



STATES OF GUERNSEY.

Deputy David Jones.
Member of the
States of Guernsey.

Pilots Lodge
Northside
Vale
Guernsey GY3 5TS
Tel & Fax 247404

Article for the European Journal : EU Tax Terrorism

The French Finance Ministers obsession with tax harmonisation across the EU has now seen him consorting with others, in what can only be described as flagrant economic terrorism, the purpose, to force harmonisation further up the EU's agenda. Given that EU tax laws cannot be altered without the agreement of all the member states, has sparked a flurry of activity by certain EU finance Ministers to step up their campaign to have the right of veto removed, their behaviour in this matter can only be likened to a bunch of terrorists launching a campaign in order to scupper resistance by those who have no wish to sign up to the horrifying and unworkable concept of tax harmonisation.

Financial terrorism is now apparently an acceptable weapon used to impose the will of the failed stagnant economies of the EU on successful buoyant and well regulated economies of the offshore finance centres around the globe. The New Oxford English dictionary defines terrorism as "the use of violence and intimidation in pursuit of political aims" I can think of no better description to describe the methods used to impose the so called bi-lateral agreements recently demanded by the EU.

It might be helpful to give you some of the history as to how we got here. The first act of aggression was for the present UK labour government through the office of the paymaster general Dawn Primerolo to pledge our compliance's to either a withholding tax or full disclosure after a request by the EU, having signed us up without consultation with any of the Crown dependencies HM Government were duty bound as good little EU citizens to make sure we complied with what has come to be known as the so called level playing field agreement.

Several arguments were put forward to justify this unwarranted interference in our affairs. One by the more paranoid of those in the EU, was that information sharing was needed in order to track funds from international terrorists. however the last time anyone checked they were surprised to find that terrorists don't actually pay taxes. So when that argument failed to convince us, they decided that it was because our tax laws were harmful and therefore wholly unfair.

They disliked particularly our exempt company law which will now result in a zero rate being levied in order to satisfy the OECD and the EU. What the envious in Brussels really meant all along however, is that, anyone who has lower taxes than the EU is considered be operating unfair tax competition which is strictly verboten.

So what we are left with is a forced agreement gained by the use of fiscal terrorist tactics. Perpetrated by a strong powerful EU with the connivance of the UK government, against the small self governing dependencies outside the EU, This blatant gun to the head diplomacy, which has become the trade mark of the EU, so bereft is it of solutions to the growing problems created by it's own short sighted financial and social policies. It is of little concern to them, whether they are dealing with tax matters or individual states constitutional rights, the methods are the same. In fact these ignominious methods have been so effective, they even managed to force the mighty independent state of Switzerland to sign on the dotted line.

The new member states will not escape the EU tax gatherers either, they face the prospect of having the rapid potential growth they could enjoy through low tax rates and cheaper labour markets stifled by the relentless beurocratic regulations they will be forced to adopt under EU law, together with the threat of sanctions from the commission, if they do not raise taxes to European levels. Some of these countries are slowly beginning to realise this and I have no doubt that this will lead to these economies stalling, which is now the European standard.

The EU knows that it cannot compete for business with its present high tax rates, while at the same time watching investment in Europe decline, so with it's usual unimaginative zeal, they have decided that their only course of action is to extinguish competition elsewhere, wherever it exists. The European cartel can only work if all avenues of choice are choked off to businesses and citizens resident within the EU.

The current opening salvo from the EU on corporation tax is just one of many deliberate actions to come, the ultimate aim of this economic terrorism is to erode the competitive business climate built up over several years by the offshore dependencies, to the point where financial business takes flight to other less well regulated jurisdictions outside the EU.

As we have seen in the past, the EU will then demand that those who have fled their grasp to distant shores are put on a financial black list bringing them back to the attention of the OECD while at the same time using their tried and tested threats to prevent any jurisdiction that does not acquiesce to their demands from doing any financial business with EU structural funds.

The achievements of this floored policy are clear for all to see. The un-employment graph across old Europe is heading in one direction only and that is upwards. It is direct result of the blind pursuance of a one size fits all mentality, linked together with the unswerving belief by Brussels that the commission knows best what is right for all the diverse economies of the member states.

This philosophy failed miserably in what was once the Soviet Union and it will not work in the European Union The only fundamental difference between the two Unions is that the Soviet people were subjugated by force while EU citizens have been subdued by mendacity and stealth.

The essential prerequisite for growth in any economy is the ability to set tax rates at levels that attract business and commerce, together with the flexibility to alter quickly, policies that cease to be effective in an ever fluid global economy. Something small forward looking economies such as the offshore dependencies have done in the past with great success and will continue to do so in the future, despite the constant coercion placed upon them by those envious of this kind of freedom and imagination.

Now that the EU has seen that these acts of economic terrorism are producing results, I fully expect shortly a new set of demands to be put on the table with the same revolver placed along side them. We will in the future have to be much more robust in defending our right to be different. The new European constitution signed recently by Blair and Straw shows the disdain they have for the democratic process, considering that the referendum on this subject ought to have been put to the British people first.

This deeply flawed constitution will bring new challenges to the offshore jurisdictions. It is my belief that now that it has been signed any promised referendum will be shelved until such time as the people have forgotten what it was they were being asked to vote on in the first place. When I see the utter contempt Blair and his cohorts have shown for his own people, It gives me no faith that our constitutional position together with the rights and freedoms of the people of these islands will be respected any more than those of Gibraltar or the UK.

Deputy David Jones
Pilots Lodge
Guernsey.