

TAX JUSTICE FOCUS

The newsletter of the **tax justice network**

WOMEN'S RIGHTS AND EMPOWERMENT: THE FRONTLINE FOR ENDING RESOURCE OUTFLOWS FROM ASIA

Mae Buenaventura

Developing countries in Asia lose vast amounts in financial outflows, in large part because of tax dodging by corporations. Almost \$6 trillion left developing countries between 2002 and 2011, increasing at a rate of over 10% per year. Multilateral development bodies looking for ways to pay for social progress should begin their search here.



Mae Buenaventura speaking at the APMD / Freedom from Debt Coalition roundtable, April 24, 2015 in Quezon City, the Philippines. (Photo: Sammy Gamboa)

THE GENDER ISSUE
VOLUME 10, NUMBER 1

EDITORIAL

Women's Rights and Empowerment: The Frontline for Ending Resource Outflows from Asia
Mae Buenaventura 1

EDITORIAL

Gender and Tax Justice
Liz Nelson 4

FEATURES

Gender Equality Requires More Tax Revenue
Diane Elson 6

Women and Taxation – From Taxing for Growth and Tax Competition to Taxing for Sex Equality
Kathleen Lahey 8

Gender and Staging Offshore
Caroline Horton 11

INTERVIEW

Gender in the Cayman Islands. An interview with May Hen 13

BOOK REVIEW

Why We Can't Afford the Rich
review by *John Christensen* 15

NEWS IN BRIEF

16

Guest Editor: Liz Nelson

Editor: Dan Hind

Design and layout: www.tabd.co.uk

Email: info@taxjustice.net

Published by the Tax Justice Network, May 2015

© Tax Justice Network 2015

For free circulation, ISSN 1746-7691

Tax abuse as violations of human rights

In a recent report, a UN Special Rapporteur highlighted fiscal policies as ‘a critical tool that States can employ to comply with their international human rights obligations’, including the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). Further, they should ‘devote the “maximum available resources” to ensure the progressive realization of all economic, social and cultural rights as expeditiously and effectively as possible.’

The Philippines and Indonesia are two of several Asian countries where states allow corporations to pay little or no tax. As a result, governments lack revenues with which to fulfil their human rights obligations to the general population.

Southeast Asia’s largest economy, Indonesia, has one of the lowest tax-to-GDP ratios in the region and it has fallen from 16% in 1997 to less than 12% in 2011. This means that as the Indonesian economy grows, little money is flowing back into the nation’s purse to finance public expenditures. Having already reduced the standard rate of corporation tax from 30 to 25%, the state recently lifted a land tax on oil and gas exploration, in effect giving up public revenues that in 2014 alone reached \$1.43 billion.¹ Taxes that are collected increasingly

come from ordinary wage earners and consumers through goods and services taxes.

The Philippines follows the same neoliberal route of wooing foreign direct investment (FDI) as its core development strategy. Although the effective corporate income tax rate has shrunk to 30%,² corporations can reduce this to 10% or even lower through preferential treatment under lopsided tax treaties and an incentives system that has steadily encroached on protected sectors of the domestic economy. With pressure rising to raise revenues from consumption taxes, the Philippines’ Value Added Tax of 12%, already up from 10%, may again increase in the same manner as Bangladesh and Pakistan where VAT has risen to 15 and 17% respectively.

A gendered issue

While Asian states cite low financial capacity and hand over service provision to the private sector, public spending prioritizes FDI-friendly infrastructure rather than meeting urgent basic needs. Continuing efforts to attract foreign investments by offering ‘risk-free’ investor climates enabled massive financial outflows, both licit and illicit. The result has been an increasing transfer of care work from the paid to the unpaid sphere, with women taking on labour that is no longer state subsidized and which they cannot afford to pay for in the market.

“With VAT on top of rising prices, women part with a higher proportion of wages that are generally lower than men’s.”

For instance, public expenditures for health have consistently remained below the 5% of GDP international standard. Not surprisingly, Millennium Development Goals health targets were missed by wide margins. The Maternal Mortality Ratio regressed for both countries from 162 to 221 for the Philippines³ and from 228 to 359 for Indonesia.⁴

Pressure from the International Monetary Fund has led countries to turn more to inequitable consumption taxes instead of broadening the income tax base. Women are especially vulnerable, considering that they tend to pay for goods and services such as food and medicines that their families and households need as a whole. With VAT on top of rising prices, women part with a higher proportion of wages that are generally lower than men’s. Since the Philippines implemented VAT in 1988, social service budgets critical to alleviating at least some of women’s multiple burdens have not substantively increased.

Meanwhile, the Philippines’ policy on automatic appropriations for debt service remains firmly in place and debt payments continue to be prioritized over any other public expenditure. Consistent with the trend in past years, debt service takes up more than 36% of government spending while health remains below the Philippines’ international commitment, at only 4.5%.⁵ For Indonesia, debt interest payments amounted to almost 10% of total 2014 expenditures, nearly the same amount as the grants and social assistance budgets.⁶

No tax justice without gender justice

Tax abuse obstructs women’s rights to claim the resources that could be used to at least alleviate the compounded effects of historical gender inequalities and injustices. Women represent approximately two-thirds of the poor in Asia. They generally have no control over key assets such as houses and land, receive less pay for work of equal value, tracked into low-paying, precarious service

¹ Suroyo, G. &. (2015, January 16). REFILE - Indonesia scraps land tax on oil and gas exploration. Retrieved from <http://www.reuters.com/article/2015/01/16/indonesia-energy-tax-idUSL3N0UV1W220150116>

² Corporate Tax Rate in the Philippines for year 2009. Bureau of Internal Revenue Philippines. Retrieved April 2015 from Trading Economics <http://www.tradingeconomics.com/philippines/corporate-tax-rate>

³ Alave, K. (2012, June 18). Maternal mortality rate rose in 2011, says DOH. Philippine Daily Inquirer. Retrieved February 18, 2015, from <http://newsinfo.inquirer.net/214829/maternal-mortality-rate-rose-in-2011-says-doh>

⁴ Indonesia Demographic and Health Survey 2012. Jakarta, Indonesia: BPS, BKKBN, Kemenkes, and ICF International.

⁵ Philippine Department of Budget and Management. (2014). Budget and Expenditure. Retrieved from Department of Budget and Management: http://www.dbm.gov.ph/?page_id=6697

⁶ Indonesia Ministry of Finance. (2014). State Budget and Expenditure. Retrieved from Indonesia Ministry of Finance: <http://www.kemenkeu.go.id/en>

“Continuing efforts to attract foreign investments by offering ‘risk-free’ investor climates enabled massive financial outflows, both licit and illicit.”

work or into informal labor where social security is nonexistent and incomes are typically low and unpredictable.

Claiming the obligation of states to provide for their citizens’ needs, which APMDD stresses goes hand-in-hand with the power to tax, is thus both an issue of tax justice and gender justice.

In February this year, consensus-building efforts by women leaders and members of APMDD reached a milestone with the adoption of the framework, ‘Towards a Common Perspective on Gender Justice and the Liberation and Empowerment of Women’. Key to strengthening and advancing gender justice in its tax justice work, it recognizes that:

- Women suffer multiple and deeply embedded exploitations, oppressions, burdens and injustices.
- These are rooted in Patriarchy – a historic, continuing system intertwined with class, race/ethnicity, caste divisions and other relations of power, which enable the dominant global system of Capitalism.
- Human rights are for all – women and men – and women’s rights are part of human rights.

- Social reproduction – traditionally ascribed to women and undervalued – is as important as production in the development of human society and the state.
- Women’s empowerment and gender justice is a vital political, material, social and economic process, goal and requirement for achieving immediate changes to improve and protect women’s lives and eventually to liberate women from all oppressive and exploitative relations of power.

While gender has always cut across APMDD’s advocacies and campaigns, the framework takes us a stride further in ensuring that the alliance’s advocacies and campaigns, including those for tax justice, are struggles for gender justice as well, and that women are in the lead as the main agents of their own empowerment.

Mae Buenaventura is the Deputy Coordinator of the Asian People’s Movement on Debt and Development (APMDD), a part of the Jubilee South network.



May Day demonstrations, Lima, 2015 (John Christensen)

GENDER AND TAX JUSTICE

editorial

Liz Nelson

Humanity is male and man defines woman not in herself but as relative to him; she is not regarded as an autonomous being...she is the incidental, the inessential as opposed to the essential. He is the Subject, he is the Absolute – she is the Other.

Simone de Beauvoir, 1949¹

The otherness of women that De Beauvoir described more than sixty-five years ago still plays out in economic and fiscal policy as lost opportunities, grinding poverty and premature death for millions of women and girls. This edition of TJF is concerned with raising the visibility of gender in the context of tax justice issues.

It is important to stress that gender inequality in relation to fiscal policy and tax is not an ‘untold’ story. On the contrary feminist commentators, economists, and lawyers have been writing about these issues for many years. Among them, Diane Elson has written extensively on gender and economic policy; Kathleen Lahey has drawn up blueprints for tax policy that takes gender justice seriously; and Mae Buenaventura has campaigned to give gender justice its proper weight in both

national policy-making and in the global institutions. I am delighted that they feature in this edition of the Focus.

But too often policy-makers and the experts and lobbyists on whom they depend for advice have been able to ignore this work. Back in 2007 Caren Grown and Imraa. Valodia argued in Tax Justice Focus that, while some progressive regimes had adopted gender-sensitive budgeting, there were too few examples where revenue raising initiatives articulated equality. Gender, they argued, was ‘overlooked’ in favour of administrative simplification or goals set by the institutions of financial liberalisation.

In 2015 the economic context in much of the world is very different. Several years of austerity have placed disproportionate burdens on women in gendered tax regimes. Neo-liberalism mixes with old-fashioned patriarchy to ensure that in many societies, north and south, the cards are stacked against efforts to secure gender justice.

It is time for a re-assessment of gender and taxation and of the gendered assumptions that hide in neutral-sounding technical language. We should not be deterred by the apparent complexity of fiscal and financial policy. As in any discipline it requires some effort to master unfamiliar jargon and to grasp key ideas. But the heart of tax justice is the demand for social justice, for the redistribution of wealth, and for equality; at the heart of tax ‘injustice’ is gender dominance, the language of secrecy, and an industry and culture which under free-market rules has normalised the subjugation and exclusion of women.

The relationship between the offshore world and the politics of gender also needs closer examination and exposure. May Hen

Looi and Caroline Horton offer intriguing insights into the gendered culture of the financial elite through anthropological and dramatic studies of offshore financial centres respectively. Beyond the raw statistics of capital flight, tax avoidance and tax evasion, May Hen Looi helps us to see how financial secrecy plays out in the politics of the household as much as in the world of public administration. Overtly patriarchal attitudes have become increasingly unacceptable over the last three decades. At the same time the substance of patriarchy – from polygamy to the domination of children – has taken refuge in the opaque world of trusts.

Islands, a play by Caroline Horton, invites us to press ‘our grubby noses’ against the glass that separates most of us from the

“The struggle for gender justice is a struggle against the forms of unaccountable power that have taken shape offshore and in the circuits of neo-liberal policy-making.”

¹ Simone de Beauvoir, *The Second Sex* (London: Picador, 1989), p.16

“It is time for a re-assessment of gender and taxation and of the gendered assumptions that hide in neutral-sounding technical language.”

offshore world. In the place she describes there are no boundaries and no moral restraints. The Golden Rule is that those with the gold make the rules. And those with the gold are overwhelmingly men. In such an environment finding a place for the female perspective becomes a dramatic challenge in its own right. And Caroline’s experience of the development process tells a gender story, too, where in pre-production discussions her male collaborators acted out a ‘point-scoring frenzy’. Caroline’s description of the plan and of the production reminds us that gender inequality, privilege and subjugation have the ability to inhabit every aspect of society and culture, including its movements for reform.

Tax justice requires that we engage in broad and inclusive discussions to understand the damage caused to women and children – and to most men – by regressive tax systems and by the global financial architecture. This collection of articles looks at tax and gender from a range of fiscal, political, cultural and sociological perspectives. Collectively they show that gender is much more than a variable in fiscal policy and economic structures. Gender shapes institutions, systems and psyches. The struggle for gender justice is a struggle against the forms of unaccountable power that have taken shape offshore and in the circuits of neo-liberal policy-making.

As the United Nations embarks on the delivery of new set of universal development goals, and as the public begins to question the justifications offered for steepening economic inequality, we must build on what has already been achieved to create new narratives and forge new communities to understand and advocate for gender justice. To revise a familiar slogan, fiscal policy is a feminist issue.

Liz Nelson is a director at Tax Justice Network and is developing TJN’s programme of work on tax justice and human rights. Liz coordinated housing projects for vulnerable and ‘at risk’ adults for twenty years and managed the Skoll Centre for Social Entrepreneurship, University of Oxford before joining TJN.

Excess female child mortality exists in some countries and maternal mortality and morbidity remain high in parts of Asia and Latin America and the Caribbean

Girls in the two most populous countries start off at a disadvantage. China and India are among the few countries where under-five mortality is higher among girls than among boys. In China, excess female mortality is concentrated among infants under one year of age. In India, mortality under age one is about equal for girls and boys, but it is higher for girls aged 1 to 4 than for boys of the same age. In both countries, preference for sons translates into delays in seeking healthcare for girls who are sick and poorer nutrition among girls, all of which contribute to their higher mortality relative to that of boys. Because of the weight of China and India, under-five mortality for Asia as a whole is higher for girls (61 per 1,000 in 2005–2010) than for boys (56 per 1,000).

United Nations Department of Economic and Social Affairs • Population Division, No. 2010/4. April, 2010

GENDER EQUALITY REQUIRES MORE TAX REVENUE

feature

Diane Elson

Governments respond to the stress on budgets caused by financial crisis by cutting expenditure rather than by increasing revenues. This approach hits women disproportionately hard, while leaving those who caused the crisis to enjoy their enhanced social power. Higher rates of taxation on the rich and an end to tax avoidance and evasion are at the heart of the struggle for gender justice.

A government's capacity to reduce gender inequality is determined in large part by the amount of revenue it raises in tax, and how tax payments are distributed. A high level of tax revenue, if raised progressively and spent wisely, enables governments to fund the services, social security and infrastructure that make it easier for women to undertake paid work and to provide jobs for women in the public sector that are often of better quality than those in the private sector.

However, the capacity of governments to raise tax revenue has been reduced by neoliberal economic policies. At the same time the insecurities of liberalized markets call for more spending on social security, resulting in a 'fiscal squeeze'. Trade liberalization has cut import duties and export taxes, key sources of revenue in many poor countries. Competition to

attract multinational corporations and their highly paid executives has led to cuts in corporation and capital gains taxes, tax holidays and other exemptions. Cross border cooperation on taxation of corporations has not kept pace with globalization, so that tax avoidance schemes have proliferated, and the political clout of wealthy people enables them to engage in tax evasion with little fear of prosecution. Governments have turned to indirect taxes like VAT to raise revenue, but such taxes fall most heavily on poor households, especially where they are reliant on women's incomes.

With revenue reduced by neo-liberal policies and budget deficits and public debt rising, international financial organizations and international investors have put pressure on governments to cut back on expenditure. This pressure has intensified in

the wake of financial crises – such as in Latin America in the early 1980s, Asia in the late 1990s, and Europe in the period since 2008. Research has shown that women have been disproportionately affected by such cutbacks and have had to provide a safety net of last resort for their families and communities at the expense of their own well-being (Elson 2013).

The budget deficit reduction policies of many European governments since 2008 have hit women particularly hard because they have put much more emphasis on cutting expenditure than on efforts to raise more revenue, and the main instrument used to raise more revenue has been the regressive VAT.

A report on Spain (Center for Economic and Social Rights 2015) documents how the budget for social security benefits for children and families has received large cuts since 2008, while the budget set aside for services related to gender-based violence has been cut to 77% of the 2009 figure

and many women's shelters have closed. There have been cuts to public sector pay, restrictions to health care entitlements, and the privatization of public services. In 2014, women were more likely to be unemployed than men, and for longer terms compared to men. Deep cuts to essential care services, labour reforms that make it easier for employers to change working hours; and the austerity-induced postponement of parental leave make it more likely that women who are not the primary breadwinners will drop out of the labour market.

The Spanish government's principal tool to boost revenue since 2010 has been a series of increases to VAT. A major fiscal reform in 2014 may well lighten the tax contributions of high income-earners. Large companies meanwhile continue to benefit from generous tax incentives and privileges. While small and medium enterprises paid close to 16% effective income tax, large businesses effectively paid just 5.3% in income tax in 2012 (against the 30% nominal rate that year). Large companies used tax breaks to

“If the government of Spain made more efforts to raise tax revenue from those than can best afford to pay, it could avoid introducing cuts that undermine gender equality.”

avoid paying 19 billion Euros in 2012 – three times the budget for social security benefits for families and children in 2015. Thirty-three of the thirty-five companies which make up Spain's benchmark stock market index have direct subsidiaries in tax havens. The Center for Economic and Social Rights concludes that 'Rather than introducing tax amnesties for those committing tax abuse, as Spain has done, the government should make a clear commitment to eradicate illegal tax evasion and significantly reduce tax avoidance, particularly that committed by large corporations and wealthy individuals, which reportedly account for 72% of tax evasion in Spain'. If the government of Spain made more efforts to raise tax revenue from those than can best afford to pay, it could avoid introducing cuts that undermine gender equality.

In the UK, the situation is comparable, as documented by the UK Women's Budget Group in successive reports on government budgets since 2008 (see www.wbg.org.uk). The deficit reduction strategy introduced by the Coalition government in 2010 has placed overwhelming emphasis on cutting expenditure rather than raising tax revenue, and the main revenue raising measure was an increase in VAT. Analysis by parliamentary researchers released in Autumn 2014 shows that £22bn of the £26bn 'savings' that the UK government has made since June 2010 through cuts to spending on social security and changes to direct taxes have come from women – 85% of the total, with only 15% coming from men. Taking into account changes to indirect taxes and cuts to public

services as well as changes in direct taxes and cuts to social security, the UK Women's Budget Group found that women who were not part of a couple were particularly hard hit (WBG 2013). The percentage losses in total income in cash, and in kind (from public services), were estimated as follows. Among families with children, single mothers lose the most: 15.6%, compared to single fathers who lose 11.7% and couples with children who lose 9.7%. Among working age families with no children, single women lose 10.9%, single men lose 9.0% and couples lose 4.1%. Among pensioners, single women pensioners lose most: 12.5%, compared to single male pensioners who lose 9.5% and couple pensioners, who lose 8.6%.

While introducing cuts to spending on public services and social security, the government has brought in several measures that reduced taxes (WBG 2014). The income threshold for payment of income tax was raised, a measure that will cost £12bn a year – the majority of which will go to men and those on higher incomes. The WBG estimates that at least 21 million workers aged 16 and above will not benefit at all, of whom 63% are women. Income tax was also modified by the introduction of a transferable tax allowance, compromising the principle of independent taxation, for which women had fought hard, and which was introduced with all party support in 1990. Before this, a married women's income was treated as belonging to her husband for tax purposes. 84% of the beneficiaries of this allowance were estimated to be men. Duty on beer was

“Governments have turned to indirect taxes like VAT to raise revenue, but such taxes fall most heavily on poor households, especially where they are reliant on women's incomes.”

cut and duty on fuel was frozen, benefiting men more than women, because women tend to buy less beer and fuel than men. The UK Women's Budget Group is calling for a different economic strategy: Plan F, prioritizing investment in care services and social housing, a reversal of cuts to social security and much more emphasis on raising tax revenue from corporations and better-off people, both through raising tax rates and through a real crackdown on tax avoidance and evasion. (WBG 2013).

Diane Elson is Emeritus Professor, Department of Sociology, University of Essex and Chair of the UK Women's Budget Group [http://wbg.org.uk]

References

Center for Economic and Social Rights (2015) Fact Sheet No. 14. Spain. http://www.cesr.org/downloads/FACTSHEET_Spain_2015_web.pdf

Elson, D (2013) 'Economic Crises from the 1980s to the 2010s. A Gender Analysis' in G.Waylen and S.Rai (eds) *New Frontiers in Feminist Political Economy*, Routledge. Abingdon, 2013.

Women's Budget Group (2013) To ensure economic recovery for women, we need Plan F. http://wbg.org.uk/wp-content/uploads/2013/10/WBG-briefing_Sept-2013_final.pdf

Women's Budget Group (2014), Giveaways to men, paid for by women <http://wbg.org.uk/wp-content/uploads/2014/03/Budget-Briefing-2014.pdf>

WOMEN AND TAXATION – FROM TAXING FOR GROWTH AND TAX COMPETITION TO TAXING FOR SEX EQUALITY

feature

Kathleen Lahey

For more than a generation, the IMF and the World Bank have pushed governments to prioritise economic growth over social justice in their approach to fiscal policy. The results of this experiment are now in; sluggish growth, steepening inequality and the continued subjugation of women. It is time for a new vision of development, in which real needs take precedence over the fantastical desires that incubate in the global institutions.

Taxing for Growth and Tax Competition vs Gender-Equal Taxation

The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) was ratified in 1982, and the Beijing Platform for Action was adopted to accelerate the implementation of CEDAW in 1995. Despite the many steps taken around the world to put these international agreements into effect, women continue to experience significant economic inequality everywhere.

Many more women are poor than men. Very few women anywhere are as wealthy as men. As a result, political claims that tax cuts, low tax rates, and tax competition are essential for sustained economic growth have particularly undercut women's progress toward economic equality. Even in tax cut and low tax regimes, every component of 'taxing for growth' formulas increases tax burdens on women because they ignore

women's economic realities: globally, with no exceptions, women have lower incomes, more unpaid work, more precarious and low-paid work, less income security, and less political stature than men in their countries.

How has this happened? It has happened because fiscal policies are constructed around one goal – taxing for growth – and largely ignore taxing for social needs. Advocates of market fundamentalism and free trade have promoted unregulated exploitation of domestic resources in search of higher business profits and privatization of government functions. Multinational corporations have exploited this policy climate by demanding that host countries give them special tax cuts, set up export production and tax free trade zones, and even donate lands, water, cheap mineral rights, and unregulated labour to induce them to set up operations in their borders.

The mantra of 'taxing for growth' has been promoted by the World Bank, the IMF, the OECD, the EU in making fiscal recommendations for high- and low-income countries alike. Their country-specific tax policy recommendations are adapted to national conditions, but the basic formula for 'tax cuts for growth' has been virtually the same everywhere: cut graduated individual and corporate tax rates, which generally range from low or zero tax rates on those with low incomes to high rates on the wealthy; raise more revenue with high-rate with 'flat' consumption taxes like the VAT and commodity taxes; give special tax breaks on investment incomes, savings, and capital gains; cut taxes on the rich; increase taxes on the poor.

In high-income countries, the result has been falling tax ratios (tax revenues as a share of GDP). This in turn has led to continued budget cuts to government services and programs – literally, permanent government

austerities. In low-income countries, even those with increasing tax ratios, the result has been heavy reliance on gender and income regressive VAT and commodity taxes that are particularly hard on the poorest.

Globally, the end result of taxing for growth regimes has been increasing concentration of incomes and wealth in the hands of small numbers of very wealthy individuals and large corporations. Growing income inequalities between the Global North and South, between the rich and everyone else, and between women and men have reached crisis levels in countries at every level of development.

“Globally, with no exceptions, women have lower incomes, more unpaid work, more precarious and low-paid work, less income security, and less political stature than men in their countries.”

“Governments and taxes exist to meet the basic needs of all people – not just the wealthy. And of both women and men – not just men.”

Revisoning Fiscal Systems around Taxing for Sex Equality

There are no easy solutions to the growing gender and income inequalities resulting from growth and tax competition regimes. The negative effects of taxing for growth on the status of women, poverty levels, and human development has been pervasive and profound. Politicians now routinely think in terms of what remaining taxes can be cut, how remaining public programs and institutions can be further trimmed or transferred to the private sector to cut government spending or pay down deficits, and how to increase foreign direct investment in their countries by reducing taxes, business regulation, and labour costs.

Revisoning this discourse requires people to restate the fundamental principle that governments and taxes exist to meet the basic needs of all people – not just the wealthy. And of both women and men – not just men. In order to do this, both the technical mechanics of tax laws and of underlying economic policies have to be reframed around pursuing gender and income equality to secure the wellbeing of all.

Taxing for sex equality involves two vital steps. First, no jurisdiction should enact any new tax or spending laws, programs, or

practices that increase market or after-tax income gender gaps. Second, the negative gender effects of all existing tax, spending, and other fiscal laws should be corrected as a matter of urgency.

On the spending side of government budgets, ‘taxing for equality’ calls for producing enough revenue to increase government investments in education and skills, care resources, transportation, health, food security, and housing resources in order to reduce women’s markedly unequal shares of unpaid work and increase women’s shares of market incomes, after-tax incomes, and political authority.

On the tax side of budgets, flat-rated and minimally graduated rates of personal and corporate income and capital taxes should be converted immediately to graduated income tax structures – ‘progressive’ tax structures – that base tax liability on ability to pay. Revenue systems designed to ‘tax for sex equality’ should have all these features:

- progressive personal and corporate income taxes generating at least 60% of all domestic revenues;
- supplementary allowances for all individuals in paid work earning less than above-poverty incomes;

- income supplements designed to promote not just part-time or occasional paid work, but fulltime permanent decent paid work;
 - tax exemptions that ensure that no income taxes can tax individuals back into poverty;
 - income tax rates that enable governments to redistribute market incomes from those with the highest incomes to those with the lowest incomes;
 - cost of living mechanisms that keep progressive income tax rates in sync with actual costs of living;
 - tax exemptions that do not tax anyone living below poverty levels combined with food, housing, education, and income supplements that raise everyone above poverty levels;
 - tax all adults as individuals
 - ensure that all tax benefits, cash benefits, and in kind government services are given to women as individuals in order to protect their financial autonomy;
 - provide adequate tax-free allowances for dependent children during all schooling years;
 - eliminate any provisions that deliver tax benefits in lieu of public or direct grants (i.e., eliminate all tax expenditures, which do not generally reach those with low incomes);
 - repeal all tax, cash, and in kind benefits that subsidize women’s unpaid work;
 - eliminate use of presumptive or imputed incomes as the basis for taxation at all but moderate and high income levels;
 - especially in low-income countries, restructure income security measures as direct contributory systems funded largely by employers and governments for all those unable to accumulate sufficient capital to provide for their own lifelong income security;
 - reward workers and businesses entering the formal reported economy with meaningful supports, but prohibit the use of punitive tax compliance and regulatory measures.
- Free trade agreements, globalization, and ‘taxing for growth’ formulas have all contributed to increased use of flat-rate VAT, commodity, property, and sales taxes in countries at all levels of development. Such taxes are all gender and income regressive, and, when continued in use at all, should be restructured to provide, as a minimum:
- full exemptions for all goods, services, lands, buildings, institutions, rights, and inputs into education, care, health, community and other public facilities, and government processes;
 - such exemptions to include foods, medicines, personal care items, clothing, personnel, books, writing equipment, and other items typically used in those sectors;

- total revenues raised by such taxes should be at least 20% less in total value than the combined revenue raised through income and capital taxes.

Tax systems should also provide for progressive wealth and inheritance taxes payable only by the wealthiest (top 15%), with these features:

- limited opportunities for evasion;
- guaranteed life estates for surviving family members during educational, disability, and final years;
- abolition of the use of charitable foundations and donations beyond specified modest limits.

Tax systems should produce enough revenue to meet all of a country's infrastructure, social, human welfare, and economic development needs. Countries with natural resources should sequester nonrenewable and volatile renewable resource revenues in independent trusts that provide no more than 3% of annual trust incomes to annual national budgets.

Women's Fiscal Equality is Fundamental to all Human Rights

Governments around the world are presently negotiating the terms of the new Sustainable Development Goals (SDGs) to replace and expand the Millennium Development Goals that expire in 2015. SDG Goal 5 calls on all governments and international organizations to 'Achieve

gender equality and empower all women and girls, and Goal 10, to 'Reduce inequality within and among countries'. All the SDGs in turn depend on achieving Goal 17, to 'Strengthen the means of implementation and revitalize the global partnership for sustainable development.'

The Universal Declaration of Human Rights declares that 'everyone is entitled to all the rights and freedoms set forth without distinction of any kind, including distinctions based on sex' (Article 28), and CEDAW recognizes the 'the equal rights of men and women to enjoy all economic, social, cultural, civil, and political rights' (preamble).

Now is the time to demand full endorsement of the SDGs as well as explicit reference in them to national and international obligations to raise the revenues necessary to realize these goals, to spend such revenues in ways that eliminate longstanding economic inequalities between women and men, between the politically disenfranchised and powerholders, and among countries at dramatically divergent levels of development and economic durability.

None of these goals can be achieved without ensuring that women everywhere live on terms of genuine fiscal equality.

Kathleen Lahey is Professor, Faculty of Law, Queen's University and Co-director of Feminist Legal Studies, Queen's University.



May Day demonstrations, Lima, 2015 (Photo: John Christensen)

GENDER AND STAGING OFFSHORE

feature

Caroline Horton

It is notoriously difficult to represent the abstract and secretive world of offshore in dramatic terms. Caroline Horton's play 'Islands' stands out as one of the boldest attempts to bring the sector down to earth and into the realm of general understanding. Here the playwright explains how she used the grotesques of bouffon theatre to challenge the clean lines and plush interiors of offshore's self-presentation.

I recently made a controversial piece of theatre about the world of offshore; 'Islands' at the Bush Theatre. When I first spoke to John Christensen, director of the Tax Justice Network, about the idea back in 2012, I told him about bouffon theatre. Bouffons are characters from the margins of our society. When I first encountered it, at Philippe Gaulier's theatre school in Paris, we created costumes and formed a chorus of misshapen, cross-dressed, filthy, strange, grotesque creatures. The myth goes that sometimes the bouffons are allowed in through the gates of the city to perform before the beautiful people, the people of god. I looked to bouffons as the

storytellers for this piece because us lot, the multitudes, the massive majority, stand outside the 'city', our grubby noses pressed up against the clean glass windows and like bouffons, we've been shaking our fists. John was excited about 'Islands' because he's interested in changing the terms of the debate – he felt that bouffon offered this and animatedly described the unlikely phone call from Vanity Fair when they asked him for an article – 'change the language' he said.

Part of what is frightening and shocking about offshore and what makes the situation hard to change, is how deeply

“Part of what is frightening and shocking about offshore and what makes the situation hard to change, is how deeply establishment the whole thing is.”



Staging 'Islands' (picture: Ed Collier)

establishment the whole thing is. Our governments, the City of London, the everyday corporations from any high street, our banks, our celebrities, are central to and complicit with it. And inevitably, the most vulnerable parts of society – and the developing world particularly – are damaged the most by its practices.

So it felt important that the marginal told the story and did the fist shaking

in this play. In 'Islands', gender is twisted, god is a woman with silvery testicles, there are men in dresses; the whole gang is foul, dirty and misshapen and so is their language. Discomfort is pushed; the polite clean office and glass beauty of the City have no place here.

The play follows a gang of bouffons who tell a story of an elite, setting themselves up as gods in 'Haven' and abusing their

“Why we are not more disgusted, horrified, emotional about tax evasion?”

power until discontent from Shitworld and a whistleblower from their own number seem to suggest Haven’s time is up. Late on, one of the dragged up male gods mimes raping the off-stage whistleblower Eve; it is shocking, horrific. As a female theatre maker, what was this decision about? Well – the most grotesque, repellent, inhumane violence is being carried out on the world’s vulnerable and I am deliberately provoking, asking questions: I’m asking why we are not more disgusted, horrified, emotional about tax evasion? Why aren’t people going to court? We (as a society) have such trouble seeing the horror or feeling the appropriate level of disgust around tax avoidance. We intellectually understand that it’s unjust but the violence and foulness misses us because – yes – it’s oh so clean and establishment.

At the climax of the show, we see the godhead, Mary, and the whistleblower, Eve, in a head-to-head battle. Why two women? Well in part, I’m a female artist who writes and performs her own work so ok – but also, women are outsiders, or at least a rare species in the male world of offshore – they are bouffons here – so I wanted them on the inside of this angry roar of a show.

Interestingly, in an early week of research and development on the show, I found myself in a room with eight men – I had inadvertently invited an entirely male team

along. We were discussing the week’s work and tax justice. The voices got louder, the interruptions came quicker and it became harder and harder to hear anything, including the point of the discussion. The point – as far as I was concerned – was to interrogate the idea of making a piece of theatre about offshore finance using bouffons. The debate descended into a point-scoring frenzy in which there was no space for reflection or for different voices to be heard or to ask questions; it had the same soundscape as seminars at Oxbridge or Prime Minister’s questions. From this point on, I determinedly rebalanced the gender mix in the room and steered the show away from the sort of political debate in which clever words are spoken; points are scored and no one admits that they don’t know the answers.

This show was not going to join the establishment voices by engaging with a version of mainstream, intellectual, legalistic debate. Instead I wanted ‘Islands’ to provoke – emotion, outrage, horror even – and start people questioning, arguing; it would be set in a revolting wasteland, akin to a foul sewer, rather than an office. A shout from the margins and the gruesome guts, ‘Islands’ would determinedly shake its fists at our polite elites and the so-clever-it’s-eating-itself surface of offshore finance.

Caroline Horton is a writer/performer based in Birmingham. Her work has been presented at theatres, village halls schools, colleges and festivals in the UK and abroad. She is an associate artist at Birmingham Rep where she also mentors the Rep’s Foundry theatre-makers.

GENDER IN THE CAYMAN ISLANDS

interview

with May Hen

May Hen is a researcher who looks at the relationship between global elites and their regional and professional subordinates in the offshore world. Here she discusses how post-colonial society in the Cayman Islands has accommodated itself to the needs of global finance.

Let's start with what drew you to the Cayman Islands.

I became interested in the Cayman Islands because of its geography and legal-colonial history. Not having much arable land, it was poorly suited for a plantation-based economy, in contrast to neighbouring Caribbean Islands such as Jamaica. The Cayman Islands, therefore had to rely on its maritime economy and people leading to turtling, thatch rope making, and seafaring up until the 1960s. What is unique about the Cayman Islands is how it developed quickly from a maritime economy to a finance-based economy in such a short period of time catapulting itself in to one of the largest and most prominent offshore financial centres in the world.

What were you hoping to explore in Cayman in terms of your study?

My Master's research 'Sub-elites as fiduciary gatekeepers of global elites. A fiscal anthropology of the Cayman Islands and

offshore financial industry' found elite-driven values permeating all aspects of governance, culture, and communication resulting in lost economic diversity, homogenized professions, weakened governments' capacity, and an imported labour force indigenous Caymanians have become precariously reliant upon.

You seem to suggest that the Cayman culture changed with the arrival of an elite. Can you say something more about this?

In J.A. Roy Bodden's book *The Cayman Islands in Transition: The Politics, History, and Sociology of a Changing Society* (2007), he describes how right from the earliest recorded histories of settlement, 'Caymanian society exhibited class and colour distinctions', and that '[e]xclusion from the elite on the basis of national origin is more than a pinprick on the body politic. It penetrates to the deepest layers of the Caymanian psyche, especially that

of established Caymanian and Caribbean intellectuals'.

While elite culture appears to have been historically part of the Cayman Islands, what is of note in the present-day Cayman Islands experience, is seen in the employment and professional practices in the financial industry. Bodden, a Caymanian with deep intellectual, social and political roots in the Cayman Islands writes:

Nonetheless, real advance have been made by the society in shaping a relatively harmonious multiracial and multinational atmosphere.

I can attest to this statement based on my 13 months of ethnographic field-work and interviews in the Cayman Islands. Many expatriate circles will agree that the Cayman Islands is incredible expatriate-friendly.

So how do you see the culture of the Cayman islands in non-economic terms; can you say something about the 'rules' unspoken or otherwise?

Again, J.A. Roy Bodden's *The Cayman Islands in Transition* is key here. It describes the Cayman Islands' society from the perspective of a Caymanian who not only

spent a bulk of his life in public service to the Cayman Islands, but was also an educator and academic. While he does not specifically use the gendered framework, he does discuss in detail, what he describes as a 'frontier society' characterized by 'voluntary colonialism'. Both of these aspects entail gendered inequality.

What is your experience of gender biases and inequities in the Cayman Islands?

I will provide two experiences: The first was when I spoke to a British expat and her mom one afternoon. They were complaining about how they had to adjust to the chauvinistic attitude of the island. They tried to get insurance and the agent would not take them seriously. When bills arrived, they always went to the male. I have observed this frequently as well. I asked what they were going to do about it to which they responded: 'I guess we'll have to get used to it. Maybe they think we're the oddballs.' Laws, customs and culture of the island is geared towards patriarchal values. What is more, there appears to be a general acceptance of these patriarchal attitudes. They are treated as a day-to-day nuisance rather than as a legitimate human rights violation.

“There appears to be a general acceptance of these patriarchal attitudes. They are treated as a day-to-day nuisance rather than as a legitimate human rights violation.”

Another experience was during an interview with a sexual health worker who told me that it was only in the last decade that teenage pregnancy was accepted in high schools and young women were finally permitted to stay and complete their studies. She said ‘It’s always girls that were shamed – up until several years ago they were kicked out of public school if they became pregnant. It was only recently that abortions were permitted without the consent of the female’s father, father of the child or male-partner’.

The church is quite heavily influential in the day-to-day lives of many Caymanians and this influence spills over in to many of their local laws. Some of these churches seem to be more patriarchal than others and they tend to dominate local discourse on what is appropriate and inappropriate.

I am curious to know why you think the Cayman Islands in particular has flourished as an offshore financial centre?

When a financial industry moves itself onto an island, it often picks places that seem

to have people willing to accept them and have similar values. What made the Caymans such a successful substrate for the financial industry, rather than some other island, has something to do with its accommodation and acceptance of the values of the finance sector and its key personnel. This in turn has some relation with gendered practices, with attitudes towards inequality and so on. Finance and masculinity are coiled together in ways that my PhD research aims to explore further. But it is already clear that there are important links between offshore and the idea of ‘voluntary colonialism’ where the indigenous population enjoys the affiliation with ancient ‘traditional British values’ that include attitudes towards the place of women in society and so on.

The Cayman Islands as a financial centre is a major centre for trusts. The ‘secrecy’ that is a feature of trusts can be used to hide assets from regulatory authorities, law enforcement agencies, and from spouses and children. Would you recognise this description of the Cayman trust industry?

The wealth managers and trustees of high-net-worth-individuals who spoke at the 2014 Mourant Ozannes International Trusts and Private Clients Conference in the Cayman Islands took for granted that many of their clients were male, and that trusts were created in part to serve domestic and intimate purposes. I say this because a few enduring ‘rationalizations’ of what motivated the client’s desire for a trust were obviously domestically oriented. Some motivations for a private or secret trust

included: 1) Shielding asset knowledge and value from children in their formative years in order for them to lead ‘normal’ lives, 2) Allocating funds for ‘cohorts of children’ or illicit children, and 3) Setting aside funds for mistresses or multiple wives.

So what’s the ‘rationale’ for the trust industry providing ‘secrecy’ on such a colossal scale?

Trustees at this conference, from my observations, seemed to separate themselves from the motivation of the trust and the source of funds for the trust by calling the trust itself a product. There did not seem to be much of a discussion on the source of the funds aside from the cursory ‘we don’t support illicit funds’ narrative. It seemed as if lawyers and accountants would deal with that particular aspect of fund source. And while the trust is a product, trustees were keen to separate the trust from their services as trustees. They were offering a service, not selling a product.

Hooi May Hen (May Hen) worked in the Canadian Revenue Agency and completed her Master’s in Communication at Simon Fraser University. She is a visiting fiscal anthropologist at the University of California, Irvine. She begins her PhD candidacy in Economic Sociology at the University of Cambridge in the autumn.

book review



The Rise and Rise of the Wealth Extractors: Why We Can't Afford the Rich

By Andrew Sayer
Policy Press, Bristol, UK, 2015

We need to talk about the rich. Who are they? How did they gain their wealth? Are they truly the talented 'wealth creators' they would have us believe? Or did they gain wealth from inherited fortunes or via opportunistic wealth extraction? And how can we wrest control of media and politics from a globalised plutocracy who will fight hard and dirty to maintain both power and tax privileges?

The first thing to recognise is that really, really high-income people are most likely to be engaged in either financial services or the property sector, and the greater part of their income will come from capital gains, dividends, rents, and stocks and shares. Very few are celebrities, even though most of the media coverage tends to focus on the celebrity end of the rich list spectrum. Most business

owners, senior managers and salaried professionals are rich, but fall in the lower ranks of the rich category.

Carlos Slim Helu, who topped the Forbes rich list for years, epitomises today's ultra-rich. His wealth stems largely from his taking control of Mexico's telecommunications industry when it was privatised in 1990, though he has significant holdings in various strategic industries in that country and others. He is not an 'innovator' in any sense of that word. Rather, he has acquired access to a variety of key sectors and to resources which others need, and charges them (excessively) for their use. It's the control over mechanisms of wealth extraction, rather than wealth creation, which marks Slim out as a twenty first century mogul.

Many people topping the Forbes list inherited their wealth. Christy

Walton from the Walmart fortune, for example, comes ninth on the list and is the world's richest woman. The Walton family did not become rich by paying their staff well or looking after their suppliers. Other ultra-high net worth individuals amassed fortunes in the past forty years by actively seeking out and securing access to economic rents. Financialisation, as Andrew Sayer notes in this highly readable book, has played a key part in this process:

Financialisation has been both cause and consequence of a shift from wealth creation to wealth extraction and, with that, a shift of wealth to the rich.

Technology changes have also played a part in making this shift happen. Apple's recent quarterly figures make it the most profitable company in history, with close to US\$1mn annual profit per worker, all flowing into the pockets of the company's owners. Bearing in mind that many of the key technologies that make smartphones smart stem from government-funded research programmes dating back decades. Apple's ability to extract profits from others' technologies, and to

avoid paying tax on their profits by shifting their intellectual properties offshore, signals the extent to which Capital has gained the political and economic upper hand.

None of this is new, of course, but the implications of where this is headed are very stark. Good quality jobs are increasingly scarce. Inequality is rising exponentially, with wealth concentrating in the hands of a tiny proportion of the 1 per cent (maybe less than one tenth of that fraction). This is already degrading social relations, both at the bottom of the earnings ladder and at the top. As the divide between rich and poor people reaches levels never previously experienced in any human society the corrosive effects of status envy and relative deprivation among people on low and middle incomes signal increasingly ugly times ahead.

Worse, wealth concentration also has dire implications for ecological sustainability. As rich people grow richer, those just below them on the income scale are scrambling harder to emulate them – more yachts, bigger mansions, faster private jets. A century after

Veblen noted that each income group aspires to consume to the level of the group just above it, the ecological threat posed by the conspicuous consumption of the ultra-rich – some of whom are prominent climate change deniers – has become existential. As Sayer comments:

Their carbon footprints are grotesquely inflated and many have an interest in continued fossil fuel production, threatening the planet.

We have been too indulgent of the rich. Only by rethinking their role in our society can we begin to challenge the shibboleths that persist about their extraordinary talent and entrepreneurial flair. Sayer provides a timely and insightful guide to how the rich managed to shape a language and political agenda that suited their purposes just perfectly. We need, he says, 'a new line of attack, one that focuses on the institutions and practices that allow this to happen'. *Why We Can't Afford The Rich* provides both the analysis and the solutions to shape this new line of attack.

Review by John Christensen

news in brief...



Rodrigo de Rato y Figaredo (International Monetary Fund)

Former IMF Chief Arrested

Spanish police arrested Rodrigo Rato on Thursday 16th April and searched his house in Madrid. Rato was head of the International Monetary Fund (IMF) between 2004 and 2007. It is understood that the arrest is part of a probe into possible money-laundering and fraud. He is already under investigation for his part in the collapse of Bankia.

Critics of the IMF have long suspected that the institution suffers from a kind

of structural corruption. The suggestion is that the busy revolving door between the institution and the Western financial sector has skewed the policies it imposes on countries in crisis. Its defenders angrily insist that the very idea is an unconscionable calumny against the brilliant and irreproachable individuals who run it.

Rato's arrest, coming as it does a few years after the downfall of his successor, Dominic Strauss Kahn, makes that line of argument a little less convincing.

UBS Strategy: 'Penetrate Networks'

In an interview for the Buenos Aires Herald whistleblower Stéphanie Gibaud describes how UBS hoovers up deposits from wealthy individuals by penetrating specific networks. She told the Herald that 'the biggest part of the budget in the area I managed was to develop links with luxury networks to invite clients and potential clients in France.'

There were different strategies for different networks – 'there was one for football and tennis players, for example', according to Gibaud.

Gibaud is preparing to give evidence to the Bicameral Commission in Argentina.



Hervé Falciani, 2012, by eldiario.es. Licensed under CC BY-SA 3.0 via Wikimedia Commons.

French Heiress Receives Three Year Term for Tax Evasion

Arlette Ricci, the granddaughter of fashion designer Nina Ricci, was found guilty of tax evasion on April 13th and received a three-year prison sentence. Her name was one of around 100,000 that Hervé Falciani, an employee of HSBC Switzerland in Geneva, provided to the tax authorities in Europe and America.

Luxembourg Charges Luxleaks Reporter

The journalist Edouard Perrin has been charged after a complaint to the authorities by PricewaterhouseCoopers. An internal document belonging to the accounting firm provided the foundation for the so-called Luxleaks investigation, which Perrin worked on with the International Consortium of Investigative Journalists.

We asked PricewaterhouseCoopers' director of global communications, Mike Davies, to comment. He referred us to PwC Luxembourg's statement:

Confidentiality of information is a key part of our professional standards and as a result we regard the unauthorised taking of confidential documents very seriously. When we became aware that documents had been taken from PwC the matter was reported to the Luxembourg authorities in 2012. Since then, this matter has been in the hands of the Luxembourg authorities and any decisions to question or charge individuals has been taken by the Luxembourg authorities. PwC has not made any specific complaint against any journalist to the Luxembourg authorities.