An exercise on justice

You are a citizen. You are aware that Warbucks Coffee has paid a negligible amount of corporation tax on the money it has earned in your country since establishing there 15 years ago, this despite producing cumulative sales in the country of over $4.5bn during that period. See the box for how Warbucks achieves this.

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| **How Warbucks avoids corporation tax**The most controversial measure involves registering the rights to its brand and logo to a holding company based in the Netherlands. For every cup of coffee sold on the UK high street, the company pays a 6 per cent royalty fee to its Dutch counterpart. A second way of pushing money away from Britain relates to how the firm buys its coffee. The beans are purchased by an outfit based in low-tax Switzerland. Despite never actually landing on Swiss soil, they are sold on at a mark-up to the Netherlands, which until recently was Warbucks’ European HQ. In the Netherlands the beans are roasted in its giant plant in Amsterdam before being sold on – again at a mark-up – to all of its other European operations. This means that the roasted beans are bought by Warbucks in the UK at a significant premium to the price initially paid by Warbucks in Switzerland.All of this contributes to lower UK revenues, making it more difficult for it to turn a profit. |

Step 1

Take one card out of the set of cards given to your group. The card sets out your personal situation. Spend two minutes thinking about what is important to you, being in that situation. What do you expect government to spend money on? Where do you expect this money to come from?

Step 2

Now each member of the group in turn must say something about their situation (i.e. summarise the card) i.e. what is important to you.

Step 3

Now, together, discuss for 5 minutes what would be a just way of settling the dispute between Warbucks Coffee and the citizens. You are essentially discussing how to distribute goods across society through government tax and spend policies in a way that all consider “fair”. What would be fair here?

Step 4

Return your card to the pile and take a different card. Repeat steps 1 to 3.

Step 5

Await further instructions.