

The USA takes on tax havens

The main Opposition parties in the UK have long argued against tax havens. They oppose tax rules that exempt too many businesses or too much turnover from tax, and oppose any “race to the bottom” by countries seeking to undercut others with very low rates. They have a new powerful ally in Joe Biden who wants the world to sign up to a minimum rate of 21% on business profits and to definitions of where profits are booked that keeps them safely away from havens. The EU agrees.

What is odd is how the Opposition parties have failed to name and condemn the Republic of Ireland as one of the most successful exploiters of the tax haven approach. With a knock out low rate of 12.5% and favourable rules over definition and location of profits Ireland has attracted a large number of US multinationals and booked substantial parts of their business. President Biden and the U.K. left should have them at the top of their list of wrongdoers.

The Irish Policy has of course worked. The Republic’s business bonanza means the state collects more from business as a proportion of its tax revenue than many countries who charge much higher rates of tax. Because so much more business turnover is booked in the Republic, Ireland emerges as one of the highest GDP per capita countries in the world. Irish per capita output and income is 166% above Spain, 136% above Italy, 94% above France, 86% above the U.K. and even 20% higher than the US from whose companies gets much of its extra business revenue. (2019 World Bank figures)

The Irish example both shows lower tax rates can deliver more revenue and more GDP, and shows that it entails switching turnover and profits around the world in legal ways to cut the effective tax rate. If Ireland had to levy a 21% tax she would get less inward investment and taxable turnover from large US multinationals. Her business tax revenue and GDP per head would sink. When will the President and the others united against tax havens name Ireland as one of the leading exemplars of the tax haven approach?

Grow back green

The main governments and political parties of the world only want to talk about one thing, the planned great green transition to net zero. They of course have to talk as well about getting on top of the virus and restoring economic life damaged by the anti pandemic policies they have all adopted. They usually link the two, by assuring us that they plan to grow back greener. They expect vaccines to take care of the virus problem.

This is a huge essay in world government. They do all grasp that there is no

point in a few countries doing this whilst others take advantage of cheaper fossil fuel energy and expand on the back of it. Last year the USA, the world's largest economy, did not buy into the project. China the world's largest industrial economy, claimed to support, but carried on expanding her coal and other fossil fuel based output, promising reductions later this decade from a higher level. With the world's two largest economies not contributing to the cause it was more difficult for other countries to sell the idea to their public, as they could always ask what was the point if the world's two biggest carbon emitters were not trying to change tack. This year China is talking of bringing forward her conversion to starting to lower carbon dioxide, though that will need pinning down with more precise targets and promises. The USA has converted to being a leading advocate of rapid transition to an electrified renewable world.

There will be no shortage of conferences to push countries to make more specific and expensive commitments. This month brings a US led summit on the topic. The G20 in July will have another. The UN's big global conference is in November in Glasgow. Countries will doubtless advance the dates by which they will achieve substantial cuts in carbon dioxide output. This in turn will spawn multiple targets to increase wind and solar power, to close coal power stations, to end new diesel and petrol cars, to promote battery vehicles, to change people over from gas central heating and to find solutions to power planes and ships in new ways. It will be a world of expanding battery production, hydrogen development and the electrification of home heating.

When asked how there will be growth as we come out of lockdown they all tell us the same thing. The new jobs will come in renewable energy, battery cars and the rest. They do not go on to say that there will also be big job losses in fossil fuels, traditional transport systems and home heating. A lot of the greening will be an expensive switch, retraining the gas fitter to be an electrician and moving a coal miner to be a wind farm maintenance person. As it seems likely governments will prove better at stopping people buying the outgoing technology than they will be at getting enough people to buy the replacements, there could be a painful transition.

The priority must be to generate a full and strong recovery from the pandemic measures. I am all in favour of investment in cleaner air and water, in energy conservation and fuel efficiency. The green revolution still needs to find the iconic products which people want to buy willingly to speed its pace. In default of those there is a danger governments will slow recovery by their success in putting people off traditional products in a range of sectors targeted by the green plans. Net zero will not restore our economies. There needs to be a wide range of policies to promote enterprise and jobs and these need to encompass recovery in a wide range of traditional activities as well as producing new battery cars and windfarms. .

Where will people work as we exit Lockdown?

As we make slow progress out of lockdown there will be more discussion amongst businesses, Trade Unions and employees over where and when office work will take place. Many people will still have little choice. If you are a shop worker or factory staff you need to be there in person when the facility is open when it is your shift. Many others now see opening up the vista of keeping on with some homeworking after a year of working mainly or wholly from their living room. Many companies have found they can continue to meet their customer needs and fulfil their work requirements on line with many working from remote locations.

For the employee there is the advantage of not having to get up early and rely on trains or buses to reach the office, nor having to sit in the traffic jam if you go by car. You save plenty of money on the season ticket or the fuel bill. Although there is more heating and wear and tear at home, there is a substantial time and cost saving by cutting out commuting. For all those employees who have to juggle minding and maintaining a home, and looking after children or elderly relatives with paid work, the conflicts are reduced and multi tasking just got easier.

For others often living on their own life became a lot lonelier with home working. Seeing work colleagues on a zoom meeting call is not the same as having lunch or after work drinks with them and being able to swap stories and arrange social events over the coffee maker. Those who live in smaller properties, or have well occupied homes with others needing the broadband capacity and some quiet space to make calls returning to the office gives them a better environment for what they need to do.

Employers seem divided or unsure about what they want. Some do think they need people back in the office to provide discipline and framework to people's working hours. They value the advantages of in person collaboration, informal meetings and idea generation. Others think they can exert discipline through the well monitored systems of computers logged into the company network and can ensure the outputs flow from the home location. Maybe the individual is also less fussy about the time of some requirements because they are at home and can break off for domestic needs during what turns out to be a longer working day. Maybe the bosses often with larger houses like homeworking themselves and see the need to allow some of the same for others. There is little study yet of what has happened to productivity or how the wins and losses net out. Clearly many business meetings requiring travel and stays away were expensive and time consuming. It may be as good as well as much cheaper to do those on line.

Many say they want a hybrid week. That probably means Mondays and Fridays at home . Is that a good compromise for employers? Would that maximise output as well as employee satisfaction? What would it do to our city office centres who have travel and hospitality capacity for millions five days a week?

Condolences to the royal family

Many will have personal memories of the Duke of Edinburgh from meeting him or from his presence in our living rooms on tv or in the newspapers. The Queen has launched an electronic book of remembrance on www.royal.uk. I recommend this for all wishing to send condolences and to record their impressions of him and his service to the Queen and nation. The royal website also has more information about the Duke and his work.

The death of the Duke of Edinburgh

Our thoughts today are with the Queen and members of the royal family on the sad news of the death of her husband, the Duke of Edinburgh. He dedicated his life to serving the public and supporting the Queen as she carried out her duties. I send my condolences from the Wokingham constituency as the nation mourns his loss.