

Imperialism, political corruption and the real face of capitalism

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The “Panama Papers” claimed its first casualty Tuesday, when Icelandic Prime Minister Sigmundur David Gunnlaugsson was forced to resign following protests by thousands of people in the country’s capital.

The documents, released Sunday by the International Consortium of Investigative Journalists (ICIJ), revealed that Gunnlaugsson had failed to disclose his holdings in an offshore shell company that allowed his family to profit from the bailout of Iceland’s banks after the 2008 financial crisis.

The widening global scandal threatens to engulf UK Prime Minister David Cameron. He faces demands that he release his tax records following reports by leading newspapers, basing themselves on the “Panama Papers” documents, that his father, Ian Cameron, held shares in an offshore corporation.

Mossack Fonseca, the Panamanian legal firm at the heart of the scandal, made millions of dollars helping politicians and the super-rich stash their money and hide it to evade taxation. Its operations are a testament to the pervasive role of tax dodges, money laundering schemes, corporate slush funds and political kickbacks in the day-to-day economic and political life of the world’s leading “democracies.”

The ICIJ report has implicated 140 public officials around the world, including 12 current and former heads of government, as well as 29 billionaires listed in *Forbes* magazine’s ranking of the planet’s 500 richest people.

While relatively few Americans have been named in connection with the documents, experts have told media outlets that the services provided by Mossack Fonseca are readily available in domestic tax havens such as the state of Delaware. One small office building in that state is the nominal home of 285,000 separate

businesses, including Fortune 500 companies Apple Computer, Coca-Cola and JPMorgan Chase, as well as an untold number of shell companies belonging to run-of-the-mill fraudsters, smugglers and financial criminals.

None of the ICIJ’s revelations will come as a surprise to financial regulators, who have ample documentation showing that major financial institutions have facilitated tax evasion and money laundering operations for decades.

In 2012, the British bank HSBC was fined \$1.9 billion for having laundered money for Mexican drug cartels. However, a 2015 leak by the ICIJ documented the fact that the bank subsequently continued similar operations unhindered. It essentially ran its Swiss private banking arm as a back alley tax evasion service, handing its wealthy clients “bricks” of hundreds of thousands of dollars in foreign denominations to help them avoid taxes.

The ICIJ’s revelations come as politicians, including those like Cameron, who are implicated in the scandal, insist there is no money to pay for the most essential social services. The international financial elite and its bribed political stooges are allowed to dodge taxes by stashing their wealth in offshore havens right under the noses of financial regulators, while the working class is told it must accept worsening poverty and deprivation.

It is now a century since the Russian revolutionary Vladimir Lenin described the imperialist epoch as a stage of capitalism in which finance capital dominates, giving rise to a “new financial aristocracy” characterized by “corruption, bribery on a huge scale and all kinds of fraud.”

The processes Lenin was describing were at the time only in their infancy. They have vastly matured and expanded in the ensuing period. A criminal financial

elite has bankrupted the world economy, stealing unimaginable sums by means of speculation and parasitism and operating outside of any legal restraint.

In contemporary capitalism, it has become a truism that political office is a path to great personal wealth and entry into the financial elite. One need only look at the 2016 US elections to see this principle in action.

Hillary Clinton, the Democratic frontrunner, has, together with her ex-president husband, made over \$140 million in the eight years since the 2008 financial crash. She garnered a substantial portion of this wealth in speaking fees from major corporations and banks. In the first 15 months after she left her post as secretary of state in 2012, Clinton received \$5 million in speaking fees, putting her squarely in the top 0.1 percent of income earners. Such payouts are, in the world of American politics, nothing more than a form of legalized bribery.

The \$140 million pocketed by the Clinton household, and the millions more funneled into their foundation, are nothing less than payment for services rendered to the financial elite.

This is just the tip of the iceberg. In February 2015, the *Guardian* reported, based on the 2015 ICIJ report, that Hillary Clinton and her family had received “as much as \$81 million from wealthy international donors who were clients of HSBC’s controversial Swiss bank.”

In an editorial posted Tuesday evening, the *New York Times* asks rhetorically, “How did all these politicians, dictators, criminals, billionaires and celebrities amass vast wealth and then benefit from elaborate webs of shell companies to disguise their identities and their assets?”

The newspaper bemoans the “dangerous... damage to democratic rule and regional stability when corrupt politicians have a place to stash stolen national assets out of public view.” It asks, “After these revelations, will anything change?”

The *Times* knows very well the answers to its rhetorical questions. The crimes documented in the “Panama Papers” have occurred because governments and financial regulators, entirely under the thumb of the financial elite, serve not as checks upon the criminal activities of the global financial oligarchy, but rather as co-conspirators. To the extent that these matters are left to capitalist governments, nothing will change. The

latest ICIJ findings will be buried in exactly the same manner as its earlier reports.

The task of cleaning the Augean stables of capitalism’s billionaire oligarchs, corrupt politicians and criminal CEOs requires the building of a socialist movement of the working class in opposition to the present social order. The “Panama Papers” illuminate a basic reality: Parasitism, criminality and corruption are not warts on the face of capitalism, they *are* the face of capitalism.



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