

Methodist Conference, Plymouth

The Courage to Pay: tax, faith, honesty and business by Richard Murphy

Thank you so much for asking me to speak to you this evening. I greatly appreciate the invitation.

As you now know, I'm not a Methodist. I'm a Quaker with some Anglican leanings. But we share a faith; and I hope that's enough.

I define Quakerism as exploring that of God in everyone and everything. And that's what I want to do in the next half an hour or so, although everything is going to be quite narrowly defined as tax.

Now tax is not everyone's idea of fun, especially if you're Jimmy Carr right now. But as he's learning, there's more to it than that. Tax can even be dangerous. But, he's not alone in that recent realisation.

I think I should make it clear that you too are taking some tax risk tonight. That's because in a recent report from HM Revenue & Customs to The Treasury Select Committee of the House of Commons¹ my work was described as both 'dangerous' and 'misleading'. Now the words 'dangerous' and 'chartered accountant' do not often go together - and it has to be said my sons clearly afford me more respect since I've been labelled as, what they think, an enemy of the state - so I think I should confess what I've done to acquire this very odd status.

This, thankfully, is easy to explain. I have asked people to pay their taxes when due, where due, and in the right amount.

Now you'd think that HM Revenue & Customs would be only too keen to have a chartered accountant who actually tells people to pay up. But no - it's not all those vast number of accountants who are putting vast effort into helping people not pay tax who are dangerous in their eyes; paradoxically it's the one and only accountant who does the opposite who gets the label 'dangerous' applied to them.

So how did a Quaker chartered accountant become a dangerous man? That's pretty much the subject I want to talk about over the next forty minutes or so. In doing so I hope to do three things. The first is to give you some idea how I got to be involved in this issue. I hope you'll indulge me - but without that explanation I don't think that what follows makes sense. Secondly I want to give you a whirlwind tour of the history of the tax justice movement. Lastly I want to explain why for me this is a campaigning issue intimately and inextricably linked to my faith. Throughout that I hope to explain why I want businesses and people to have what I will call 'the courage to pay their tax'. That's an ambitious programme.

So let's start at the very beginning; or in my case at university, where I studied both economics and accountancy. Putting accountancy aside for the minute, the economics I was taught and I did not get on. I don't mean I couldn't do it: I was near the top of my year. It was just I did not believe it. What it said was that the more we have, whatever it might be, the better off we are. And I realised that this assumption – or article of faith if you like - was wrong, as I realized were many of their other claims. As a result I did, in a sense, give up on those economists, their claims and in any belief that the market solves everything long ago.

Let me give you just a brief example of what they get wrong. As the brilliant Australian economist Steve Keen has shown, if the maths on which economists base their claim that markets know best is to work then everyone in the market – even those not yet born - has to know everything from now to the end of time.

Now, I'm sure there are people here who think God does know that. But I very much doubt anyone does think they know that. And I hope no one claims they know the mind of God.

And yet that's what economists require us to know if their maths is to work. It's ludicrous, it's wrong, and their attempts to work round the problem never really overcome the fundamental issues that their initial assumption of what they call 'perfect knowledge' creates.

I won't spend much more time here talking much more about economics. I've done that at length in my book *The Courageous State*ⁱⁱ, for which the shameless plug is now over. The importance of this early realisation of where I stood on economics was however that I went on to become a chartered accountant with a more open mind than average because I carried with me inherent doubts about whether market based economic ideology was plausible, let alone right. I have to admit, that in the accountancy profession such doubt is relatively rare.

Despite that doubt, I trained at what is now KPMG – then and now one of the largest accountants in the world – and because I ended up working in tax I inevitably learned about offshore whilst there. But let me put this in context: we're back in the early 80s and apart from one, almost ignored, report in the USA no one anywhere realised the threat to the world economy that offshore tax havens posed at that time.

Just as they didn't when in the mid 1980s I helped bring the game Trivial Pursuit to Europe and saw the whole range of offshore planning that the combined minds of two of the Big 4 firms of accountants could bring to the structuring of such a product. I stress: I saw offshore, I helped make that work in some ways, and I learned a lot as a result. If you like, I stand before you a sinner, and ask your forgiveness.

What I saw can be summarised simply. Offshore was very clearly a world of make believe. In most cases nothing ever really happens in an offshore company. All its decision making, all its accounting, all its paper work is really done somewhere else. A veneer that it has a presence in wherever it claims to be is created. Lawyers and accountants in the tax haven help that pretence. Those who route transactions this way pretend to themselves that this is something real going on. And I decided that pretence was corrosive; for the people involved, for the business, and maybe more widely – although I did not get to that realisation until later on.

That experience was transformative. At the same time as seeing all this I was setting up my own firm of chartered accountants. Now I won't claim we did everything right and nor will I say I haven't changed my mind on tax issues over the years – because that would not be true – but I can say we set out to be as straight as we could be in the norms of the time. So we didn't take clients offshore. And we didn't use artificial planning using trusts, for example. And we didn't advise on all schemes that were available if we simply thought them wrong. We aimed to let our clients sleep easy at night knowing that if 'the Revenue' knocked on their door they'd have nothing to hide. I still think that's what an accountant should do.

That policy was important in two ways. First, it was commercially successful: there is a market in tax honesty you'll be pleased to hear. I wish we heard more about it. I wish it was upheld and applauded by the professional accountancy institutes. Secondly, it convinced me that tax compliance was possible.

Tax compliance is now an important concept for me and the tax justice movement. I define it as seeking to pay the right amount of tax (but no more) in the right place at the right time where right means that the economic substance of the transactions undertaken coincides with the place and form in which they are reported for taxation purposes.

Let me use a simple example to explain what this means in practice. It means if you pay into a pension you should get the tax relief the law intended because what you've done and what the law intends is consistent.

But it also means that if you're a comedian doing gigs in the UK to earn your daily bread it's very unlikely that if you pay yourself via a Jersey company, a Jersey trust, a rather odd loan deal that no one ever thinks will be repaid and a minimum wage contract for your services then it's very unlikely that the economic substance of what you are doing is anything like the form in which you report it for tax. When that happens you're tax avoiding. And by that I mean you're literally trying to get round the law – because to get round is what you do when you avoid something.

But if by chance you made a mistake when avoiding your tax – because, say, someone somewhere wrote down that you need not repay the loan in the example noted, as you’d always understood to be the case – then in that very moment what you’ve done might tip over into being tax evasion because the whole arrangement into which you’d then entered then becomes a sham. Tax evasion is, of course, illegal. You can see why Denis Healy once said that the difference between tax avoidance and tax evasion was “the thickness of a prison wall”.

Such arrangements are the bread and butter of offshore tax avoidance. Some are less offensive. But the fact is that offshore always requires people to suspend their disbelief: it is quite literally a world of fiction when it comes to avoidance. And when it comes to evasion it requires the wilful turning of a blind eye by those involved, or the application of what Senator Carl Levin in the USA calls the application of the MEGO principle. MEGO means ‘my eyes glaze over’ – and that’s just what happens to the professional people who operate these schemes. They look at the little bit of it in front of them and say it looks all right. Their eyes glaze over when asked to look at the whole scheme because, if they didn’t, they’d see it for what it was.

Now of course I wasn’t the only person to realise this. And I definitely wasn’t the only person to know that tax havens had a particular role to play in tax abuse well before they came to wider public attention. But although that was the case if we go back just a decade there was no organisation campaigning anywhere in the world on tax abuse, tax havens and the need to deliver what we now call tax justice. In retrospect I find that amazing, but it quite simply seems no one had thought of it.

Well, almost, but not quite. In 2000 Oxfam commissioned a report from a small group of people – almost all of whom I now know – on the impact of tax havens on development. That group estimated then that the cost arising from tax haven activity might be as much as US\$50 billion a year – but having produced the report Oxfam realised, I think it’s fair to say, just what a dangerous and subversive idea this was – and ran a mile from it for a long time.

It was 2002 before things suddenly changed. I’d sold my interest in my accounting practice and was the new father of two very young sons, and was now living outside London; pretty sure I was being called upon to do something different with my life. Thankfully, and I’ll put it on record now in case I don’t do so again, I had the full and active support of my wife for that change. Which meant that when Prof Prem Sikka of Essex University invited me, on the basis of a few things I’d written and an email or two, to a conference on offshore tax in Jersey organised by ATTAC – then and now one of the leading campaign groups calling for a financial transaction tax in Europe – I went. And there I met John Christensen – who had been the chief economics adviser to the States of Jersey until the late 1990s, before they’d got fed up with his anti-tax haven stance and invited him to “take the boat in the morning” as they do with those they consider undesirable.

It's not fair to say the rest is history and that the Tax Justice Network can date itself from that moment – because other meetings took place that autumn and others were involved in Germany and Switzerland in particular, but in March 2003 I found myself chairing the launch meeting of the Tax Justice Network in the House of Commons in London. The biggest adventure of my life had begun.

In that case let me explain what tax justice is all about. After all, there are organisations with remarkably similar names promoting all sorts of weird ideas designed to reduce the size of the state, the tax burdens of the rich and to make tax haven use much easier. You can pretty much say we're the opposite of all those things. The Tax Justice Network was created as the first think tank/campaigning organisation in the world with the specific aim of saying that the current structure of international tax practices, promoted by big firms of accountants, lawyers and bankers (who we call 'the pinstripe mafia') and tacitly accepted as normal by all the rich nations of the world, does enormous damage to the developing countries of the world.

I can't say they do countless damage though because from the outset the Tax Justice Network has been a pretty odd NGO. For a start almost all those who founded it have grey hair. And we have a tendency to wear suits and silk ties although I'm ignoring that tonight. And because we're mostly pretty heavily qualified we also produce a lot of research.

So, for example, we can say how much money we think is hidden by wealthy individuals in tax havens. It is at least \$11.5 trillionⁱⁱⁱ. Give or take that is five times the total annual income of the UK.

And we can say that we think that costs the world well over \$200 billion a year in lost tax revenues. Not all of that, of course, is a loss to the developing countries of the world, but quite a lot of it is. Those places are particularly vulnerable to corruption and have tax authorities too weak to challenge their wealthy elites. Money pours out of them into tax havens as a result.

And that's not the only the cost of tax havens. We can also say that we think tax avoidance and maybe evasion by multinational corporations using tax havens may cost developing countries about £100 billion a year - by coincidence almost exactly the same as total world aid budget^{iv}.

If you put wealthy individuals and companies together then, according to a report issued by the European commission last week almost US\$20 trillion is hidden in just the Cayman Islands, Switzerland, Singapore, Hong Kong and Jersey combined^v. There are, of course, many other tax havens too.

At the same time they estimated, confirming a previous estimate of mine^{vi}, that the cost to the European Union of tax evasion may be €1 trillion a year.

Now that's not all down to tax havens, but what is staggering is that almost none of this was noticed, talked about, or ever discussed in academic or political debate before we in the Tax Justice Network raised the issue.

In particular, when we started this campaign almost no one talked about tax havens. In no small part because of our patient work they moved centre stage at the London G20 summit in April 2009, which I attended and where I became the first blogger to ever address a question to a world leader at such an event; again some small indication of our progress.

I'm not pretending as a result that we have as yet changed the world to the extent that we want. That would be untrue. But I can say that as a result of the research basis for our work we have persuaded many of the merits of our case. You will now find that many, if not most, of the world's major development NGOs campaign on tax, tax havens or related corruption issues. The list includes Christian Aid, ActionAid, Oxfam, War on Want and to some degree Save the Children here in the UK. I know others are thinking of joining in. Around the world there are too many to recount.

Those development agencies have become the campaigning arm of the tax justice movement. And our role as a central organisation, mainly comprising grey-haired thinkers, has been to provide them with the armoury of data to support arguments for reform, and to detail new and innovative solutions to the problems so that these campaigns are not just a negative process of drawing attention to a problem, but also a positive process that demands that specific reforms take place. It is that combination that has been critical to our success to date.

For example many NGOs, working together under the 'Publish What You Pay' banner, took one of our very first ideas and have turned it into an international success story. That idea, which I created as a result of my very first conversation with John Christensen, is called country-by-country reporting^{vii}. To put it simply, this demands that every multinational corporation should publish a profit and loss account for every single jurisdiction in which it trades. At present we have no idea in very many cases in which countries a multinational company does trade and we have even less idea about what they do there, how much they earn, and how much tax they do or do not pay as a result.

But this information is vital. 60% of world trade is undertaken on what is called an intra-group basis; that is, trade between two companies under common ownership. So this is Ford dealing with Ford. BP dealing with BP. And so on. If we knew which groups did this, where, and how much of that trade was routed through tax havens, and particularly how much of it was routed through tax haven on an intra-group basis, then we would know how much of these companies profits they were artificially hiding in tax havens. What is more, so would the world's tax authorities, which is a particularly important point.

But this same idea had particular importance for those campaigning on the extractive industries. The extractive industries are made up of those companies which drill for oil or gas or mine for essential raw materials. Around the world these resources are

overwhelmingly located in developing countries and they have, unfortunately, been associated for decades with corruption, civil strife and even war, and, as a result, with underdevelopment. The cost to billions of people, quite literally, has been enormous.

The response from development NGOs has been to call for each multinational company working in the extractive industries to publish just how much tax it pays in each of the countries in question so that the governments in those places can be held to account for the funds that they receive. Holding them to account in this way provides an obvious incentive to reduce corruption, improve governance, and to spend properly to meet the urgent needs of their populations. What was missing, however, was a universal standard for delivering the information in question so the companies had to supply the data to make this process possible.

Country-by-country reporting has delivered that mechanism and quite extraordinarily, in a period of less than a decade this requirement for the extractive industries to account for the taxes they pay is now already law in the USA and should become law in the European Union later this year. Those laws, admittedly, do not give us all the information we need about all the multinational companies in the world, and nor do they give us all the data we need about the abuses that take place in tax havens. We have still got to campaign for that. But the point is we have, working with our partners, developed and delivered a real mechanism that can change the lives of people by demanding accountable government in Africa, in Latin America, in Asia and perhaps even in the USA, the UK and Norway, where there was previously no such opportunity before. Our task is to change people's life prospects, and this is how we are doing it.

That though is not all that we have done, or all on which we have succeeded. We've campaigned extensively on tax havens. My work, and that of John Christensen, has forced the governments of Jersey, Guernsey and the Isle of Man to radically change their taxation systems so that they now comply with European legal requirements. This has made us deeply unpopular in those places.

My campaign to remove the UK's subsidy to the Isle of Man, which I estimated when I started this single-handed effort to be about £220 million a year, and a very significant part of its total government income, has proved successful. That subsidy has now been removed. The Isle of Man is no longer subsidised by the UK to be a tax haven.

We were also intimately involved in the campaign to close down the VAT loophole that saw the export to and import from Jersey of CDs, DVDs and other products to avoid paying VAT in this country, which was costing us well over £100 million a year in lost tax revenue in this country, and jobs in every UK high street.

Our aim in all these cases, and many others, has been to highlight the way in which tax havens and those who use them have been free riding on the back of the economy of the UK, and elsewhere at cost to the ordinary people of this country.

More broadly, we are focused heavily on the worldwide abuse that tax havens deliver and as a result have produced an index called the Financial Secrecy Index^{viii} which now ranks all the major tax havens of the world. It ranks their opacity, or secrecy if you like, and that's because it is secrecy that lets this abuse take place. When we launched the last index in 2011 it was reported in the press of more than 70 countries.

Again, this has not been popular work. But I knew we were succeeding when the head of the Cayman Islands' Monetary Authority described me as "the leader of the international tax Taliban". If the tax havens are hurting, then what we're doing is working.

We've been busy at home as well. In this case, working with partners in the trade union movement, where I have strong links, I have worked to highlight the issues of tax avoidance and tax evasion in the UK economy. I published my first estimate of tax avoidance in the UK in February 2008. I estimated tax avoidance to cost £25 billion a year^{ix}, split almost equally between large companies and individuals. Extraordinarily, to that point in time the UK government had never published an estimate of tax avoidance, and they certainly hadn't published one for evasion either.

I have published my estimate of tax evasion since then, which I think to be £70 billion a year. In addition, we also know that £25 billion of tax is outstanding and due to 'the Revenue' at any point in time^x.

These are astonishing sums of money, previously unacknowledged. Now admittedly the UK government does not agree with them^{xi}, and this is not the time to explore the technical reasons why we have such a different view on this, although I do make clear that I think our tax authorities estimates both avoidance and evasion are ludicrously low, and note that the European Commission, reporting just last week^{xii} would seem to agree with me as they now seem to be embracing my calculations for Europe as a whole – where the total tax loss comes to some €1 trillion a year^{xiii}.

The point however is that by forcing this issue onto the government agenda and out from there into public debate, via the Guardian newspaper, by blogging and tweeting, through the recent press series in The Times (of all papers) and through numerous television and radio documentaries which I and others in the Tax Justice Network have been involved with a public awareness of this issue has been created. That in turn, I have no doubt, led directly to the creation of the UK 'Uncut' and 'Occupy' movements.

I have welcomed both movements. They've done things the Tax Justice Network has not done. The pressure they have brought to bear on UK companies has been enormous. It has also had a real political impact. Chuka Umunna, now Labour's shadow business secretary, virtually made his name on the day that he asked Bob Diamond how many subsidiaries Barclays had in various tax havens. Those were excellent questions and Bob had no idea how to handle them. But someone had to write the questions for Chuka, and that was the Tax Justice Network.

So we are in the business of creating change, and it's pretty clear that we are succeeding. No one is more surprised than John Christensen and myself, plus all those others who have worked on this issue over the years. We're especially grateful to our funders, and in my particular case most especially to the Joseph Rowntree Charitable Trust, the union movement and the TUC, and the Norwegian government. I can add for the Tax Justice Network, Oxfam Novib in the Netherlands, Christian Aid and the Ford Foundation. But I stress, we remain a very small organisation. I'm always amused when people ask to come to our offices and I have to explain that that's either the converted garage in my back garden or the shed in John Christensen's garden.

It's true that we have used, according to others, the internet and social media to an extraordinary extent. I had no idea six years ago when I started my blog that it would now be the number 1 economics blog in the UK, but according to independent assessors it is. These things help, but they only help if you are giving a clear and unambiguous message as to why you are doing these things so let me turn to that as my final theme before we break for questions. At which point I should also add that from here on this is very much personal testimony.

I well remember a book written by the cricketer and Anglican Bishop, David Shepherd in the mid-1980s. It was called "Bias to the Poor". It was a great title. I think it's fair to say that everything that the Tax Justice Network does has within it a bias to the poor.

We believe that if developing countries were to collect the taxes that are owed to them then they could develop their own viable, democratic, stable governments that could deliver, subject to the processes of local democratic choice, the healthcare, education, infrastructure and other needs that are so obviously vital if very many of the poorest countries in this world are to get out of poverty. That is why we have worked so hard to make sure multinational companies pay their taxes in the right place at the right time and do not hide the money that they take from developing countries and put it in tax havens. This will be a recurring theme for our work for a long time to come.

The same motivation is true of my work that has a UK focus. That has the same bias to the poor. That is why I work on tax justice. For me, and I do not speak for the movement as a whole, this work is the fulfilment of my Christian vocation.

In Luke chapter 4 Jesus said that he came to deliver good news to the poor and freedom to the oppressed. And the truth is that in my opinion you simply can't take the message of Christian concern for the poor out of the Bible and have anything meaningful left. It is, I think, what Christian faith is about.

Now I am well aware that there are those on the right wing of politics who say that the only way in which a Christian can evidence this charitable intent to the poor is by voluntary donation out of their income to relieve poverty. We have seen the Taxpayers' Alliance and Institute of Directors saying that recently^{xiv}. The payment of tax, they say, prevents Christians undertaking this charitable activity, which is indication of their faith, by removing

the financial resources they need to give. Well I must be candid. I see no merit at all in that argument.

I believe that such organisations promote this idea because they do not believe in the state. And they equally do not believe in the power of the state to liberate people from oppression.

I do.

I do not have a blind belief that politicians get things right, or that everything the state does is right. We are human. That means, by definition, that mistakes will occur, and of course they do. But the argument put forward by those who believe in flat taxes; in particular that the state has no role in the provision of essential services including healthcare, education, provision of pensions, social services, other essential systems on which the fabric of our society is built, is just wrong. And if you don't believe that those who promote flat taxes don't believe in such things I offer the following quotation from an interview I had in 2006 with Alvin Rabushka who created the flat tax concept^{xv}. He said then:

The only thing that really matters in your country is those 5% of the people who create the jobs that the other 95% do. The truth of the matter is a poor person never gave anyone a job, and a poor person never created a company and a poor person never built a business and an ordinary working class guy never drove economic growth and expansion and it's the top 5% to 10% who generate the growth for the other 90% who pay the taxes to support the 40% in government. So if you don't feed them [i.e. the 5%] and nurture them and care for them at the end of the day over the long run you've got all these other people who have no aspiration for anything more than, you know, having a house and a car and going to the pub. It seems to me that's not the way you want to run a country in the long run so I think that if the price is some readjustment and maybe some people in the middle in the short run pay a little more those people are going to find their children and their grandchildren will be much better off in the long run.

I can't link that with a bias to the poor. As for the role of government he said:

I think we should go back to first principles and causes and ask what government should be doing and the answer is "not a whole lot". It certainly does way too much and we could certainly get rid of a lot of it. We shouldn't give people free money. You know, we should get rid of welfare programmes, we need to have purely private pensions and get rid of state sponsored pensions. We need private schools and private hospitals and private roads and private mail delivery and private transportation and private everything else. You know government shouldn't be doing any of that stuff. And if it didn't do any of that stuff it wouldn't need all of that tax money so that's the fundamental position and as long as you're going to have government do all that stuff you're going to have all those high taxes.

That's what the flat tax proponents really think. That's why the Institute of Directors and the Taxpayers' Alliance suggested slashing the size of the state in the UK to allow for the introduction of a flat tax.

I'll tell you what will happen if that were to occur. We'd see a flood of wealth from the poor to rich in this country, and we'd see mass poverty on a scale that I wish were unimaginable, but would seem to be what these people want.

My argument rejects this viewpoint. My argument is that we, as Christians, have a duty to use to power of the state to deliver good news for the poor. Over a long time many Christians seem to have agreed. If they hadn't those who used the power of the state to abolish slavery would have been wrong to do so.

Those who worked to transform the South African state to abolish apartheid would also have been wrong.

And those who believed in the 19th century that the supply of clean water and sanitation, all delivered through the state, was the means for achieving a healthy population in the UK would have been wrong.

Whilst those who worked tirelessly for a universal right to free education would also have been misguided. Charity schools should still, in the opinion of those who argue against such a supply, be the basis of provision. I think we can all imagine where that would have got us.

Thankfully all those who campaigned for those things weren't wrong. They were right. And as a result I think it is our duty as Christians to stand up and to account for our faith and to say that it is not an issue that only concerns us on Sunday morning. It is a 168 hours a week duty to stand witness for what we believe in.

And if, as I think it has to be, that the relief of poverty is at the core of what we are seeking to achieve then I also have no doubt we have a duty to engage with the political process. For some that will be as politicians. For me that is not the case. I am not a member of a political party, and I am willing to work with all those political parties that show sympathy with the creation of a taxation system that is truly progressive and which seeks to redistribute income and wealth in this country from the best off to the least off. As a result I have worked with the Labour Party, the Liberal Democrats, Greens and nationalists. I hope no one would accuse me of being partisan.

The reason, I suggest, why we need to engage now is that for the last 30 years the economic system of this country has been biased against the poor. The wages of most people in this country have, when inflation is taken into account, been stagnant. When rising house prices are taken into account, for many they may have fallen. It is for that reason that so many of us went into debt, and what we borrowed was the savings of those who had been made rich during that same period. The Occupy movement called them the 1% and that label was so effective because it was so correct.

For the 1% tax rates have fallen. The highest rate of income tax in the UK was 60% in 1980 and soon it will be 45%. VAT was 12 1/2% in 1980 and now it is 20%. Corporation tax rates were more than 50% in 1980 and soon they will be 22%. National Insurance rates have gone up. The base on which income taxes are charged for those on lower earnings has been expanded, considerably. That means the poorest have been paying more tax. But for the rich and multinational companies the UK has become a tax haven. The result has been a massive rise in inequality in this country as the rich have got richer and the rest have stood still, or worse.

That is wrong. And if we are to bring good news to the poor then we have to say so. It takes courage, I can assure you, and it takes conviction but it doesn't actually take very many facts because they are so stark and so obviously indicate the bias that has taken place. All I can guarantee is that it makes you unpopular. And yet events over the last few years, and indeed even over the last few weeks, have shown how sentiment is changing on this issue.

What those events make clear is that there is now a choice to be made.

We can stop tax cheats cheating or cut pensions.

We can cut corporation tax rates for large companies or cut the NHS.

We can sack staff who could crack down on tax avoidance at HMRC or deny our children a proper education.

We can introduce half hearted measures to tackle tax abuse – as the government plans – or force our children to stay at home until they're 25.

We can cut the 50p tax rate or provide the capital to create the green investment bank that could put people to work in this country.

Those are all choices. I suggest that the government has made the wrong choices. So far, and almost without exception, the choices they make favour the rich. That's why I say the choices are wrong. Alvin Rabushka who proposed flat taxes might like the government's plans, but I don't.

And I stress that when I put those choices before you I do not for one minute suggest we don't need multinational companies. Nor am I saying for a moment that there's anything wrong with being in business. I am, I would remind you, a chartered accountant. I don't apologise for that.

What I am saying is that businesses also succeed with the help of government. They gain from healthy, well trained work forces, good infrastructure, strong law and order, a level playing field where they know everyone of their competitors pays the right amount of tax as much as they do, and where they know strong regulation ensures all play by the rules.

In other words, I am saying, as Richard Wilkinson and Kate Pickett did in "The Spirit Level", that we all win from a fair tax system that redistributes wealth whilst laying the secure foundations for a strong market economy. But we haven't got that. And to say so is, I think part of our witness. It is part of our Christian witness. It is what I believe my ministry is.

I think it our duty to challenge and to change our culture, to call on businesses and people and to say have the courage to pay your tax in the right place, at the right time and in the right amount – because that's what we as a society all need to do if we're to flourish.

Let me close. I was outside St Paul's Cathedral last October on the day that the doors were shut on the Sunday when worship did not take place. I had the privilege of speaking to the press and BBC that day. And as I did so I had a very firm conviction, one which it is now clear that Giles Fraser shares, that if Jesus had been present with us then he would have been outside on the steps with the Occupy movement quoting the words of Isaiah as he did when he stood in the synagogue in Nazareth, when he said

*The Spirit of the Lord is on me,
because he has anointed me
to proclaim good news to the poor.
He has sent me to proclaim freedom for the prisoners
and recovery of sight for the blind,
to set the oppressed free,
to proclaim the year of the Lord's favour.*
(Luke 4: 18-19 NIV)

That's what Jesus said his ministry was about. I think it's our job to help the poor hear the good news, and with regard to those oppressed by debt, to seek the year of God's special favour.

I have spent a decade working to deliver tax justice with that mission in mind. I hope you support that idea in your prayers, in your congregations and in your communities. If so, I offer you my grateful thanks.

ⁱ <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmtreasy/124/12405.htm#a1>

ⁱⁱ <http://www.searchingfinance.com/products/soon-to-be-published/the-courageous-state-rethinking-economics-society-and-the-role-of-government.html>

ⁱⁱⁱ http://www.taxjustice.net/cms/upload/pdf/Price_of_Offshore.pdf

^{iv} <http://www.christianaid.org.uk/images/deathandtaxes.pdf>

^v http://ec.europa.eu/taxation_customs/resources/documents/common/publications/com_reports/taxation/com%282012%29351_en.pdf

^{vi} http://www.socialistsanddemocrats.eu/gpes/media3/documents/3842_EN_richard_murphy_eu_tax_gap_en_120229.pdf

^{vii} <http://www.taxresearch.org.uk/Documents/CBC2012.pdf>

^{viii} <http://www.financialsecrecyindex.com/>

^{ix} <http://www.tuc.org.uk/touchstone/missingbillions/1missingbillions.pdf>

^x <http://pcs.org.uk/en/campaigns/tax-justice/why-are-they-increasing-the-tax-gap.cfm>

^{xi} <http://www.hmrc.gov.uk/stats/mtg-2011.pdf>

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<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/492&format=HTML&aged=0&language=EN&guiLanguage=en>

^{xiii} http://www.socialistsanddemocrats.eu/gpes/media3/documents/3842_EN_richard_murphy_eu_tax_gap_en_120229.pdf

^{xiv} <http://www.2020tax.org/>

^{xv} http://www.taxjustice.net/cms/upload/pdf/AACA_flat_tax_report_-_JUN_2006.pdf