

Panama Papers destabilise Cameron government in UK

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11 April 2016

The angry response in the UK to the “Panama Papers” revelations has further destabilised the Conservative government of Prime Minister David Cameron. Already weakened by deep divisions over membership of the European Union and the threatened closure of what little remains of a UK steel industry, the government now faces protests by thousands demanding Cameron’s resignation and a petition calling for a general election next year that has gained 100,000 signatures, which must now be debated in parliament’s Westminster Hall. Cameron is to make a statement to parliament today.

The leak of the Panama Papers, detailing over 200,000 offshore companies listed by the Panamanian law firm Mossack Fonseca, provides a glimpse into the shady world of tax avoidance carried out by the world’s elite.

The documents identify heads of state and government officials in more than 45 countries who have set up accounts and shell companies in various tax havens. Last week, Iceland’s prime minister, Sigmundur Gunnlaugsson, became the first casualty of the scandal. He was forced to step down after the exposure of his shell company in the British Virgin Islands, which administers \$4 million in bank bonds, sparked protests.

Cameron was implicated when it emerged that his father, Ian, was a director of Blairmore Holdings, operating out of Panama and managing investments on behalf of wealthy families, banks and celebrities. For the past week, the prime minister has been immersed in a damage control effort that has succeeded only in inflicting further damage. After four evasive statements, he finally admitted Thursday to having shares in his father’s company and profiting from them to the tune of £19,000 in 2010. He also acknowledged that he was left £300,000 in his father’s will—a figure just below the £325,000 subject to inheritance tax. It was then revealed that he had personally intervened to prevent offshore trusts from being included in European Union-wide moves to rein in

tax avoidance in 2013.

In a final attempt to bury the issue, Cameron released six years of his tax returns. But this only underscored how wealthy he and his multi-millionaire wife, Samantha, really are. Cameron has a taxable income of £200,000 a year, but his wealth is many multiples of this.

His income in 2013-2014 included £6,681 interest on savings that must be well in excess of half a million pounds. It also included some £100,000 in rent, an amount he receives each year from just one property in Notting Hill, west London. In 2010, he took in £140,000 from the sale of shares, including those held in Blairmore Holdings.

The Camerons spent £140,000 to purchase land adjoining his “constituency home” in Witney, Oxfordshire and an extraordinary £120,000 to refurbish the rent-free No 11 Downing Street flat where they live.

Besides the £300,000 tax-free inheritance Cameron received from his father, he received two payments of £100,000 each from his mother in May and July of 2011. The latter payments were not included in his tax returns.

The prime minister’s declarations that he has done nothing illegal are unlikely to bring the situation under control because public anger centres on the fact that everything he did was both legal and commonplace among the super-rich layers he represents.

So far, nine leading Tories have been implicated in the Panama Papers scandal, but this is only the tip of a very large iceberg. The Financial Conduct Authority has written to 20 banks and other financial firms, giving them until April 15 to spell out any involvement they have with Mossack Fonseca. Just one, HSBC, Britain’s biggest bank, and its affiliates created more than 2,300 shell companies with the Panamanian firm.

Newsweek reports that as of 2010, some \$21 trillion to \$32 trillion in private wealth around the world had been invested virtually tax free in offshore havens, “the key

clients being the world's wealthiest individuals and companies."

The top five "offshore investment locations" are Switzerland, Hong Kong, the US, Singapore and the Cayman Islands. Britain is placed at 15 and Panama at 13.

The *Financial Times* notes, however, that the British island of Jersey "had become the custodian of an estimated £1.2 trillion of wealth in 2013" due to its zero corporate tax, while in 2012 the British Virgin Islands were the fifth largest recipient of foreign direct investment globally, "with inflows at \$72 billion, higher than those of the UK, which has an economy almost 3,000 times larger."

Britain therefore stands at the epicentre of an international web of corruption serving the interests of a financial oligarchy that rules the entire planet.

Cameron and his government of multi-millionaires, aristocrats and crooks on-the-make preside over the imposition of savage austerity and the destruction of jobs, wages and essential services, all for the purpose of making those they serve—and who pay no tax—even richer.

Little wonder that *Time* magazine has published an article headlined "The Panama Papers Could Lead to Capitalism's Great Crisis," while Jean-Pierre Lehman, founder of the Evian Group, writes in *Forbes*, "The Panama Mossack Fonseca affair is another milestone that the vehicle of 21st century capitalism goes whizzing by on the road to crashing against the wall."

None of the anger aroused among workers and youth by the exposure of this cesspool of greed and corruption finds genuine expression within the official political set-up in the UK. Instead, Cameron is being defended to the hilt by the faction of the ruling class that wants him to succeed in securing a Remain vote in the June 23 referendum on Britain's continued membership of the European Union, while his most vocal critics are to be found on the Eurosceptic right wing of the Tory Party.

"This walks straight into every Eurosceptic's dream... it is very, very dangerous," writes Matthew Parris in the *Times* of London, while the *Independent* warns that the scandal's likely strengthening of the Leave campaign "should profoundly worry Cameron—and indeed anyone who believes Britain's future is best served by remaining in the European Union."

Once again, the political initiative is being handed to the right wing—even on an issue that is so clearly of a fundamentally class character. Responsibility for this situation rests with those who claim to speak on behalf of working people.

More than a week after the Panama Papers revelations were first published, Labour leader Jeremy Corbyn, hailed by the pseudo-left groups as the spearhead of a rebirth of the Labour Party, has not called for Cameron to resign or urged a vote of no-confidence in his government. Whatever noises he makes about Cameron's personal "morality," he will continue to work with the government to defend the strategic interests of British imperialism. To this end he is set to make a "major intervention in the EU debate" this week.

Everything depends upon the ability of the working class to intervene in the unfolding political crisis in its own interests. The Panama Papers revelations and their political fallout underscore the significance of the campaign being waged by the Socialist Equality Party in the UK for an active boycott of the Brexit referendum and its championing of the perspective of the United Socialist States of Europe.

As we stressed in the statement of the SEP published on February 29: "The first consideration of socialists is to safeguard not only the present interests of the working class, but also its future. The biggest political danger in this situation is the mixing of class banners on the basis of the espousal of a supposedly 'left nationalism.'"

This warning against efforts to tie hostility to the Cameron government and the EU to a section of the bourgeoisie has proved to be of paramount significance, with implications far beyond what happens on June 23. The dictatorship of the financial oligarchy over political life—so graphically exposed by the Panama Papers—can be broken only through the independent political mobilisation of the working class for socialism, not just in the UK, but throughout Europe and internationally.



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