

The logo consists of the letters 'B' and 'D' in a bold, black, sans-serif font. The 'B' is positioned to the left of the 'D'. Below the letters is a thick, solid black horizontal bar.

BERNE DECLARATION

Press conference
Against the Aiding and Abetting of Tax Evasion – and in Favour of Tax Justice Worldwide
Berne, 13th of May 2003

Tax the Beneficiaries of Globalisation

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The Tax Justice Network is a reaction to the one-sidedness of Globalisation. Developments in the Telecommunications and Information Technology sectors and more significantly the rapid liberalisation of capital movements has permitted internationally mobile capital and assets to avoid taxation. Labour, which is not mobile, must therefore carry a higher tax burden and consumers suffer higher taxes on consumption. At the same time, those voices which welcome tax competition and tax cuts proclaim that the welfare state and the provision of decent public services are no longer affordable.

The Initiators of the Network recognise three trends:

Offshore, that is, business activity that is carried out through tax havens, has moved from being a peripheral phenomenon to one that is central to global business today. Half of all the financial transactions at the world level come into contact in one way or another with tax havens. “Offshore Centres” are not simply exotic islands with lax tax laws, rather they are fully tied into established financial structures.

The wealth and sheer number of so-called High Net Worth Individuals, rich people with over a million dollars of disposable financial assets, is growing faster than the world economy, and at the same time global inequality is increasing. These super-rich are the backbone of the Offshore Private Banking industry, that is, their fortunes are managed beyond the reach of the relevant tax authorities. Nowhere is this more obvious than in Switzerland where 25–35% of the offshore assets of private individuals is managed. Foreign tax evaders are an important market for the Swiss financial industry. Thanks to pressure from the EU it has become clear that tax evaders in effect enjoy the protection of the Minister of Finance.

About half of world trade appears to flow through tax haven jurisdictions. Appears, because these often small economies are not important either as consumers nor as producers at a global level but are used by transnationals to strategically place profits where low or no tax is required to be paid. Similarly, investments are transacted formally through tax havens. Due to the competition from low and no corporate tax havens, corporate tax is being lowered almost everywhere. Today, transnational corporations are said to be concerned with “Corporate Social Responsibility,” but truly

responsible trade practices would not involve attempts to avoid taxation, and it would include financial transparency regarding tax payments.

These trends have worrying consequences:

When the richest segment of society removes itself from the social contract, then social cohesion and democracy are endangered. When, for example, welfare fraud is heavily penalised, but when the state can effectively be defrauded of huge tax sums without risk of punishment, this then has a negative impact on basic notions of social justice. Swiss banks often use the argument that they provide shelter to the 'fiscally persecuted'. By putting forward such an argument, they illustrate that their understanding of democracy is that of right-wing American Republicans. While it is certainly legitimate to attack tax rates when they are perceived to be too high, but only so if conducted through democratic means. To pay no taxes, or to support the non-payment of tax, is not legitimate. The very existence of the Tax Justice Network illustrates that criticisms of Switzerland are not simply manifestations of jealousy nor do they arise as a consequence of the competition between countries to attract capital. Rather, these criticisms arise because Switzerland is hurting the interests of the citizens of Europe and of the world.

Tax havens, low-tax competition and tax avoidance have serious effects on the countries of the developing world. The development NGO Oxfam estimates the yearly loss of tax revenues to be US 50 billion, a sum equalling the total of all development aid. Tax avoided on private wealth through Swiss banking practices could equal five times the amount of development aid of Switzerland.

The Tax Justice Network has one central aim: to restore the ability to tax the wealthy beneficiaries of globalisation. The Network is part of the World Social Forum processes. Resulting from initiatives launched by Swiss Coalition, The Berne Declaration and attac Germany, a seminar with workshops on the theme of taxation took place at last year's European Social Forum, at which the core of the Network was present. Through email discussions and telephone conferences the Declaration, which you will find in your press packets, was born. At the World Social Forum in Porto Alegre, the discussion was carried further in order to include views from the Global South. The Network officially launched the Declaration in the Houses of Parliament in London on March 24th. Today's press conference is the first on the Continent and further events in Europe and around the world will follow.

The Network will launch specific campaigns in many countries, keeping in mind that there are different aspects to the question of rich individuals and corporations avoiding taxation in each country. The discussion sparked by our joint declaration and through the collection of signatures will narrow the focus of the ongoing debate around issues of taxation within unions, political parties and social movements. The Network will also carry out international campaigns. The Network will lobby international organisations such as the OECD and will be active at the European level. Switzerland will be a pre-eminent target of these international campaigns as long as the country continues to offer shelter to tax evaders.

Further information:

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