

PANAMA PAPERS AND some inconvenient truths

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SINCE the leak of the 'Panama Papers' uncovered the massive stash of money being deposited in offshore tax havens by powerful corporate and non-corporate actors, the so-called offshore tax havens have been castigated for their role in facilitating tax dodging or aggressive tax planning by large multinational corporations and mega-rich individuals. This manner for stashing of huge resources offshore deprives many countries from their due tax revenues. The techniques employed by the actors are sometimes outright illegal, but alarmingly in many cases, are perfectly legal. This article would seek to shed light on some less discussed aspects of the offshore finance industry.

Most commentaries are apportioning the blame on relatively easier targets, the small jurisdictions, such as the Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Isle of Man, Panama, Mauritius, etc. And such commentaries try to suggest that it is only these small jurisdictions, whose economies significantly rely on the income generated from this industry, who are the main culprits. Surely, the relatively small size of these economies and the preponderance of the offshore financial activities in their economies make them legitimate targets. However, the problem with such arguments is that they often forget that the role of some economically developed countries is no less pronounced. For instance, Delaware, a state in the USA, is well-known for its relaxed approach to corporate regulations which can be used for stashing money by using the corporate structure, with very little disclosure. But Delaware does not feature so prominently as a tax haven.



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Indeed, a study by a team led by Professor Jason C. Sharman of Griffith University of Australia has sought to examine the rate of compliance on money laundering laws, particularly, setting up an anonymous corporate structure through the use of shell companies by trying to use the services of 45 service providers in 22 countries. Members of the team posed as potential clients. Contrary to conventional wisdom, in the course of their research, they found that the service providers from the

Organisation for Economic Co-operation and Development (OECD) countries were much more prepared to offer anonymous services (in violation of their national laws) than their counterparts in typical non-OECD tax havens. This would imply that apportioning the blame solely or predominantly on the economically less developed tax haven jurisdictions would be misplaced and would fail to tackle the real problem. Politicians from developed and less-developed economies alike publicly talk tough on the use of

offshore financial arrangements and tax-dodging, and vow to combat it. However, they have rarely walked the talk, which is perhaps hardly surprising. After all, some of them are sometimes direct beneficiaries of these schemes. Sigmundur Davíð Gunnlaugsson, Iceland's Prime Minister who recently resigned, or David Cameron, the Prime Minister of the UK, or Nawaz Sharif, the Prime Minister of Pakistan would serve as examples of beneficiaries of the offshore financial schemes. Even when politicians may not be direct

beneficiaries of these schemes, they often happen to benefit from donations coming from corporate actors who use these financial schemes to substantially reduce their tax burdens. This nexus between the politicians and users of offshore tax havens may explain why the rules of the game are so hard to be tilted in favour of greater transparency.

Many lawyers and financial planners also play a critical role in setting up of these schemes and their continued operations. Thus, their role should also be subjected to greater scrutiny. When they operate within the letters of the law, they would and should escape legal sanctions. However, a golden rule of privilege relating to communications between lawyers and their clients is that the communications can be exempted from disclosure to public authorities to facilitate the defence of an accused; but when the lawyers become privy to crimes or violation of laws, the privilege ends.

With the political reality that often large-scale tax-dodgers and users of offshore financial schemes are in a sort of unholy alliance with politicians, perhaps it is only civil society actors, like the Tax Justice Network that can lead the fight in this regard. Of course, public opinion has to be mobilised by them, because politicians in democracies would in one way or another, respond to the voice of the electorate. It was the global financial crisis of 2007 that gave some impetus to the fight against tax dodging, which compelled some countries like Switzerland to make substantive changes to their banking secrecy laws. It can only be hoped that the Panama Papers create a similar momentum.

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A belated prayer for the Bangali New Year

NAMIA AKHTAR

AN empty mirror and your worst destructive habits when they are held up to each other, that is when the real making begins," wrote the great mystic poet Maulana Jalal Uddin Rumi. Through crafting these words, Rumi articulated the soul-mirror that reflects our inadequacies as human beings. The true essence for us (human beings) to attain wisdom and morality requires a constant reflection and assessment of our "selves". Through contemplation and evaluation of our conventional wisdom, we can acquire an understanding of our true deficiencies. Rectifying imperfections resemble an enthusiastic artist who constantly strives for perfection with meticulous brush strokes; the artist never achieves perfection, but attains its likeness through the exercise of inexhaustible patience. Similarly, weaving perfection in the soul is unattainable; nonetheless, through the exercise of immeasurable patience a resemblance of perfection can be achieved. Let our individual journey of the *Noboborsho* reside in the path to achieve perfection, since by treading towards the path of perfection we embark on the destiny of becoming good human beings. The aim of a wise soul resides in that journey, since life for those who strive to acquire wisdom is a constant struggle, a constant individual confrontation among the *nafs* (animalistic, devilish and the angelic qualities) within us.

In this *Noboborsho*, let the *superego* (angelic quality within us) supersede the *ego* (the balancing force between the animalistic, devilish and the angelic instinct within us, which often makes self-centred decisions), and let the *ego* take charge of us only on the occasion of necessity. Let us come out from Machiavellian realism that defines social relationships in the capitalist world, and let us

embrace 'moral rationalism,' to define our social relationships, since self-centeredness distorts communal harmony.

Let rationality preside over us, since it is the highest faculty of the soul, and through the deployment of this faculty enlightenment can be acquired like the flowing stream of limpid water into our souls, absorbing the self in gracefulness. Such gracefulness of the soul can be achieved through experiencing *flow* in the love of humanity, tolerance and diversity. Mihaly Csikszentmihalyi describes *flow* as an optimal experience that individuals acquire through intense intrinsic motivation. We must each strive to experience *flow* in the practice of justice and moral values. The sense of justice and our aspiration to be moral beings can be strengthened through engaging in community service, charity and other benevolent activities.

In order for us to practice justice and benevolence, we must each strive to be knowledgeable about ourselves as Al-Ghazali said, since through gaining immaterial knowledge of us, we attain an understanding of the tripartite qualities dwelling within our individual souls. Let us meditate into analysing our weaknesses, and let us bow down in humility into seeking advice on our flaws and indulge in self-rectification, for the passion of self-rectification creates a better human being.

Self-rectification requires disciplining our soul, "the newly skinned hide, with bitter tanning acid of grief" (Rumi). It is through self-rectification that the indiscernible umbilical cord with the celestial can be strengthened, which would facilitate the penetration of the light of virtue into our souls. Thus, we must not fear to face hardship, nor be afraid to struggle in our way to promote the truth. Hardship is the friend of those who strived to mend their ways, and whose lives were a constant struggle to promote the truth. Gandhi, Nelson Mandela,

Mother Teresa are some of the few examples of individuals who struggled in their way to establish goodness for humanity. They all possessed great love for humanity, which did not shake their values even at the face of adversity.

Love for humanity shall emasculate the vice of avarice that enfeebles us. Let us not allow avarice to possess our souls, for it leads us to the path of destruction. The greed of wealth, the lust of success is ruining the many merits in our society. Both private and public organisations in contemporary Bangladesh are increasingly becoming dysfunctional, as the disease of avarice has infected them. Recruitments, promotions, as well as other work related dealings are based on exclusive bribery, rather than meritocracy. The cancerous disease of the heart is ruining productivity of our economy. Let meritocracy reign over nepotism, and let us not be blinded in flattery, rather let *Dike* be our guide, and let temperance be the quality that we shall each strive.

Let the breeze of *Boishakh* instil temperance in our souls, and let the temperance guide us into restraining our gaze, helping us to prevent from giving into the desires of the flesh. Let each of us be temperate through polishing the soul, contemplating in the soul-mirror. Let us be humble through restraint of the tongue to avoid arrogance, self-aggrandisement, or afflict other people, and let us be silent in humbleness when Lyssa is in possession of our souls in order to avoid conflict and build a harmonious society.

Let the gentle breeze of *Noboborsho* unify us towards the goal of developing profound love for justice and humanity. Let the flow of love curve smile on countenance, for smiling surrounds us with optimism, conveys the warmth of our hearts to fellow human beings. A genuine smile strips away pride and arrogance in helping us to connect with the celestial. Smiling even under

the greatest of distress is a virtue as it makes us focus on the present, rejuvenating our minds for deep contemplation in optimism.

Let the *Boishakh* breeze vaporise our callous apathy, and let our hearts soften, weep at injustice done to others, in order that we may prevent injustice and create a better society. The goodness in us will create a better country, since "states are not made of oak and rock, but of flesh and blood" (Socrates).


Let us be tolerant of people of other faith and colour, and let us build a state based on Bangladeshi nationalism, leaving behind its non-inclusive interpretation which is exclusive of non-Bangali Bangladeshis. Let us sway in the tranquil

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zephyr of *Noboborsho* tuning the melody of Nazrul, engraving his words into making our country "the Heaven where there are no distinctions, where leaving aside all 'quarrels, men have clasped other's hands as brothers dear, [where] religion does not create differences.....Nor do scriptures raise any futile clamour." And in this *Noboborsho*, "Let peace prevail and equality win, Let truth reign supreme, let all unhappiness and misery, all oppression and tyranny, all cowardice and falsehood, perish for good, for good!" (KaziNazrul Islam)

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QUOTABLE Quote



DORIS LESSING

Art is the mirror of our betrayed ideals.

CROSSWORD BY THOMAS JOSEPH

ACROSS

- Store event
- Singer Vaughan
- Garlic unit
- "Republic" writer
- Mayflower name
- Make fresh
- Convoy truck
- Holler
- Mineo of movies
- Weak
- Fling
- Era of creation, in Australian myth
- Steer clear of
- Ticket issuer
- Church event
- Phone photo
- Bow's shape
- Zodiac cat
- Galley item
- Small crown
- "Mister Roberts"
- Yellow gem
- Does clerical work
- Foe

DOWN

- Neck wrap
- In cahoots
- Tenant
- Early gardener
- Agile
- Heady drink
- Kidnap demand
- Relaxed
- Laughs heartily
- Bounded area
- Contriteness
- Trounces
- Kind of basin
- Vacation
- Oscar winner Cotillard
- Get away
- "I wish"
- Small crown
- Dull finish
- Clear
- Disinclined to work
- Run into
- Drill target

YESTERDAY'S ANSWER

M	A	D	A	M	S	T	A	S	H
T	R	A	T	E	T	O	R	M	E
N	A	K	E	D	E	M	C	E	E
E	G	O	I	W	A	S	H	A	D
R	O	T	A	I	M	I	R	S	
S	N	A	G	T	U	B	E	S	
		F	A	D	P	A	M		
		P	A	P	E	R	G	A	S
F	L	E	N	B	U	N	N	E	O
L	O	N	G	A	G	O	N	A	G
A	R	I	A	S	I	C	I	N	G
T	I	N	G	E	S	I	N	C	E
S	A	G	A	S	E	D	G	E	D

BEETLE BAILEY BY MORT WALKER



BABY BLUES by Kirkman & Scott

