Funding the Future

Deconstructing Eamonn

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Eamonn Butler of the Adam Smith Institute has an article in the Sunday Times today. Entitled â€šÃ„Ã²Save the tax havens — we need them’, it is an extraordinary admission of the moral bankruptcy of the political Right.

He starts with their standard mantra — that any attack on tax havens is based on envy. This says a lot about him — and his motivation based on greed and fear. It shows his complete lack of understanding of those who believe in justice for its own sake out of a care for humanity. Easter Day seems like an appropriate time to remind him of the difference.

But then he goes on to argue that tax havens only exist to promote tax avoidance, and through that tax competition. He says:

It’s avoiders, not evaders, who are the tax havens’ staple customers.

No doubt that is why a Swiss banker recently said that an end to banking secrecy would result in half the money in Swiss banks leaving. And it just says Eamonn Butler is, like so many others turning a wilful blind eye to crime, of which he says:

Few honest people have qualms against clamping down on criminals.

Perhaps he’s one of the few.

But it is the sheer absurdity and, if I might say so, ignorance within his argument that so grates. He says:

despite all the Godfather-style spin, it’s actually the rest of us whom the politicians want to clamp down on. They figure — correctly — that if we remain at liberty to put our money in the Virgin Islands or some other place where taxes are lower, we are likely to do just that. And our ability to escape puts limits on just how much they can tax us.

The reality is, of course, that as British resident person (a non-dom apart) is taxable on their world wide income, as are people in the vast majority of countries, The option to leave legally that he suggests desirable simply does not exist in that case. Crime is the only way to exercise this option for most people. Wilful ignorance, or another blind-eye towards crime by Butler? Hard to say.

What is certain is the duality of his position. He argues that the desire of elected democratic governments to collect the tax legally due to them is:

pure financial protectionism.

This is utter nonsense. It is actually governments doing exactly what he demands — their job to the best of their ability, as efficiently as possible and without waste. But he only criticises that when he sees opportunistic advantage to do so. Here he wants government to fail so he criticises them when doing their job as they should. This is utter hypocrisy.

The same utter hypocrisy that is inherent in his claim that:

[Tax] competition serves a useful purpose for the public. It does make politicians think twice about adding to tax rates or complexity. In particular it limits the burden they can put on savings and investment — the engine of economic growth.

There is not a shred of evidence to support this — not least because as incomes have risen so have tax burdens as a proportion of income. Tax burdens appear to stimulate growth in that case. He knows that. He's not stupid despite appearances. What he's actually saying is that he wants to make the rich richer — which is what his policy achieves — and which is now resoundingly proven to reduce the well being of society as a whole.

In other words, his whole argument is a tissue of invention, as is his conclusion that:

If tax havens boast some of the highest living standards on the planet, that's got very little to do with money laundering. It's because low taxes encourage enterprise, stimulate growth and promote personal freedom, too.

There's only one thing wring with this argument: it is wholly and completely wrong. Tax havens like Guernsey, Jersey and the Isle of Man have higher standards of living than the UK for one reason only: they handle stolen property and promote the abuse of the law. And contrary to what Butler argues, tax havens do nothing to encourage enterprise . There is no real business within many of them, if evidence were ever needed of the fact; most have never hosted a university and the amount of research of benefit to humankind most generate is non-existent. That's because (let's repeat it) all they do is handle stolen property and help people get round the law.

Eamonn Butler might say that's a personal freedom. I call it abuse at best and criminal conduct at best. Attitudes to that is what divides the Left from the Right. And what's really amazing is that it’s the Left who are arguing for fair markets, which the Right would destroy.

Strange world, isn’t it?