

The Rich are Coining It

OVER the past six years of the recession the top rich have more than doubled their wealth. According to the charity Oxfam, the amount of billionaires and millionaires are more than twice the figure before the so-called financial crisis. The number of billionaires (US\$) worldwide totalled 1,645 people by March 2014 – up from 793 billionaires in March 2009. In London alone there are 72 billionaires – that is, people who own more than a thousand million pounds sterling. The mind boggles.

Calculations by Oxfam, published early in 2014 and endorsed by Andy Haldane, chief economist at the Bank of England, found that the [85 richest individuals in the world owned the same amount of wealth as the poorest half of the global population.](#)

Can you imagine: 85 people own the same amount as half the world's population. Is it any wonder that we have so much poverty? In this latest report, Oxfam have calculated the length of time it would take the world's richest people to spend their wealth. For Carlos Slim, the world's richest man, it would take 220 years for him to spend his \$80bn fortune at a rate of \$1m per day.

Oxfam found that if all the billionaires in the world were to be taxed at 1.5% (on wealth over \$1bn, as of 2014) it could raise \$74bn or, as the charity put it, "enough money to fill the annual gaps in funding needed to get every child into school and to deliver health services in the world's poorest countries".

In November 2014 six banks, three of which were British, were fined £250 million each for rigging the market to make more

money. This is not by any means the first time the banks have been caught with their hand in the till. Only a short time before, we had the PPI scandal when the banks sold insurance to their customers without informing them and again were fined billions of pounds. It doesn't seem to matter to them as this is only a small proportion of their profits and indeed it has been claimed that these fines are factored into their profits. Fining and imprisoning them might stop such outrageous behaviour.

Companies like Starbuck and Google depend on the labour of their expensively trained workers, educated and kept healthy by the taxpayer. Their low pay is subsidised by the taxpayer and yet they only contribute a small proportion of tax that is due. These companies are scroungers – criminals in my opinion – but they stay within the law by employing an army of accountants to exploit tax loopholes.

Charles Shaker, a fabulously rich financial adviser, [spent £330,000 on a single round of Armand de Brignac champagne](#) at Monaco's Billionaire Club. Since 2010, 38,000 more high-fliers have moved into the £150,000-£500,000 wage band. Six thousand more have pocketed between £500,000 and £1m. And 8,000 more have received salaries of more than £1m.

Britain can now boast that it has more people in the £1m plus bracket than at any time since records began. Yet we are told that wealth will trickle down to the rest of the poor and middle class. This most certainly has not happened. We have all heard the arguments, "good luck to them", or "there's nothing we can do about it". David Cameron even said we are all in this together, and with a straight face. Really?

We, of course, have always had rich and poor. In 1810, when the first survey was made, the richest 10% owed 80% of the wealth. This continued to improve in favour of the rich until 1945 with the advent of a Labour government and taxes put on the rich, which reversed the trend and which continued in favour of the poor until the 1970's. This trend was again reversed in favour of the rich, which coincided with the election of Thatcher, and has increased ever since and now Britain is the most unequal society in Europe. In the rising powers of Brazil, Russia, India and China the ratio is even more alarmingly in favour of the rich.

If the money from Britain's rich is not trickling down to you and me what is happening to it? Is it going into tax havens like the Virgin Islands or the Cayman Islands or to buying properties abroad? Probably. The poor and middle class spend their money and the money would then circulate around the economy.

How much money is stashed away in Tax Havens? Impossible to say as everything is secret and hush hush, but I have read £26 trillion which seems on the high side, yet who am I to know? And anyway can we do anything about it? Campaigners suggest there is plenty of precedence for intervention. The UK used so-called orders in council to outlaw the death penalty, and decriminalised homosexual acts in its overseas territories in 1991 and 2000. Similarly, in 1967 an anti-pirate radio act was imposed on the Isle of Man despite local opposition. And in 2009 direct rule was imposed on the Turks and Caicos Islands for three years after a corruption scandal.

Several tax havens have the audacity to point out that there are economic reasons the UK should resist disturbing the status quo, particularly for those crown dependencies that do a busy trade servicing the offshore financial needs of the non-domiciled super-rich, permitted by the UK government to live in Britain without paying income or capital gains tax on overseas earnings.

Moreover, over \$330bn in deposits is held by UK banks via extensive branch networks in the crown dependencies, making these deposits a vital contributor to the capital strength of Barclays, Royal Bank of Scotland, Lloyds, HSBC and other large financial firms in the City of London.

Beth Krall, a private banker operating in the Bahamas, said she saw suitcases full of cash being handed over. Feeble attempts by government to do anything was because in their opinion it was extremely difficult to find out what was going on but some argue that the real truth is that you would expose high members of British society on the fiddle.

Which major UK corporations keep subsidiaries in tax havens? The short answer, according to updated research by development charity Action Aid, appears to be almost all of them. The research found 98 of the 100 companies in the FTSE 100 – the hundred biggest publicly listed UK corporations – had subsidiaries, associates, or joint ventures in countries defined by the charity as tax havens.

Christian Aid estimates that [\\$160bn leaves the developing world illicitly via tax havens each year](#). The right of the wealthy

to guard themselves from hypothetical dangers must be weighed against the right of everyone else to secure the minimum necessary to sustain life.

And, finally, when all else has failed, they tell us that they will wreak havoc on anyone who tries to put an end to their schemes. If you regulate one haven, or group of havens, the rich will simply flee elsewhere. There we have it, the patriotic rich will take their cash elsewhere but the 3 million British families who can't make ends meet should shut up and get on with it.

The signs are that people who make their way in the onshore daylight world have had enough. They pay their taxes. They want the rich to do the same, and no amount of sophistry will change their minds.

What can be done about it? There does not appear to be the stomach for a Socialist revolution but certainly this form of predatory capitalism can be successfully challenged. A living wage of £8 an hour and a mansion tax of properties over £1.5 million would be a good start. Then tackle the company tax dodgers, the tax havens and the banker's bonuses.

I better stop there before I get really mad.

Andy Barr