



Tax Justice Newsletter – November 2011

In this issue:

- G20 Summit to discuss Financial Transaction Tax
- E-action on FTT generates over 500 messages to Prime Minister
- New Coordinator for Canadians for Tax Fairness
- Public Forums in Toronto Nov 10 and 11
- Increase taxes to kick start economy says Stiglitz
- 81% say corporations and wealthy have too much influence over politics in Canada
- Canadians for Tax Fairness board members in the news
- G20 lags on taking action to end financial secrecy

G20 Summit to discuss Financial Transaction Tax

The G20 Summit, to be held November 3 to 4 in Cannes, France, will discuss proposals for a Financial Transaction Tax (also called the Robin Hood Tax). This is a very small tax on a wide range of financial transactions including stocks, bonds, derivatives that could raise hundreds of billions of dollars for fighting poverty and climate change as well as help governments balance their budgets. This tax would not be paid by ordinary people but would mainly affect traders and speculators, whose irresponsible investments have been the main cause of the global financial crisis.

Even if agreement is not reached by all members of the G20, there is a good chance the FTT could be implemented in Europe first. It could then hopefully be extended to other countries later.

Canada has been opposed to any kind of new tax and has argued for even more severe austerity as a way to deal with debt and deficits. But cutbacks in government spending in a number of European countries have shown to cause higher unemployment and a drop in tax revenue, making their situation even worse.

More information about the Financial Transaction Tax can be found at: www.robinhoodtax.ca

Canadians for Tax Fairness board member, Toby Sanger, has written an excellent paper on an FTT for Canada titled, **Fair Shares: How Banks, Brokers and the Financial Industry can Pay Fairer Taxes** that can be found at: <http://www.policyalternatives.ca/publications/reports/fair-shares>

E-action on FTT generates over 500 messages to Prime Minister

Our e-action calling on Prime Minister Harper to support the proposal for a Financial Transaction Tax at the G20 Summit in France generated over 500 messages from Canadians across the

country. Thanks to the forwarding of the email we also gained many new supporters on our e-action list.

If you have not already sent a message to the Prime Minister you can do so at: <http://www.taxfairness.ca/action/tell-harper-support-financial-transaction-tax-g20>

New Coordinator for Canadians for Tax Fairness

Dennis Howlett is the new Coordinator of Canadians for Tax Fairness. He started in October. He was the Coordinator of Make Poverty History for over 5 years. Prior to that he was the Executive Director of the National Anti-Poverty Organization (now called Canada Without Poverty) and worked for many years with different ecumenical social justice coalitions including KAIROS, Ten Days for Global Justice and the Ecumenical Coalition for Economic Justice.

His background on tax justice issues includes leadership on the Robin Hood Tax campaign, participation in the Alternative Federal Budget process and a contract with the Ontario Fair Tax Commission to help develop their public engagement program.

The office and mailing address of Canadians for Tax Fairness has shifted to Ottawa since Dennis is based there.

Public Forums in Toronto Nov 10 and 11

- Canadians for Tax Fairness is co-sponsoring a Public Forum on tax justice issues in Toronto titled **INEQUALITY MATTERS** on Thursday, November 10, 7:30pm at United Steelworkers Hall, 25 Cecil St., Toronto.

Renowned African scholar and activist **Yao Graham** and one of Canada's leading progressive economists, **Armine Yalnizan** will be speaking. The event is co-sponsored by Inter Pares and the Canadian Centre for Policy Alternatives.

- For those who want to learn more about tax justice issues there will be a **Tax Justice Workshop** on Friday, November 11, from 1:00 – 4:00pm in Room 202, Teefy Hall (behind 100 St Joseph St.), St. Michael's College, University of Toronto, 57 Queen's Park Crescent East, M5S 2C4 [Map it.](#)

The workshop will bring together people from the churches, trade unions, development NGOs, anti-poverty groups, women's groups, people concerned about public healthcare, and others.

Resource persons for the workshop are:

Yao Graham is the director of Third World Network Africa and he has been working on issues of economic justice for Africa – trade agreements, tax regimes, the role of multinationals – and will talk about the work for international tax justice.

Hugh Mackenzie is an economist and a Research Associate with the Canadian Centre for Policy Alternatives. He was formerly the Executive Director of the Ontario Fair Tax

Commission.

Dennis Howlett, former coordinator of Make Poverty History, and now the staffperson for Canadians for Tax Fairness will talk about work for tax fairness here in Canada.

Increase taxes to kick start economy says Stiglitz

Increase taxes to increase government spending and lower deficits and debt is the best way to kick-start the economy said Nobel Laureate Joseph Stiglitz in a speech in Toronto recently. He was very critical of the way G20 leaders have been dealing with the Global Financial Crisis, calling the austerity strategy adopted at last year's G20 in Toronto a "suicide pact" that would lead to reduced growth.

He argued instead that governments should increase taxes and government spending, dollar-for-dollar. Since the increase in government spending is completely offset by an increase in tax revenue, there is no need to go further into debt to stimulate an economy. Each \$1 increase in government spending can translate into more than \$1 of economic impact. For example, if the government pays for a bridge to be built, the money to pay for the labour will in turn be spent by the workers.

If you increase taxes, consumer spending is not decreased on a dollar-for-dollar basis because while some households would pay for the tax increase by decreasing spending, others would continue to spend and pay for the tax increase by saving less. So a \$1 increase in taxes, for example, would translate into less than a \$1 decrease in consumer spending, and generate more than a \$1 in economic activity because of its multiplier effect of government spending. A portion of the government spending would also be recovered in increased tax revenue resulting from lower unemployment.

He might have also noted that tax cuts are a very poor way to stimulate the economy as a much of the stimulus effect will be lost to savings or to spending on imported goods.

81% say corporations and wealthy have too much influence over politics in Canada

An Abacus Data survey poll released Oct. 27 found that 81 per cent of respondents believe corporations and those who are wealthy have "too much influence over politics" in Canada.

Canadians for Tax Fairness board members in the news:

A number of articles have been published recently authored by or quoting Canadians for Tax Fairness Board and Advisory Committee members:

- [Achieving change: Is a global Robin Hood Tax the way to go?](#) This article by **Montreal Gazette** reporter, Catherine Solyom quotes *Toby Sanger*.

- *Linda McQuaig* had an excellent article published in the **Toronto Star** on [How to make inequality obsolete](#)
- *Alex Himelfarb* got prominent placement for his feature article in the **Globe and Mail** on [Tax isn't a four-letter word](#).
- *Armine Yalnizyan* was asked by **Canadian Business** to write an article on [A 'Buffett Tax' for Canada?](#)
- *Toby Sanger* wrote an article published in the **Toronto Star** titled [Don't just occupy Wall Street, tax it](#)

G20 Lags on Taking Action to End Financial Secrecy

About **\$250 billion in tax revenue** is lost by governments worldwide due to offshore accounts each year, according the [Tax Justice Network](#) in a report it issued in October 2011. Tax evasion is facilitated by financial secrecy and the lack of government regulation over banks and financial transactions.

World leaders at a G20 summit meeting in April 2009 promised that “the era of banking secrecy is over” and put the OECD, a club of rich countries, in charge of implementing its wishes. Many people hoped this marked the start of a serious crackdown on tax havens, or secrecy jurisdictions. But two years later, people looking to evade their taxes using offshore accounts still have plenty of countries to choose from, according to the [2001 Financial Secrecy Index](#).

Switzerland tops the list of the world's best tax havens both for its level of secrecy and the scale of business they handle. Though other jurisdictions like Bermuda and the Bahamas have laws that allow for more secrecy than Switzerland's, they rank lower on the list because they operate on a smaller scale. Larger nations like the United States, Germany and Japan, while less secretive appear in the top 10 due to their size.

Canada is 24th out of 71 countries which were rated for financial secrecy. The major problems with Canada are that it levies an extremely low effective rate of tax on businesses, compared with its peers, and it is effectively a regulatory haven for the world's extractive industries. Canadian banks have also played a significant role in the development of tax havens elsewhere, notably in the Caribbean.

For details on Canada and financial secrecy check out:
<http://www.secrecyjurisdictions.com/PDF/Canada.pdf>



www.taxfairness.ca office@taxfairness.ca

192 Main St., PO Box 12015

Ottawa ON K1S 3M1