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The Winter of Our Discontent: Finance, Tax Havens and Social Contract

Minorities are often described in reference to a majority. The opposition and the balance can be defined in terms of numbers, or in reference to a distinct origin but it always implies some form of power balance between subalterns and others. In the first case, the majority may correspond to some form of class distinction (the people and the elite) (Marx, 2002 (1848)) in reference to the State (Scott ?). In the second case, a specific relation to the land is often a source of such opposition between natives and others. Although this belongingness may be largely a social construct (Anderson, 1982), it may happen that a “minority” of natives gains legitimacy (and a form of symbolic majority) because of its prior residency in a place. Their claims may contradict or reinforce other forms of claims, such as those based on numbers and social class. Such dilemmas are both economic and political, since it shapes both public and private rights and in particular, collective property rights. In case of tension, a choice needs to be made to define a single social contract acceptable by all.

An exemplary case of this issue is to be found on the Anglo-Normand islands, whose population recently changed because of their activity as tax havens. As a result of this activity, a dense work immigration developed since about twenty years. However,

depending on the nature of services provided, its origin and its income are quite different. There are highly qualified finance professions and service professionals with little or no qualification. The first group comes from large universities and cities where large banks are present, whereas the second group of migrants mostly come from Poland. Their situations and their culture seem quite different, and they also differ from the islanders'. Still, both natives and immigrants vote during the general elections. This is an occasion to observe the stakes of local elections in places where professional activities are highly concentrated and possibly highly influential on the whereabouts of the islands. What mostly interests us are the choices made in terms of social rights for all islanders, in a tax-haven where taxes are raised in a specific way, that needs to be consistent with the "no tax" discount offered to foreign investors.

As an inspiration, we use past descriptions of comparable situations in the past (Orwell; London) where inequalities were very high and capital was highly concentrated with no public services. We also refer to the creation of social rights (Beveridge in Castel, 1995) in West-European democracies as a model of social contract now being challenged.

Sark in the Winter of 2008

The elections were described, in the international press, as the victory of a local grassroots community against City tycoons, new fortunes from finance, the Barclay brothers. This was also the revenge of a feudal constitution to the new democratic regime imposed by the European union. As the subprimes crisis had just erupted, the legitimacy of the European Union in sheltering its citizens was opposed to the island, a model of small communities strong ties. However, on the island, where no taxes were raised and no public services existed, work immigrants and the unemployed youth (those who were not yet landowners, since they

had yet to inherit) may not have been so pleased with life on the island.

Jersey in the Fall of 2014

The depute elections took place in a climate of social tension (poverty becoming a real problem) and a high level of anxiety due to the increased pressure on tax havens and on that tax haven in particular, compared to more exotic destinations. The tension was palpable in the media after an Attac conference had been organized on the island about tax justice in relation to human rights. After the conference, candidates who had been present at the conference were the target of violent media criticism, accused of being “allied with anarchists” and “terrorists” (referring to the French members of the social movement). However, three deputes, all islanders by root, were elected. They had promised to stop the steep rise in taxes (on consumer products and work) of the past years and they had in mind to diversify the productive activities of the island from banking and trust funds.

In our view, the two events point at different orders of values referring to a social contract, and including different groups categorized in different ways. Majority and minority seem to be defined in different ways, and the symbolic dimensions of this categorization becomes relevant not only for the constituencies on the islands but for other countries in the world and democracy in the new age of capitalism.

In this paper, we describe the contrast between poverty and riches in a land of riches and we attempt to distinguish what the social contract on the Anglo-Normand islands is made of. We use both participant observation (on the islands during the elections), in-depth interviews with islanders as well as archival data (the media coverage of the elections).

-we describe two election campaigns, where political issues are exposed in the open

-we refer to three possibilities for all voters on the island (exit, voice, and loyalty)

-we attempt to describe the different realms of values that coexist on the islands, and determine dominant representations that “island communities” are referred to when decisions are made.

We provide an in-depth interpretation of minorities and majorities in terms of boundaries and we derive from it various positions in relation to their situations and to various regimes of values they respect. Finally, in relations to categorizations and representations, we attempt to define the existing social contract in the Anglo-Normand islands as tax havens.

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