GJOP Network BULLETIN

Global Justice Overcoming Poverty

- How can we break billionaire dominance? World Economic Forum, Davos
- Tricks of the Trade
- Ecological disaster waiting to happen.

WORLD ECONOMIC FORUM IN DAVOS, SWITZERLAND
HOW CAN WE BREAK BILLIONAIRE DOMINANCE?

According to the Oxfam Annual Report on the World Economic Forum in Davos, Switzerland in January 2024: "We are closer to seeing the world's first trillionaire than ending poverty." This is because **our economic system works for the few richest individuals, often men, who reign over our economy**. This system enabled the five richest men in the world to almost double their fortunes since 2020. The same Oxfam research reveals that 'one billionaire is the Chief Executive, or principle shareholder, of seven of the world's ten biggest corporations'. In the European Union (EU), the five richest men have increased their wealth at a rate of six million euros per hour since 2020, which adds up to an accumulated wealth of more than 400 billion euros – equivalent to half the education budget for all EU countries.

Behind these billionaires are often big corporations making windfall profits. Last year – 2023 – was the most profitable for huge companies as 22 of the world's biggest, head-quartered in the EU, made 172 billion euros in net profits in the 12 months to June 2023. This was 66% more than their average profits for 2018-21. With these profits, the ultra-rich can buy influence in various ways. Billionaires and their corporations can pay for armies of lobbyists to influence policymakers to make laws in their favour. As the richest 1% own over 40% of global financial assets, including bonds and stocks, they can decide which projects or sectors will secure investments or loans and which will not. They can influence public opinion by controlling important media outlets.

The French billionaire, Bernard Arnault, the second richest man in the world, presides over the luxury-goods empire LVMH, an umbrella company for famous French brands such as Christian Dior, Louis Vuitton and Chandon. However, his empire isn't limited to expensive perfume and champagne. He also owns France's biggest media outlet, *Les Echos,* as well as *Le Parisien.* Arnault is but one example of many in a system that gives monopolists too much control over the economy and fuels inequality.

Corporations have become inequality-generating machines. They are making record profits by tightening restrictions on workers, dodging taxes, privatising state enterprises and services and increasing climate breakdown. Oxfam's analysis shows that fewer than 1% of the world's largest corporations are publicly committed to paying workers a living wage. Over the last two years, 800 million workers worldwide have lost 1.4 trillion euros to inflation – equivalent to 25 days of lost wages for each person. Meanwhile, corporations are distributing 80% of their record profits to the pockets of their already-rich shareholders. Corporations and their wealthy owners are also driving inequality through a war on taxation. They are boosting 'a race to the bottom' in their efforts to dodge taxes while depriving the public of better public services. This is why the average corporate-tax rate in the EU has fallen by ten percentage points since 2000 – 32 to 22% – and why, in the last 30 years, seven out of eight EU countries got rid of wealth taxes. The privatization of essential services such as education, water and healthcare – pushed by corporate power – further widens the inequality gap, as it limits access to those who can pay.

Corporate power is also advancing the climate catastrophe, which is hitting hardest the most vulnerable. Fossil fuel companies are profiting from their planet-killing business while they block progress on urgent climate action. Their ultra-rich owners further contribute to the climate emergency through their luxurious lifestyles and investments. Meanwhile, ordinary people are bearing the brunt of the disastrous effects of heatwaves, floods and landslides caused by human and corporate greed.

The good news is that we can stop this. Our governments must take more control and regulate corporate power, guarantee essential public services and promote more democratically owned businesses. Fair taxes are vital in breaking billionaires' dominance and ensuring our economy serves not only a handful of ultra-rich individuals but works for ordinary people. For example, a European wealth tax on EU multi-millionaires and billionaires at a small rate of 2-5% could raise nearly 300 billion euros a year – enough to cover 40% of the EU's Recovery and Resilience fund. This tax would boost government coffers to fight inequality and also make rich polluters pay for their role in the climate crisis.

Oxfam is supporting – together with economists, multi-millionaires, and politicians – a European Citizens' Initiative for a European wealth tax. Every hour governments fail to act is literally costing millions of euros. Europeans are calling on the EU to move to end this and tax the rich. The same goes for windfall and excess profits of corporations. New analysis by Action Aid, in collaboration with Oxfam shows that a 90% tax on windfall profits, applied to the 36 largest companies in fossil fuels and banking around the world, could raise close to $382 billion. This is almost 20 times what was spent globally on climate adaptation in 2021.

The scale is unprecedented, and it is a global problem. To stop the world's wealthiest and biggest corporations avoiding paying their fair share of tax, we need a global effort, such as the United Nations Convention on Tax advocated by African countries but resisted by EU member states. Taxes on wealth and corporations, along with more public power and sustainable business are the only way to create an economy free from billionaire supremacy. It is time for an economy that works for ordinary people and the planet.

Source: Chiara Putaturo, Deputy Head of Oxfam's EU Office 'Taxing Wealth to Break Billionaire Dominance', January 18, 2024. Slightly edited by Mary Boyd.

TRICKS OF THE TRADE

We have written often over the years of the unjust and destructive consequences of Investor-State Dispute Settlement (ISDS) provisions in trade agreements. Our International Grail Justice and Trade Network has played an active part in an increasingly effective global campaign to exclude ISDS from all future and existing agreements. The following account of a current dispute demonstrates the absurdity of retaining ISDS in any trade agreement.

Australian billionaire, Clive Palmer, has given notice to the Australian government that his Singapore-based company, Zeph investments, is using the Investor-State Dispute Settlement (ISDS) process in the Singapore-Australia Free Trade Agreement to claim AU$69 billion in compensation, because the Queensland Land Court refused permits for its Waratah coal mining project in North Queensland. The permits were refused for environmental reasons, including their contribution to increased carbon emissions. Palmer had already used the ISDS provision in a different Agreement, the ASEAN-Australia-New Zealand Free Trade Agreement, for two other claims against the government. The first was a claim for almost AU$300 billion because of the Western Australian Government's refusal of an iron ore mining licence, which he appealed to the High Court and lost The second claim is for AU$43 billion over the refusal of an environmental permit for the same Waratah coal mine.

What kind of disordered system allows Palmer to claim to be a Singaporean investor and sue the Australian government for a total of AU$409 billion under two different trade agreements?

ISDS in a trade agreement allows foreign investors to sue governments for compensation if they can argue that a law or policy decision harms their future profits, irrespective of its purpose, which may be promoting human rights or social justice or environmental health. ISDS claims are heard by international tribunals, which, in contrast to national legal systems, are not required to consist of independent judges, and may be partial advocates. As well, there is no admission of precedents or appeals.

Even if governments win cases, defending them takes years and tens of millions in legal fees. Having registered Zeph investments in Singapore, Palmer can lodge multiple claims under trade agreements between Australia and Singapore. His strategy is clearly to maximise costs to the government. And ISDS, just as clearly, not just allows this blatant manipulation by profit-driven corporates but facilitates and encourages it.

Palmer's second and third cases add to increasing numbers of cases from fossil fuel companies, suing governments because of decisions to reduce carbon emissions. A 2022 study, published in the prestigious *Science* journal, found that ISDS cases threaten the global green energy transition. Further, the Intergovernmental Panel on Climate Change (IPCC) recently acknowledged that ISDS cases – or even the prospect of one - can lead to governments' scrapping, or delaying, measures to phase out fossil fuels.

Following its experience of being sued by the Philip Morris tobacco company over its 2012 'plain packaging' law, the Australian Labor government has a policy against including ISDS in new agreements and to review it in existing agreements. Palmer's third case makes the removal of ISDS in existing agreements even more *urgent.*

Source: Based on report of Dr Patricia Ranald, Convenor AFTINET (Australian Free Trade and Investment Network), www.campaign@aftinet.org.au 14 Nov, 2023. Title from SundayPaper, 30 Sept, 2023. Edited by Alison Healey.

ECOLOGICAL DISASTER WAITING TO HAPPEN

The Australian companies, Newcrest Mining and Harmony Gold (Australia) are partners in the Wafi-Golpu Joint Venture. This is a gold and copper mine advanced exploration project that, if approved, is set to be one of the largest mines to ever be approved in Papua New Guinea.

The mining waste is proposed to be transported from the mine to the sea through a 130-km pipeline stretching through the earthquake-prone city of Lae, across floodplain-prone agricultural lands, and into the Huon Gulf. The waste over the mine's 28-year lifespan is estimated to be 360 million tonnes, and will include arsenic, mercury, lead, nickel and other heavy metals. When it reaches the ocean, it will be disposed of by a method called 'deep sea tailings placement' (DSTP), which is only used by 15 other mines around the world.

This plan has been vehemently criticised by Professor Ralph Mana, a local marine scientist who independently reviewed the companies' Environmental Impact Statement (EIS) and has called it an 'ecological disaster waiting to happen'.

The companies have stated that 'most of the mining waste will settle on the floor of the Markham Canyon, a 2km deep underwater trench offshore from the Huon Gulf. However, the companies' own scientists admitted in the EIS that only 60% of the mining waste will reach the Markham Canyon, and approximately 40% will hang in the water column. According to Professor Ralph Mana, less than 10% of the mining waste will reach the Markham Canyon, and that 90% of the mining waste – 324 million tonnes – will be hanging in the water. He has also calculated that the tailings will travel 30km in every direction through the water, due to two currents travelling in different directions. All villages and towns within a 30km radius of Wagang will be affected by tailings in the water.

In November 2022, Jubilee Australia, the Centre for Environmental Law and Community Rights (CELCOR) and the Evangelical Lutheran Church of PNG lodged a complaint on behalf of 2,596 community members in Morobe Province with the Australian National Contact Point for Responsible Business Conduct (AusNCP). The complaint highlights the companies' failure to fully inform and consult the people affected; to provide an adequate environmental assessment of their project; or respect the people's human rights to life with dignity and a sustainably healthy environment.

The PNG government planned to announce its decision on the mines in December 2023, but has delayed it while there are ongoing legal challenges. If it rejects the proposal as presented, then what?   Will it be challenged in an ISDS tribunal? Whichever way it goes, Papua New Guinea loses millions of kina from national funds.

Source: Emily, Jubilee Australia emily@jubileeaustralia.org   Edited by Alison Healey.

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