

Trillions hidden in tax havens by super-rich, corporations

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The ultra-wealthy, banks and corporations from around the globe have some \$32 trillion of wealth hidden in off-shore tax havens, according to a cache of information leaked by the International Consortium of Investigative Journalists (ICIJ) in April of this year.

The hidden wealth, consisting mostly of financial assets and bank accounts but also including assets like mansions and yachts, amounts to 44 percent of world GDP, or \$4,600 for every person on earth.

This amount is nearly triple the figure of \$11.5 trillion from 2005. Taxation justice activist groups previously estimated, although lacking direct proof, that the figure was between \$20 trillion and \$30 trillion.

Some 2.5 million leaked files trace the outlines of a largely secret section of the world economy. The files were reviewed and published in a sprawling report by the ICIJ, a watchdog organization reporting on corruption and accountability, after over a year of research.

According to the ICIJ, “The leaked files provide facts and figures--cash transfers, incorporation dates, links between companies and individuals--that illustrate how offshore financial secrecy has spread aggressively around the globe, allowing the wealthy and the well-connected to dodge taxes and fueling corruption and economic woes in rich and poor nations alike.”

Their reporting has focused primarily on the tax revenue lost by governments, although it is difficult to estimate what the totals are. Even though much of the wealth belongs to individuals and banks from North America and Europe, developing countries mired in widespread poverty are likely the hardest hit by the loss of tax revenue. Corrupt government bureaucrats from around the third world are well-represented in the list of tax evaders.

The issue of lost tax revenue is legitimate, especially

at a time when vicious austerity programs are justified with the excuse that “there is no money.” Far from this being true, documents released by the ICIJ reveal that the overflowing wealth of the world’s richest individuals has grown to proportions never seen before.

Some of the premier tax havens include the Cayman Islands, Cook Islands, Liechtenstein and Bermuda, with the British Virgin Islands described as the “epicenter” of the hidden wealth industry.

The clients of these offshore tax havens include the super-rich from nearly every country. The clientele ranges from American billionaires to Russian oligarchs, Hong Kong property developers, corrupt government bureaucrats, and gangsters. According to the leaked documents, about \$10 trillion is the property of a mere 100,000 individuals. On average, this tiny sliver of the global population is hoarding \$100 million each.

Enormous banking institutions like Deutsche Bank, UBS, the Swiss private bank Clariden, ING, and ABN Amro have actively worked to set up tax evasion schemes for their clients in offshore hiding places. JP Morgan, linked inconclusively by leaked documents to a number of tax evasion schemes, has 50 subsidiaries in Bermuda, the Bahamas, and similar “treasure islands.”

Dozens of examples of high-profile fraud are presented by the ICIJ in explicit detail, including:

- Swedish real estate tycoon Han Thulin, who had around \$17 million stashed away in the South Pacific, even as he owes massive outstanding debts to the Swedish government.
- Banco Amambay, owned by Paraguayan presidential candidate Horacio Manuel, which operates secret financial institutions in South Pacific tax havens. Both Manuel and Banco Amambay have previously been investigated in connection with money laundering.
- Two French banks, BNP Paribas and Credit

Agricole, which specialize in creating “quick” foreign companies in under 48 hours, to be used for hiding money in a pinch.

Although the entire process reeks of criminality, most countries make it relatively easy to legally secret away enormous fortunes in unaccountable mini-nations.

The fact that stock-trading billionaires and outright gangsters stash their loot in the same places suggest the true nature of the former. Indeed, ICIJ notes that since the money of drug lords and underworld kingpins intertwines with deposits from “legitimate” businessmen, it is difficult in many cases to delineate the dividing line between the two.

But despite the talk of tax evasion, much of this wealth is spirited away from the public reach through entirely legal channels. George Kaiser, an American billionaire, provides a prime example. Kaiser started a tax-exempt non-profit called the George Kaiser Family Foundation, which owns \$3.4 billion in assets. The “charity” bought a \$110 million dollar natural gas tanker and gave control of it to Excelerate Energy LLC, which Kaiser also controls. As a result, Kaiser realizes the profits from his capital tax-free.

Although the ICIJ had hoped to elicit a broad response, governments have demonstrated their effective acceptance of tax evasion by the wealthy. So far, no one has been prosecuted in response to the information in these leaked documents, as much of the evasion was carried out through legal or quasi-legal means.

The announcement by five European countries that they would begin exchanging tax receipt information to catch evaders is an empty gesture. As the details of the report make clear, tax evasion is systemic in the business world and receives the tacit approval of governments.

According to ICIJ, the British government has an even larger store of leaked information which it is reviewing at its own discretion.

The ICIJ report does not probe the question of why tax and revenues authorities did not launch their own investigations of offshore banking, instead leaving it to independent journalists. In fact, governments are actively abetting theft from the public treasury, in the form of endless injections by governments into the banks.



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