

Class War: US\$11.5 Trillion Hidden in Tax Havens

by Stephen Elliott-Buckley - Thursday, August 01, 2013

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Which tax haven is right for you?

UPDATE: Apparently [the families of the 1% are hoarding as well.](#)

Class war is alive and well.

I have this rose-coloured, nostalgic dream of history. Once upon a time we emerged from feudalism with a democratic revolution. All were equal. Well, most.

But the hope of democracy was to rid the world of the despot rule of aristocracy. But then we got corporations. Many of the aristocratic elite ended up entrenching their power through these fake humans. And we still have the aristocrats today. And for centuries, the rest of the elite have wielded power through corporations.

So this year when data was leaked with information about who is using tax havens, governments lined up to do nothing to stop it. Governments are compradors who serve the elite. They are in no rush to go after cash socked away in tax havens, even if it means eroding the capacity of governments to do the work of government.

US\$11.5 TRILLION are socked away in tax havens.

And that's no accident. The elites do not like governments. They include regulations that box in the elites and attempt to distribute their wealth through taxes in order to serve the people. Like some kind of democracy. Or something.

But as you will read below, you will see a few features of the feudalism we currently live in:

1. The Conservative Party and the elites want to get rid of governments to the extent that they can, which is why they go out of their way to reduce possibilities of increasing revenue.
2. Stashing money in tax-free zones is the elite's nest egg.
3. Canada is foregoing billions of dollars in tax revenue by not pursuing taxing this hidden money.
4. Tax evasion is illegal, unless the government does not pursue your evasion, which is the norm for corporations.

All I know is that if I got a job and tried to set up a corporations in an off-shore tax haven, I wouldn't be able to convince my employer to pay my corporation instead of me. Humans with SINs need to pay taxes.

But if I decided to not work for anyone as an employee, I could create a corporation registered in an off-shore tax haven. Then if I could contract out my work so an organization hires my corporation to do work, I could conceivably not have to pay tax if I work my accounting correctly. Donating money to the federal Conservative Party may help discourage CRA from pursuing the wealth I could sock away in a tax haven.

And I'd have to go back and check to see if the Liberal Party in government was any good at tracking down offshore stashed cash. But considering what kind of an offshore expert Paul Martin is, I'd doubt their record is any better.

And where does this leave us?

Well, firstly, we need to remember that class war is alive and well. There is a collection of rich elites who are really running things by influencing/being governing parties and by being untouchable. And the rest of us are serfs.

Secondly, the goals of the Occupy Movement were bang on. And they still exist.

Thirdly, when you see a politician speaking and acting strongly to support democracy instead of neglecting the elites, support them. But you'll hear a lot of crickets.

Fourthly, expect more decadent, despotic behaviour from the elites. They seem to get off on it.

Earlier this year, 2.5 million files and 120,000 companies and trusts who use offshore tax havens was revealed by the International Consortium of Investigative Journalists (ICIJ) that caused an international furor. What also became apparent when this list was revealed was, that like the Lagarde list, governments had access to this information for years and were not doing anything to hunt down these funds. In fact, the Harper government has eschewed all efforts to pursue this money, while at the same time laying off 3,000 tax collectors at the CRA this budget year.

"The offshore system is the secret underpinning for the political and financial power of Wall Street today. It is the fortified refuge of big finance," Nicholas Shaxson, author of Treasure Islands, a 2011 book on offshore tax havens, has said. And he is quite right.

Today, the Organization for Economic Co-operation and Development (OECD) claims that offshore banks globally hide some (US) \$5-trillion to (US) \$7-trillion from tax authorities, or

about 8 per cent of the world's assets under management. Moreover, an estimated (US) \$11.5-trillion is being stashed in offshore accounts worldwide for one reason or another.

Now governments talk about the so-called "tax gap" -- the difference between what they could collect and do collect -- caused by the use of offshore havens. In the U.K., this estimate ranges from £50 billion to £100-billion annually. Of that, about £20-billion sits in offshore tax havens. Meanwhile, though, the CRA refuses to make an estimate of the tax gap in Canada, but it's safe to say if they did they would find it's in the many tens of billions.

The offshore tax haven issue speaks to one of the Great Lies currently promulgated by conservative, liberal and even social democratic governments: which is that governments are broke. And hence they must lay off civil servants, impose cuts and wage restraints on the public sector. And it is why governments are desperately trying to avoid the issue: after all, they've all encouraged tax evasion and avoidance by offering corporations and the wealthy lower and lower taxes and greater tax breaks over the years. Now they are reaping what they have sown.

- from [How offshore tax havens destroy governments | rabble.ca](http://rabble.ca).