. A couple of examples – firstly a company called Serco. This company was awarded the cleaning and catering contracts across approximately 53 Northern Ireland Civil Service sites in 2012. While in this local environment we see Serco pay their cleaners minimum wage, it is the state that subsidises such exploitation by supplementing the lowest paid via tax credits (this of course is before Iain Duncan Smith started to remove such safety nets). Meanwhile Serco were able to make £214m in profit in 2010.⁸

Again, swimming comfortably in the corporate culture created by and for them by successive governments, they, like many of the firms involved in privatisation are able to avoid paying domestic tax on their profits. Again as an example, Serco paid £58m less than full corporation tax on its profits during 2004-07.⁹

This company "which receives over 90% of its business from the public sector, paid [its CEO] Christopher Hyman an estimated £3,149,950 in 2010. This is six times more than the highest paid UK public servant

and 11 times more than the highest paid UK local authority CEO".¹⁰ This really makes the point that it's not so much who opposes tax justice as why would Serco want tax justice?

Similarly, there is a company called Atos, who too are already working here. They are a French multinational dealing in IT services that have annual revenues of £7bn and 74,000 employees in more than 40 countries. Atos has attracted a lot of bad publicity for a number of reasons but, as just one example, its role in assessing disability benefit will suffice. Here, "Some 40% of the people that Atos finds "fit for work" appeal that decision (through an increasingly pressured and overloaded appeals system), and about 40% of those have the original Atos decision overturned – a figure that can rise to 70% if people have welfare rights advisors supporting them"¹¹."

Opposing Tax Justice, some examples

The nature and power of such companies offers clear examples of who opposes tax justice and how they 'own' the governments who will not deliver it. Such companies move into the space created by funding withdrawal and the anti-public sector propaganda of the TPA and the capitalist press.

As well as support for privatisation, there are numerous examples of why groups such as the TPA are not genuine in support of ordinary taxpayers and how they vigorously oppose tax justice in its truest sense – but I'll highlight just three of them.

The first is their continued support for the "Omnishambles" budget of 2012 – indeed they lobbied for the measures in it – including its tax cuts for millionaires – a cut in the top rate of income tax from 50p to 45p which sees those earning over £1million a year looking forward to a tax cut of £42,000 from April 2013.

The second is their relative silence on Starbucks, Vodaphone, Boots etc. and all the recent high profile examples of tax avoidance. Amidst huge public debate and anger on this issue (including among the 'ordinary' taxpayers you would think they might want to represent in this context) the only comment the TPA made was that the issue highlighted how the tax system needs to be simplified.

Little wonder they are quite circumspect on this issue – they have in the past on their website posted the US neo-liberal film “The Moral Case for the Tax Havens”.

The third is the contrast between their reaction to welfare reform – in particular the Bedroom Tax and their response to the rather vague proposals from the Labour party about a Mansion tax. On the former (which will see a housing benefit claimant with one spare room having a 14 per cent reduction in Housing Benefit; two or more spare rooms resulting in a 25 per cent reduction in benefit) the TPA are supportive. In terms of scale, the Bedroom tax will affect 20 per cent of social housing tenants in England generally, 40 per cent of social housing tenants in the North of England and it is estimated over 60% of tenants in Northern Ireland.

By contrast, even the vaguest hint of what the state might do to a very few individuals in the shape of a “mansion tax” on properties valued at over £2 million, has prompted outrage from these “libertarians”, with Mathew Sinclair of the TPA commenting that “this proposed tax would be a huge burden on those forced to pay”¹².

Importance of Training for Union Activists

Part of the reason training events on issues such as Tax Justice are vital is that they are part of our movement re-finding our economic/intellectual confidence. Our enemy’s brass neck is something to behold – these are the people who believed in bubbles (housing or otherwise) that were never going to burst – who supported the economic policies that drove the world economy over the cliff and still tell us to listen to their ‘expert’ advice. These are the people who win a contract to run the Olympics and then don’t have the staff to run it, because the starting date seems to take them by surprise. So we have to keep repeating that “the Emperor has no clothes” and challenge their bogus economic credibility.

We as a movement presented the counter arguments that introduced the degree of caution among policy makers at a local level in relation to regional pay and, at a UK level, it wasn’t the formal opposition it was

the Trade Union movement (the biggest civil group in society) among others that have helped to put tax avoidance at the centre of the debate – pushing the mainstream to the point where even the current Chancellor of the Exchequer can talk about aggressive tax avoidance as “morally repugnant”. We know, however, that this is hollow rhetoric.

Opponents of Tax Justice – apologists for the market jungle

The TPA and their ilk has a philosophy that believes that the “market is best” despite all evidence to the contrary. In this way, a veteran of the Thatcher era, John Redwood, can state on their website that among the “most successful policies [he] can think of in the post war era” is “introducing competition into former public monopolies. In each case prices came down, innovation increased and quality went up”.¹³ The inaccuracy of this assertion suggests a ‘flat earth’ rather than ‘flat tax’ belief system, clinging with cultish certainty to the old myths of private sector good; public sector bad and a trickle-down economics that never delivers. He might wish to test the bravery of his theory by explaining it to the ‘beneficiaries’ of the latest gas, electricity or rail fare price rises. In the real world, a genuine broad based taxpayers’ movement would challenge the expense, waste and inefficiency of these and other privatisations and the scandal of the state continuing to underwrite such market failure. That the TPA chooses its market faith over the “customer” victims again exposes it to be more Astroturf than grassroots and an enemy of tax justice.

Their slogan of ‘value-for money for taxpayers’ is a front behind which their market religion can attack those, particularly in the trade union movement, who stand in their way. Those whom the TPA’s propaganda would empower further have had every freedom they could get away with, within a weakly regulated global economy, for over thirty years. Only those who are de facto apologists for the “1%” at the tip of the income pyramid and the market jungle itself, deny where this approach has led society. The jewel in the crown of such apologists, the City of London, has been described by both the current Deputy Governor of the Bank of England, Paul Tucker and the Business Secretary, Vince Cable as a “cesspit”¹⁴ The TPA ideology supported the de-regulation

that led to this squalor, for which the citizens of the world are paying. They and their neo-con friends now wish to regulate these casinos even less. There couldn't be a clearer testimony of their opposition to tax justice than this.

Progressive tax justice to re-build society

A genuine concern for all taxpayers has at its heart a passion for tax justice. It wants to chase the more than £120 billion¹⁵ uncollected, avoided or evaded in the UK. It also is driven by a desire to oppose aggressive tax avoidance, not make excuses for it or suggest it is the complexity of the tax system that leads the greedy to squirrel resources in the "treasure islands" of avoidance (Guernsey, Cayman Islands, Bermuda, Isle of Man etc.) A real grass roots campaign for taxpayers would not perpetuate the nonsense that less central regulation would have lessened the global economic crisis.

A real tax campaign believes in a progressive tax system and the necessary redistribution through which collective, public provision can be delivered. This is how an equitable society is created and maintained. Its principles led to the move away from the criminal social negligence of the 1930s. Its modernised re-creation is the only alternative to the unregulated economic jungle and 'race to the bottom' vision of the TPA and their allies. Unlike those who oppose tax justice our campaign accepts progressive taxation as "the price we pay for a civilised society".

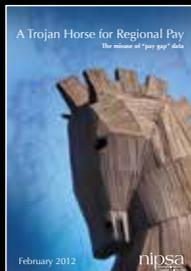
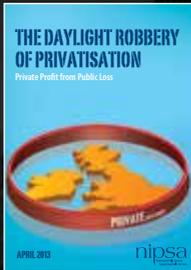


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