LEGALIZING THEFT

A Short Guide to Tax Havens

ALAIN DENEAULT

Translated by Catherine Browne

Preface by John Christensen

LEGALIZING THEFT

LEGALIZING THEFT

A Short Guide to Tax Havens

Alain Deneault

Translated by
Catherine Browne

Foreword by
John Christensen

Fernwood Publishing
Halifax & Winnipeg

Copyright © 2016 Les Éditions Écosociété
Copyright © 2018 Alain Deneault
Translation © 2018 Catherine Browne

All rights reserved. No part of this book may be reproduced or transmitted in any form by any means without permission in writing from the publisher, except by a reviewer, who may quote brief passages in a review.

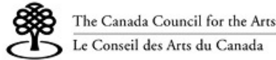
Cover design: John van der Woude
eBook: tikaebooks.com

Printed and bound in Canada

Published by Fernwood Publishing
32 Oceanvista Lane, Black Point, Nova Scotia, B0J 1B0
and 748 Broadway Avenue, Winnipeg, Manitoba, R3G 0X3

www.fernwoodpublishing.ca

Fernwood Publishing Company Limited gratefully acknowledges the financial support of the Government of Canada, the Canada Council for the Arts, the Manitoba Department of Culture, Heritage and Tourism under the Manitoba Publishers Marketing Assistance Program and the Province of Manitoba, through the Book Publishing Tax Credit, for our publishing program. We are pleased to work in partnership with the Province of Nova Scotia to develop and promote our creative industries for the benefit of all Nova Scotians.



This work was originally published in French as *Une escroquerie légalisée. Précis sur les "paradis fiscaux"* by Éditions Écosociété, Montreal, Quebec, in 2016. We acknowledge the financial support of the Canada Council for our translation activities.

Library and Archives Canada Cataloguing in Publication

Deneault, Alain, 1970–
[Escroquerie légalisée. English]

Legalizing theft: a short guide to tax havens / Alain Deneault; translated by Catherine Browne.

Translation of: Une escroquerie légalisée.
Includes bibliographical references. Issued in print and electronic formats.
ISBN 978-1-77363-053-3 (softcover)—ISBN 978-1-77363-054-0 (EPUB)—ISBN 978-1-77363-055-7 (Kindle)

1. Tax havens—Canada. 2. Tax shelters—Canada. 3. Taxation—Law and legislation—Canada. I. Title. II. Title: Escroquerie légalisée. English.

HJ2337.C3D46213 2018 336.2'06 C2017-907882-8 C2017-907883-6

Such is the despotism of each man, that,
always ready to plunge society's laws into their former chaos,
he will continuously endeavour not only to take away from the common mass his own portion of liberty, but to encroach on that of others.

— Cesare Beccaria,
An Essay on Crimes and Punishments, 1764

Contents

Foreword by John Christensen
Introduction
1 What We Know
2 Five Severely Harmful Impacts
- 1. Billions in lost taxes
- 2. A crumbling state
- 3. Borrowing from the institutions we no longer tax
- 4. New and higher user fees
- 5. Tearing down public services

3 Ideological Bias
4 Laundering with Language
5 Who Says It’s Legal?
Conclusion
Notes
Glossary
Brief Bibliography
Acknowledgements

Foreword

The fax arrived on the first working day of the new year. With immediate effect I started to transfer ownership of every company — well over thirty of them, mostly registered in the British Virgin Islands — from a Jersey-based trust to a new trust administered from Bermuda. The client who originally settled the trust in Jersey was headed for bankruptcy in the Californian courts. His real estate business had failed owing hundreds of millions to construction companies and banks, and his wife was suing for a multi-million-dollar divorce settlement. He also owed tens of millions of back taxes to various states in the US. What none of his creditors — not even his soon-to-be ex-wife — knew, was that none of the wealth he appeared to own, not even his cars and art collection, actually belonged to him. Legally it all belonged to an offshore trust secretly settled in Jersey, on the other side of the Atlantic Ocean, and the trustee (me) who legally controlled those assets on his behalf, was instructed by a "flee clause" written into the trust deed to make the trust disappear at the first whiff of an investigation by tax authorities or any other investigating agency.

By mid-day the flee clause was implemented. Ownership of assets worth over seventy million dollars, including office buildings in California and Florida, private dwellings in the US and the Caribbean, plus a valuable art collection and a stud farm in Berkshire, England, had been switched to a new trust established at a law firm in Bermuda. A different trustee took over control of the new trust as office hours opened that morning in Hamilton. Finally, we carefully erased all evidence of the existence of the previous trust, right down to correspondence and fee invoices dating back eight years, from our computer systems and hard copy files. Had a tax inspector, or FBI investigator, or even an attorney representing his embittered wife, turned up at our offices we could in all truthfulness have said that we had no record of the trust's existence.

Everything we did that wet and miserable morning in Saint Helier was legal under Jersey law. My employer was a trust administration company belonging to one of the world's Big Four accounting firms. We had teams of lawyers and tax accountants to advise on every aspect of what is known euphemistically as "wealth protection." The trust was established in compliance with Jersey trust law, which is used extensively to escape from tax authorities, criminal investigators, and former spouses. As trustee I was familiar with the affairs of

the client, who was both settlor of the trust and, in practice, its beneficiary. I also knew about his high-rolling lifestyle, his failed marriage and multiple mistresses, his elaborate strategies for evading taxes, and the secret delight he took in shafting his many creditors, who would never trace the tens of millions he had squirrelled offshore over the course of the eight previous years.

This episode happened a long time ago, in the late 1980s. I was working undercover at the time, investigating how law firms and accounting practices collude with tax haven officials to enable their clients to circumvent the laws of their home countries. Having previously trained in London in forensic investigation, I was experienced in how to examine client files and piece together the evidence of how elaborate offshore networks of trusts, foundations, and companies are used for criminal purposes. What I had not fully appreciated when I started my investigations in Jersey was the extent to which law firms, accounting practices, banks, and the senior officials and politicians of the tax haven jurisdictions are complicit in these activities.

Over the course of twenty-two months I investigated around 120 client files. Most revealed complex tax evasion or avoidance schemes. Some clients were involved in embezzlement or hiding assets from creditors. At least two were involved in insider trading. Others were engaged in market rigging, or were hiding political or commercial conflicts of interest. Every client file I examined revealed some type of felony or misdemeanour, but since all these crimes occurred elsewhere, outside Jersey, the chances of them ever being investigated were slim to non-existent. Most investigating agencies know that trying to track information about who benefits from offshore trusts is a costly and time-consuming process that will be frustrated at every step by lawyers and the courts of secrecy jurisdictions. Trusts remain highly secretive legal instruments, and at time of writing in January 2018, tax havens continue to resist all attempts to require registration of trusts on official public registries.

I stayed in Jersey for a further decade, working as Economic Adviser to the island’s government, witnessing at first-hand how extensively secretive tax havens like Jersey have integrated themselves into the globalized economy. The vast majority of cross-border trade and investment is transacted on paper via tax havens to enable profits shifting. Similarly, a huge proportion of private wealth has been shifted offshore to dodge taxes. In 1995 I was invited to a global wealth-management seminar in London where lawyers and bankers outlined their plans to shift the assets of their high and ultra-high net worth clients, approximately nine million billionaires and multi-millionaires or one tenth of

one percent of the global population, offshore. By 2015 it was estimated that up to US$36 trillion of personal wealth was sitting offshore, entirely untaxed, and almost entirely unrecorded in official wealth statistics.

As the Panama and Paradise Paper leaks revealed, tax havens have been normalized to an extent that seems inconceivable to most people. Even the Queen of England, for goodness sake, manages some of her wealth offshore in the Cayman Islands. The leaks revealed not just huge losses of tax revenue — over half a billion of tax revenues have been recovered as a result of the Panama Papers leak — but they also confirmed our fears that a different set of laws apply to the rich and powerful.

THE REVOLT OF THE ELITES

One hundred years ago, in the aftermath of World War One and the collapse of European empires, Spanish essayist José Ortega y Gasset warned of the dangers posed to western civilization by the rising political power of the masses and their unreflective, unthinking "appetites." In his estimation this "revolt of the masses" threatened the elites responsible for protecting the values and standards on which civilizations are rooted. Ortega could not have got it more wrong. Despite the multiple disruptions caused by two world wars and the great depression, it was the global elites who emerged as winners at the end of the twentieth century and who have subsequently consolidated both their wealth and political power since the 2008 financial crisis. As the essayist Christopher Lasch described in the late 1980s, far from accepting responsibility for setting civilized values and standards, these elites have eschewed any leadership roles other than when it comes to pulling strings to protect their own interests. It was the elites who revolted, not the masses.

After approximately a century of advance, democracy is in retreat in most countries and the long-forgotten word "oligarchy" is back in the headlines. For a brief period known as the Golden Years, les Trentes Glorieuses, capitalism seemed to thrive in an environment of widening and deepening democracy; the political power of Capital was abated by international consensus, and welfare states made great headway towards tackling deprivation and inequality. That brief period of progress was thrown into reverse when capital controls were abandoned in the 1980s. Capital migrated offshore to tax havens in ever-growing volumes, and as it did so it regained the political upper-hand it had previously enjoyed during the era of nineteenth-century imperialism. Modern oligarchs, like the nabobs of the British East India Company, have shown themselves

indifferent to any sense of locality or social obligation, shrugging off the personal restraints that shape social values and a moral economy. Flitting around the world on private jets they have largely detached themselves from local and national democratic processes other than where they can use their wealth to influence political outcomes to suit their own purposes. Reversing the famous slogan of the American revolutionaries, they have brought "representation without taxation."

Tax havens have been instrumental in enabling this revolt of the elites. Tax havens provide the legal escape mechanisms oligarchs and CEOs use to disconnect themselves and their financial affairs from onshore taxation, regulation and democratic accountability. Tax havens allow global elites to sit offshore and strong-arm democratically elected politicians into taking decisions which their electorates have never voted for. In the name of "competitiveness," which is political shorthand for subsidizing Capital, business taxes have been slashed, workers' rights have been eroded, social protections abandoned, and environmental protections degraded. Tax havens enabled the nabobs of high finance to resist effective regulation after the 2008 crisis by simply threatening that they would move elsewhere, to Cayman, or Dublin, or Luxembourg, or Zurich, or anywhere else where they could continue with business as usual in an environment of lax regulation and zero or minimal taxation.

During the period of neoliberalism it was widely expected that the benefits of economic growth would be shared between rich and poor. But the blunt fact is that wealth did not trickle down, it poured upwards into the offshore accounts of a tiny minority who shaped globalization to suit their own interests. Meanwhile, the boats of most people remained firmly stuck in the mud and are now threatened by a rising tide of personal debt and low earnings. While many of the worst off in most countries are sinking deeper into a detached and resentful underclass, the super-rich and the highest earners have cut free from social obligations and moored their boats in tax havens. But this is neither inexorable or irreversible. Having tolerated tax havens for the better part of a century, we can shape a different destiny. If we want to reinstate democracy and the rule of law, we should begin by eradicating the tax havens.

John Christensen
The Tax Justice Network
January 2018

Introduction

When you’re outside waiting for a bus, and it’s minus twenty Celsius, and the bus takes forty minutes to come — that’s because of tax havens. When a hospital takes a year and a half to carry out a desperately needed operation — that’s because of tax havens. When a poorly maintained overpass collapses, a drop-in centre for drug addicts closes, a school board abolishes a program that helps struggling pupils, a dance troupe can’t pay its artists for rehearsals, a state-owned broadcaster cuts its international news service — that’s because of tax havens.

The drop in public revenues resulting from the use of tax havens by large corporations and wealthy individuals is a major factor explaining the austerity measures adopted by governments who are always officially short of funds. The population experiences the full impact of these measures, and no “trickle-down” effect is observed to counteract them: while massively hijacking capital for their own benefit, investors, corporations, and capital holders are not creating wealth or jobs in any significant way. Wages have been stagnating for decades, unemployment is not noticeably falling, we keep on paying as much for public services and they keep on vanishing, increasingly precarious jobs are making people increasingly vulnerable, and governments are still not making an urgently needed move toward greener energy. Nor are they developing a collaborative blueprint for rationed degrowth — widespread poverty and insecurity will do the job.

Every year, the concentration of capital that creates this unstable context generates new “high net worth individuals,” holders of excess funds who are exclusively devoted to the process of their own aggrandizement. Large corporations, financial institutions and fortune holders continue to direct the flow of proceeds from the work of others, to capture the products of growth, and to accumulate massive amounts of assets in tax havens. There, they can escape the control of state institutions and carry out speculative operations that have no actual economic relevance. In our country, they benefit from public infrastructure and services that the middle class is almost alone in funding: they are not paying what is commonly referred to as their “fair share.” Worse, they are funded by taxpayers, who give them grants for “job creation” and pay back the money that the state has borrowed from them. Taxpayers now pay interest to

capital holders whom the state has almost completely ceased to tax. This is one of today’s realities: a system of legalized theft, with “tax havens” at its murky core.

1 What We Know

We know them. Ever since we were teenagers, we've been watching the movies, reading the thrillers, following tales of espionage in the form of graphic novels. The usual tax havens are named over and over again: Switzerland, Luxembourg, Singapore, Hong Kong, Bermuda, the Cayman Islands. The public has gradually become aware of the fact that at the periphery of traditional states, such as Canada, the United States, France, the United Kingdom, Spain, Mexico, Brazil, Australia, and Japan, there is a network of parallel states where some people can carry out operations outside the law, and do so on a massive scale. Their operations include misappropriation of funds, bribery, tax avoidance, and wrongdoing in a variety of sectors that include shipping, mergers between multinational corporations, money laundering, and high-risk finance.

When we reach the stage of critical thinking, at some point, we start to realize how big the issue is. These accommodating jurisdictions pull in huge amounts of capital: at least $21 trillion, according to a study carried out by an economist formerly employed by McKinsey & Company, James Henry, today a leading figure of the Tax Justice Network in the United States.[1] Henry's estimate is based on data from institutions such as the World Bank, the International Monetary Fund, the world's central banks, and the Bank for International Settlements, of which central banks are members. (The figure of $21 trillion includes only financial assets — no attempt was made to calculate the value of the pharaonic real estate holdings of individuals living offshore, or luxury objects such as yachts and jewellery acquired offshore.) In other words, the equivalent of the combined economies of the United States and Japan is managed, beyond any legal constraint, in the ultra-permissive states known as tax havens. Of this amount, over $12 trillion are managed by the world's top fifty international private banks, for their own benefit or the benefit of their distinguished clientele.[2] The Canadian banks in this group are chiefly headquartered in Commonwealth Caribbean jurisdictions. The situation, of course, leads to major accounting distortions. A group of rocks known as the Cayman Islands turns out to be the world's sixth largest financial centre; the British Virgin Islands are one of China's major trading partners; the Duchy of Luxembourg is the source of the largest investments flowing from Europe to the rest of the world. And so on.

We are also sufficiently aware of the problem to know that it amounts to more than the clever tricks of tax strategists. Of course, the wealth that is hidden from government tax agencies is not available to governments when the time comes for them to fulfil their social mission. But beyond this, capital concentrated in tax havens and other accommodating jurisdictions enables multinational corporations, and the wealthy individuals who control their shares, to use their capital actively, outside the law. The issue is not only that capital is not taxed in these locations; it is also that what people do with capital is not controlled in any way by traditional states. Tax havens provide impunity; they are places where private assets are managed on an everyday basis, and major criminal powers carry out their business, without any distinction being made between the two. Here, actors are literally outlaws. Funds meet and merge in these black holes of finance. A French magistrate, Jean de Maillard, has published multiple learned treatises and articles in which he points out that it is impossible for a judge, today, to tell the difference between the allowable activities of industry and trade, and illicit activities managed by criminal cartels — or even by the companies themselves. Accommodating jurisdictions have imposed themselves in our world as the all-too-concrete embodiment of the fantasies of bankers and corporate lawyers. The latter can now help their clients establish themselves in a world where they are beyond the reach of the law.

The definition of a tax haven is generally thought to include the following four points.

1. *No tax* — Tax havens have a tax rate of zero, or close to zero, for certain kinds of company, structure, account, or actor. In Jersey and Dominica, for instance, wealthy individuals do not pay any income tax. In Hong Kong, trusts are not taxed in any way; in the Cayman Islands, the revenue of exempted companies is registered as free of tax; in Luxembourg, in the heart of Europe, assets belonging to financial holding companies are not taxed.
2. *A highly abnormal legal system* — Tax havens have enacted ludicrous, ultra-permissive legal systems that are knowingly designed to neutralize the legal systems effective elsewhere in the world. In an accommodating jurisdiction, the law essentially guarantees that the privileged parties who are able to access it will enjoy impunity and permissiveness instead of being subject to a set of constraints. In fact, the only initiatives that tax havens restrict are those that might challenge the tax haven’s regime of impunity and anonymity. Enacted under the influence of financial institutions, multinational corporations, and

their corporate lawyers, the legal system that prevails in tax havens is like a photographic negative of those operating in traditional states. In Liechtenstein, for instance, the "law" on trusts, as summarized by the pro-offshore website Low Tax, stipulates that the Trust Deed does not have to contain the names of beneficiaries. If the Trust Deed is deposited with the Registrar of Trusts, it will not be publicly available, and late instruments (e.g., naming beneficiaries) will not have to be revealed.[3]

Public oversight is not an option, and the possibility of transferring information to third countries is abolished even on the purely technical level. In Liberia, a company can accumulate revenue from the operations of absolutely any entity created anywhere in the world and can do anything it wants, except for superficial restrictions explicitly spelled out by the system. Laws are drafted to ensure that everything is permitted; terms such as "any business," "any purpose," "any nationality," "any jurisdiction" continuously recur.[4] A famous graffiti, "*il est interdit d'interdire*" ("forbidding is forbidden"), written on the walls of the Sorbonne in May 1968, was once the embodiment of generosity; today, we see its macabre application in real life. The same logic applies in Canada, today a regulatory haven for extractive corporations. Canadian law specifies, for instance, that the government-appointed "Extractive Sector Corporate Social Responsibility Counsellor" is not allowed to investigate allegations of criminal activity on the part of any company listed in Canada without that company's authorization: "The Counsellor will not review the activities of a Canadian company on his or her own initiative, make binding recommendations or policy or legislative recommendations, create new performance standards, or formally mediate between parties."[5] In the same way, the Governor of the Central Bank of the Bahamas has no power over the financial sector.[6] Accommodating jurisdictions turn the law inside out like a glove, making legal what is forbidden or normally subject to control elsewhere. According to Marie-Christine Dupuis-Danon, a United Nations expert on anti-laundering initiatives, today, these ultra-permissive jurisdictions are inducing "an increasing number of individuals and companies no longer to ask if an act is wrong *in itself*, but to ask if it can be carried out in a completely legal manner somewhere in the world."[7]

3. *Bank secrecy* — Accommodating jurisdictions may be actual countries, or administrative territories with some of the legislative attributes of a state (e.g., British overseas territories and the various states making up the United States).

In one way or another, they are habilitated to enact certain laws, assert their sovereignty over their territory, and benefit from political representation in the form of a legislature endowed with the usual attributes: flag, emblem, borders and territory, public institutions, and sometimes currency. This means that Frankfurt operators, London speculators, Toronto industrialists and New York drug dealers cannot easily be investigated by representatives of the states in which they really are, as long as they use the remote-controlled entities they have established in places that will always be *somewhere else*: tax havens. The problem is confounded by the fact that in these jurisdictions, investigators from tradtional states are constantly hampered by legal provisions regarding "bank secrecy." Agents of the IRS or the RCMP, or investigative magistrates from France, find it very difficult to get to the bottom of dubious activities registered in Bermuda by citizens of their own countries who are busy directing operations from New York, Toronto, or Paris. Laws on administrative opaqueness, whether enacted in Singapore, Panama, or Guernsey,[8] state that it is forbidden for the agent of a financial or judicial institution — generally under penalty of criminal sanctions — to disclose any information whatsoever to a third party regarding any given entity. Often, the financial institutions or law firms established in such jurisdictions are not even required to record such information.

4. *No genuine activity* — Except in a few rare instances, financial institutions, businesses, and wealthy individuals who use tax havens are not required to make them the setting of any tangible physical activity. Assets are located "in" a tax haven only in the most formal sense. For instance, a corporation involved in producing bananas may, on paper, sell large shipments of fruit to its Jersey subsidiary, yet no freighter carrying bananas will be seen on the English Channel. In the same way, a major electronics multinational can transfer the right to use its trademark to its Bermuda entity, and this will certainly lead to commercial activity, but the company will not be using any office space in Bermuda's capital city: only a specialized law firm will be required on the spot to generate the company's strictly legal existence. The operations carried out in tax havens are purely formal. Shell companies established in these jurisdictions are often no more than "mailboxes." Ugland House, a four-storey building in George Town (the capital of the Cayman Islands), is home to Maples and Calder, a law firm founded in the 1960s by British national John Maples and Canadian Jim Macdonald; today, Ugland House is also home to over 20,000 businesses.[9] In more general terms, this jurisdiction has one

> international corporation for every three residents! At 1209 North Orange Street in Wilmington, Delaware, the Corporation Trust Center is home to over 250,000 businesses. The building is as ugly as a 1970s suburban supermarket. Mossack Fonseca and Appleby, law firms made famous by the Panama Papers and Paradise Papers scandals, have the same characteristics.[10]

The above definition of tax havens is generally accepted: few authorities would challenge it. In livelier terms, sociologist Thierry Godefroy and law expert Pierre Lascoumes refer to sovereignties "rented out" by public authorities that abdicate their own power when faced with the power of capital. "The virtually complete removal of foreign exchange controls and regulations on the circulation of capital, combined with new information technologies and electronic payment techniques, have created the conditions that allow financial globalization to develop,"[11] state the authors as they attempt to unravel the legal and political consequences of this network of parallel jurisdictions.

In defining accommodating jurisdictions, we might also borrow the words used by economist Nicolas Sarkis to describe the first oil states established shortly after the end of World War I: like them, accommodating jurisdictions are "legal shells"[12] crafted by big capital to serve its wide-ranging interests. Their tailor-made permissive statutes have been developed under the impetus of corporate lawyers and representatives of high finance. They are no longer subject to legal constraints: instead, laws exist to constrain authorities of other countries who might inquire into the affairs of the particular kind of property owner they have welcomed.

For a performative definition of the phenomenon, we can turn to a report submitted by an IRS tax expert, Richard Gordon, during the last days of the Carter administration in January 1981. Gordon writes: "A country is a tax haven if it looks like one and if it is considered to be one by those who care" — i.e., by those who profit from it.[13] Offshore processes are clearly present when capital is abnormally large, or the pace of activity is abnormally intense, in relation to the observable economy of a given location. Barbados, for instance, is on a par with the town of Kitchener, Ontario, in terms of demographics. But while Kitchener city officials are busy trying to create "the right climate for businesses to succeed" through the management of a "$110-million economic development investment fund,"[14] Barbados has attracted over $72 billion in "investments" by Canadian corporations — investments that bear no relation to any industrial or trade activity actually carried out in Barbados. In a highly implausible manner,

Barbados has become the second largest destination in the world, after the United States, for Canadian corporate investments. Gordon explicitly prefers to emphasize these abnormalities as ways of monitoring the emergence of states co-opted by finance, trade and industry, and the evolution of their accommodating registry methods over time.

Accommodating jurisdictions

Tax havens

Free ports

Free zones

Other regulatory and legal havens

Journalist Nicolas Shaxson is even more direct. In *Treasure Island,* he defines accommodating jurisdictions as states based on a "libertarian" world view: they give private administrations a world in which laws dissolve into the mist.[15] Margrete Vestager, focusing on Ireland, has implicitly identified tax havens as states that abuse their legislative power, regulating the way capital is administered everywhere in the world except under their jurisdiction.[16]

My use of the generic term "accommodating jurisdiction" is intended to put the term "tax haven" in perspective. "Tax haven" clearly belongs to the colonial period. When tax experts were first called on to design a parallel state system that would benefit banks and industry, they dealt with colonies or former colonies, and this inspired them to recycle, in the legal field, the aesthetics of seduction that the West had long used to represent such locations. Colonialist narratives of distant islands, combining palm trees, the sultry charms of native women, and a sense that anything goes, inspired the offshore financial sector even in its vocabulary and iconography.[17] Thus, the connotations of the term "tax haven" do not encourage critique.[18] Another problem is that the term "tax haven" emphasizes tax issues, even in expressions that also include other issues (as in "tax and legal havens"). But these jurisdictions are not accommodating exclusively in terms of taxation, tax procedures, and the interpretation of tax law: they impose themselves in every sector of activity as negative doppelgangers that make possible precisely what is forbidden elsewhere. For this reason, I believe the expression "accommodating jurisdiction" is more

appropriate.

Accommodating jurisdictions are like shops in a mall, each one specializing in a specific kind of goods. They are not interchangeable. Each one has its own field of action, and a wide range of areas are covered. Within the generic category of accommodating jurisdictions, tax havens help corporations transfer capital, delocalize assets, and declare profits in countries with low tax rates; free zones authorize them to create factories that are not required to comply with laws on safety at work or unionization; free ports allow ships to register without any obligations in terms of mariners’ working conditions, treatment of toxic waste, or vessel maintenance. Other regulatory havens provide actors with types of legal, financial, and political protection — in fields such as the extraction of mineral wealth, intellectual property, and insurance — that they would not find in the states where they actually operate. The picture that emerges is that of an extensive cheating-on-demand system in which a state, somewhere, can always be found to allow actors involved in a specific area to bypass the laws enacted by some other state. The following non-exhaustive list of “specialties” may give some idea of the system:

Liberia, Panama, Greece	Free ports for the registry of cargo ships

Marshall Islands	Free port for the registry of oil tankers and offshore drilling rigs

Luxembourg	Bank haven for the management of multinational corporations

Delaware	Regulatory haven where companies can file for bankruptcy

Turks and Caicos Islands	Regulatory haven for insurance and reinsurance companies

Cayman Islands	Regulatory haven for high-risk finance

Ireland	Tax haven for intellectual property rights

Switzerland

Wealth management

British Virgin Islands	Haven for financial structures to handle asset management or off-balance sheet loss
China, Jamaica, Bangladesh	Free zones for textiles, electronics, *etc.*

Saint Lucia

Private medical training haven	
Côte-d’Ivoire	Free zone for the pharmaceutical industry

Canada	Legal and regulatory haven for mining exploration companies

Saint Kitts and Nevis

Haven for the spam industry

Singapore

Regulatory haven for sports betting

Other institutions may specialize in criminal operations. This is notoriously the case of Panama for the laundering of money gained by drug trafficking, and of many small Caribbean islands for multiple forms of embezzlement and political corruption. Arms deals, international prostitution, counterfeit medications, clandestine immigration and trafficking in hazardous materials also go through accommodating jurisdictions. These jurisdictions are sweet spots for organized crime: regimes without taxes, without any laws worthy of the name, and as a bonus, with a guarantee of impunity thanks to administrative secrecy. For the world's major mafias, they are truly a blessing.[19]

Éric Vernier, who specializes in money-laundering issues, estimates that the proceeds of criminal operations placed in accommodating jurisdictions amount to $7 trillion a year. These states, guaranteeing impunity for the actors of organized crime, provide them with stratagems to launder sums which, of course, have also been exempted from any kind of tax. The most striking method is the "phony lawsuit." Let us say that a multinational has used an offshore firm, which it controls from afar, to illegally sell arms to a dictatorship. One day, it decides to avail itself of the fruit of these transactions. It will then sue its own subsidiary, claiming that a shipment has not been delivered. The two companies reach an out-of-court settlement under which the subsidiary provides compensation equivalent to the proceeds of the arms sales. Not only is the legal system unable to punish the crime: it actually provides the channel through which the profits of crime are laundered. Criminal assets held in accommodating jurisdictions total some $2 trillion, the equivalent of France's GDP. According to Vernier, This money comes from the worst forms of trafficking, in non-trivial proportions: drugs (over $1 trillion), organs (10 percent of the transplants carried out in the world), child sex tourism (involving more and more countries, particularly in Africa, Asia, and South America), trafficking in women, crimes against the environment, counterfeiting of medical products (15 percent of medications), *etc.*[20]

At a symposium held at the French National Assembly in 2009, Vernier caustically declared: "Crime should be invited to the G8 — it's the eighth world power."[21] To this gross criminal product may be added some $5 trillion associated with fraudulent transfers: the "grey money" of financial delinquency, accounting falsification, and embezzlement.[22]

Globalization enables corporations to exhibit schizoid behaviours in an officially accepted manner. Legally, they develop their client base and carry out

operations in the states where their markets are found, while registering their assets and operations in crime-inducing and marginal jurisdictions. Of all the above considerations, this is the most worrisome. From Amsterdam, Bamako, Chicago, Detroit, Edmonton — wherever their activities actually take place — financial institutions, big corporations, and wealthy individuals split up their legal personas, sending out invoices from Andorra, Belize, Cyprus, Gibraltar, Panama, and elsewhere. The injustice involved in the distinction between commercial activities and legal declaration of assets is blindingly obvious: while corporations clearly benefit from public services and the institutions of the common good (water supply systems, road construction and maintenance, an educated labour force, legal security, government support programs that guarantee social peace, research and development grants, airport and shipping infrastructures, etc.), they are now able to scatter their assets, recording them in jurisdictions other than the ones that have enabled them to amass their wealth. This is how they avoid paying society what they owe. And they are registered in places where they can do anything they want.

On the basis of this approach, we also understand that tax havens cannot be reduced to the exotic image of distant islands in which loot is stashed before being brought back into the channels of the legal economy. On the contrary, accommodating jurisdictions are capitalism's outlaw foundations. The speculation they enable, based on mathematics and information technology, is disconnected from social issues, while the impenetrability of accommodating jurisdictions provides administrators with a peaceful environment in which to carry out manoeuvres viewed by many as outright crimes. These jurisdictions are far more than "tax" havens, where liberties are taken in relation to tax institutions through the registration of assets beyond the reach of tax authorities: they are places where capital finds itself at ease in acting outside all legal constraint. Accommodating states ensure a lack of regulation in specific areas, so that capital's administrators, sitting in front of their screens in London, New York, or Tokyo, remotely control entities that carry out operations strictly forbidden by law in the place where the administrators are sitting. From the Cayman Islands, for instance, they can easily purchase term contracts that will not appear on their balance sheets. Such contracts undeniably embody financial commitments projecting into the future; in accommodating jurisdictions, accounts can be doctored to look good for either shareholders or tax authorities, depending on the situation. In 2003, the tax law of the British Virgin Islands authorized the creation of trusts exclusively designed to give passive managers

the power to administer assets that a company wants to remove from its official documents.[23]

How have we reached this point? The story is neither simple nor linear. However, French magistrate Jean de Maillard and others have identified a key aspect of the problem. De Maillard points out that in the postwar years, the United States made the American dollar into a world currency. It first poured billions of dollars into Europe and Asia to support the reconstruction of countries devastated by war; these were sums that American authorities had no intention of repatriating. Then, Washington made the dollar into an uncontrolled currency, notably by abandoning the gold standard in 1971. All of the world's bankers then found themselves handling volatile capital without being subject to any authority whatsoever. Bankers in London, and among others their Canadian subcontractors in the British Caribbean, concentrated this money — known as "Eurodollars" — in operations that were suddenly outside any political framework, except the resolutely accommodating systems that were already appearing under the name of "tax havens." Major corporations and wealthy individuals, empowered by capital unregulated by any public authority but that every state was trying to attract, were able to develop activities on a world scale beyond the territorial boundaries of each individual state. "Globalization" began to emerge as an extensive financial economy beyond the reach of the law. Jean de Maillard describes its logic: Everything that enters into the process of economic and financial globalization should, by nature, be withdrawn from any legal constraint except the laws guaranteeing freedom of trade. The problem is that this withdrawal is neither possible nor desirable, even if players in the game are permanently involved in an attempt to establish legal immunity for whatever they do.[24]

Using free-trade agreements and parallel initiatives intended to satisfy big corporations with head offices located in their territories, states have consistently fostered the development of a financial and industrial universe that they are less and less able to control.

"Transfer pricing" is a well-known method used by corporations to locate the highest possible proportion of their assets in offshore subsidiaries without any tangible activity. A corporate group may, for instance, transfer to its subsidiary (located in a tax haven) the right to use its own brand and logo. As soon as the parent corporation uses the brand or logo, it owes royalties to the subsidiary. This is obviously what Google did in 2011 when it concentrated close to $10 billion in the accounts of a Bermudian subsidiary, in an operation also involving

structures in Ireland. Throughout the world, that year, Google — a multibillionaire corporation — was subject to a tax rate in the area of 2.4 percent.[25] Microsoft's situation was similar: in recent years, the funds that the firm has been able to send outside the United States have been taxed at a rate of 4.5 percent.[26] A seemingly infinite number of firms use and abuse offshore structures to artificially reduce their taxable revenue: Chiquita, Fresh Del Monte and Dole (agribusiness), BHP Billiton and ExxonMobil (extractivism), Danzer (forest products), Disney and Québecor (media), IKEA (furniture), Glaxo, Johnson & Johnson, Pfizer and Forest Laboratories (pharmaceuticals and care products),[27] and so on. In theory, intragroup firms are required to bill each other for goods and services they exchange at standard market prices. But the use of a multinational brand name is by definition priceless. Often worth more than the corporate group's infrastructure, the right to use the brand name, owned by an offshore subsidiary, is sold to other entities within the group at discretionary prices, maximizing the funds channeled to a subsidiary created in an accommodating state where the tax rate is in the range of zero percent.

Management of the banana industry is a prime example of the way funds are distributed within a corporation through transfer pricing. When a consumer in London buys a pound of bananas, we know that only 1 or 2 percent of what she spends goes to pay workers' wages in Costa Rica. Production costs are assessed at 10 percent, and 39 percent goes to the retailer. The rest of the money is distributed through a network of entities established in accommodating jurisdictions: 8 percent to a Cayman Islands subsidiary to pay for the right to use the trade network required for the transaction; another 8 percent to Luxembourg to pay for the corporate group's financial services; 4 percent to the insurance department established in the Isle of Man, and 6 percent to the management department in Jersey; an impressive 17 percent to the distribution network officially active in Bermuda; and royalties to the Irish subsidiary to pay for the right to use the banana company's trademark. If the retailer is a distribution multinational, it too will distribute its 39 percent share of the transaction. Of the overall amount, before sales tax, only 1 percent will be subject to taxation in the country where the transaction actually occurs. The British government is forced to rely on the wages of employees, a captive group from a tax perspective, to fund the infrastructures and public services required to make this commercial process work. As for the state of Costa Rica, it gets the smallest share.[28]

While these abusive capital transfers are costly for the population of rich countries, they are nothing less than disastrous for the people living in poor

states. In almost 10 years, from 2004 to 2013, the illicit financial flows recorded as leaving emerging countries represented close to $8 trillion, an amount equivalent to twice the gross domestic product of the countries involved, and which, of course, was not subject to any tax.[29] Essentially, these flows involve transactions that multinationals coordinate between the entities they control in order to remove as much capital as possible from the accounts of subsidiaries in poor countries. A favourite method is known as mispricing: a corporate structure in a country of the South pays extortionate prices for "services" provided by subsidiaries in tax havens.

A multinational corporation, by definition, is not a single structure. In legal terms, it exists in multiple forms, as a set of subsidiaries and entities created throughout the world. This is why it is accurately described as a "group," or sometimes even an "empire." Its board of directors coordinates the operations of formal entities established in a very large number of countries. The use of the word "multinational" is hardly accidental. The entities relating to each other through the board (Delaware subsidiary, Cayman Islands bank, Panama trust, limited company in France, holding company in Bermuda) trade with each other, bill each other for goods and services, and borrow money from each other; in the most bizarre cases, they sue each other, or sell or exchange shares in their own corporate group. Accommodating jurisdictions allow them to put capital in accounts opened where the tax rate is zero or close to zero; investments will be recorded on the balance sheet of entities active in states where tax rates on profit are significant, since these states provide services and maintain public infrastructures.

Banks and multinationals now present themselves as "economies," reducing states to the same category — which means states are the corporations' peers, and no more. These players have now established power relationships operating to their benefit as they negotiate with lawmakers. A financial magazine such as *Forbes*, or the Hale Index, are thrilled to announce that a majority of the world's most powerful "economies" are now private.[30] Corporate groups appear merciless in their power to blackmail and corrupt. Shaped by multiplicity, multinationals cannot be identified as any non-multiple form.

The challenge of "tax havens" and other accommodating jurisdictions is to politics what the challenge of climate change is to ecology: these hugely significant phenomena will be with us throughout the next century and shape its struggles.

2 Five Severely Harmful Impacts

When people set about analyzing the losses governments incur because of tax avoidance by multinationals and wealthy individuals, they tend to approach the issue quantitatively. In the mid-2010s, the highly prudent OECD estimated that countries were losing revenues of $100 to $240 billion a year because of the tax avoidance practiced by multinationals in accommodating jurisdictions.[1] In France, a parliamentary fact-finding mission estimated that the shifting of assets to accommodating jurisdictions by capital holders costs the treasury 60 to 80 billion euros a year.[2] In the United States, Congressional researchers found that the U.S. treasury loses $100 billion per year to tax flight.[3] Similarly, in Canada, annual losses have been estimated at between $5.3 and $7.8 billion.[4]

While these estimates are legitimate and, to some extent, necessary, it is very difficult to establish the numbers with accuracy, if only because of the bank secrecy that prevails in most accommodating jurisdictions and the lack of transparency with which funds are managed in such jurisdictions. It is likely that the studies significantly underestimate the numbers due to an excess of caution, but as soon as any figures are advanced, they are inevitably challenged by mouthpieces of the regime — not so much to engage in a methodological debate worthy of the name as to make sure we are bogged down in a numbers war. However, the common conclusion of all the studies, that this is a major problem, cannot be ignored. It is clear that governments are losing billions every year. That shortfall means that even if they were inclined to pay for hospitals, schools, cultural centres, transit systems, accessible legal institutions, and other social services, they cannot afford to do so.

Starting from this premise, we propose to develop not so much a quantitative assessment of offshore transfers but rather a way of conceptualizing a far-reaching contemporary issue. Using elementary logic, we can identify five categories of costs that individuals and small businesses incur when they are forced to compensate for the losses they collectively suffer as a result of tax avoidance strategies that have been made “legal.” Simple logic can give us a clearer picture of the exponential impact of tax havens on citizens.

1. BILLIONS IN LOST TAXES

As a matter of convention, let us start with a statistic. According to Statistics

Canada, as of December 31, 2016, six of the ten countries throughout the world in which Canadian companies held the largest investments were tax havens — Barbados, Luxembourg, the Cayman Islands, Bermuda, the Netherlands and the Bahamas — or maybe even seven if you consider the fact that the United Kingdom is home to the City of London, a genuine offshore state within the British state. These so-called "investments" that Canadian companies had placed in six jurisdictions where the tax rate is zero or close to zero amounted to at least $262 billion. In 1990, Statistics Canada had estimated the amount placed in accommodating jurisdictions by Canadian companies at $11 billion.[5] This amounts to an increase in the area of 2,300% in the space of barely more than a quarter-century.

Statistics Canada has not developed a methodology for gathering this type of information. It acknowledges that its sources are limited to disclosures by the Canadian multinationals in question[6]; it just adds them up. Given the famously opaque bank secrecy that prevails in most tax havens, these estimates should be viewed as the absolute minimum.

Officially, the $262 billion in question has been placed in "investments." In fact, the investments are nothing of the kind. They do not consist of capital assets or any interest in the real economy, but only simulate such transactions. Most often, the funds have been transferred between related companies (via internal billing for the right to use a trademark or for services provided by a subsidiary registered in an accommodating jurisdiction) for the purpose of shifting as much taxable capital as possible to a jurisdiction where the tax rate is zero or near zero. Between 40 and 60 percent of global financial transactions are between entities owned by the same parent multinational.[7] It would therefore be inaccurate to present these amounts as growing cumulatively over the years. For example, Canadian funds in Barbados increased from $51.7 billion at the end of 2010 to $68.3 billion at the end of 2016, but it should not be concluded that $16.6 billion was simply added in the space of six years to the previously existing amount.[8] In fact, this is financial capital that flows steadily through the offshore channel simply to be shielded from taxation before being reinvested elsewhere. As the funds are constantly renewed, they escape taxation year after year. If they did not move their money in this way, Canadian companies would have to pay approximately 25% of their profits in combined federal and provincial corporate income tax at the end of the year.[9]

2. A CRUMBLING STATE

The activities of large corporations in tax havens also drain government coffers in another way, as the federal and provincial governments have allowed themselves to be drawn into a race to the bottom in recent years.

To stave off even greater artificial transfers of capital from Quebec to tax havens, our government has started emulating tax havens in some respects. In one striking example, the stated reason for Quebec Finance Minister Michel Audet's decision to cut the corporate investment income tax rate from an already paltry 16.25 percent to 9.9 percent in 2007 was fear of "capital flight."[10] Moreover, only 50 percent of capital gains are taxable whereas 100 percent of the ordinary income of individual taxpayers is taxed. Fear of capital flight will be played over and over again, until Canada grants corporations the same advantages as those they enjoy in tax havens.[11]

At the federal level, corporations paid a 38 percent income tax rate in 1981; today, the rate has been lowered to 15 percent. The same rhetoric prevails in other Western countries: in the United States, the Trump administration claimed fiscal competition was the reason for its brutal reduction of the corporate tax rate from 35 percent to 21 percent — even though corporations contribute barely more than 10 percent to federal tax revenues.[12] The French Republic has exempted capital gains from its wealth tax in order to prevent such gains from going, or staying, "abroad," to quote Prime Minister Édouard Philippe, who dared not explicitly name offshore jurisdictions and the tax dumping they have created throughout the world. Finance Minister Bruno Le Maire has taken the same position in relation to corporate profits: "fiscal competition" is the justification for reducing the French corporate tax rate from 33.3 percent to 25 percent by 2022. In other words, public authorities are following the tax haven model instead of fighting the legislative abuses they embody. Such initiatives are based on defective reasoning. Political choices are subordinated to the idea that tax havens are politically sovereign entities whose decisions cannot, in international law, be subject to interference from other states. Instead of opposing the phenomenon, great powers such as France accept the rules of the game as if they made sense: the corporate tax rate must be reduced by several percentage points, following the example of the United Kingdom, Sweden, Denmark, Finland, and Germany — not to mention Eastern European countries with their abnormally low rates — because these states plead the tax competition of Barbados, Hong Kong, and Switzerland.

In Canada, the combined provincial and federal income tax rate paid by corporations has been halved since 1981, from almost 50 percent to about 25

percent, depending on provincial rates.

There is also an impressive array of federal measures that benefit large holders of capital. Here is a non-exhaustive list: 1. Federal corporate tax rate slashed from 37.8 percent in 1981 to 15 percent in 2012.

2. Federal capital tax eliminated in 2006.
3. Federal capital gains inclusion rate lowered from 75 percent in 1998 to 50 percent in 2000.
4. Some exporters exempted from sales tax and customs duty (Canada's Strategic Gateways and Trade Corridors program).
5. Indefinite tax deferrals for some companies: "Between 1992 and 2005 the 20 largest income tax deferrals in Canada increased by $29.4 billion or 199 percent, from $14.8 billion in 1992 to $44.2 billion in 2005."[13]
6. Flow-through shares program enhanced for some mining, oil and gas companies.
7. Possibility for some mining, oil and gas companies to set themselves up as tax-free income trusts.
8. Tax rate on taxable Canadian property held by non-residents lowered.

Year after year, Toronto, Vancouver, and Montreal are at the top of the international table of the world's most fiscally competitive cities, according to a study by KPMG.[14] Canada actually has a low corporate tax rate, one of the lowest among Organization for Economic Co-operation and Development (OECD) countries, at an average 26.3 percent (the federal rate plus the provincial rate, which varies from province to province). By comparison, until Trump brought it down to 21 percent, the rate was 35 percent in the U.S.[15] This made Canada a tax offshoring destination for U.S. corporations. When fast-food titan Burger King acquired another industry giant, Canada's Tim Hortons, on November 25, 2014, it chose to merge with Tim Hortons and establish its head office in Canada, for the sole purpose of reducing its tax bill.[16] On the same day, it was reported in Quebec that Valeant Pharmaceuticals, an American company prior to its acquisition of Bausch & Lomb in 2012, was paying an effective tax rate of only 3 percent in Canada, whereas its statutory rate in the U.S. was 36 percent.[17] After a brief stay in Ontario, it moved to Quebec, where it was welcomed by an $8-million subsidy from the Quebec government. Valeant, which posts total annual profits of $3.4 billion, clearly knows some tricks for reducing its debt to its host society to virtually nil: "Valeant's strategy involves offshore subsidiaries in

places such as Barbados, Bermuda and Ireland."[18] Canada itself is becoming a tax haven in that its economy is integrated with tax haven jurisdictions. On that day, the two solitudes spoke, for once, with a single voice — although each was describing its own case: the August 26 edition of the *Toronto Star* reported Burger King's administrative move to Canada under the front-page headline "Merger talks show Canada turning into a 'tax haven'," while in Quebec the front page of *Le Journal de Montréal* read "Le Québec, paradis fiscal" ("Quebec: a tax haven"), citing the Valeant case.

In addition to lost government revenues, taxpayers have to cover the cost of the financial assistance extended by their governments to corporations. According to a Fraser Institute study, federal, provincial, and municipal governments subsidized business to the tune of $19.4 billion in 2007. The Quebec government was among the most generous, doling out more than $6 billion. This money did not go solely to struggling, deserving small businesses, to put it mildly. Alberta oil companies and Quebec video game developers were major beneficiaries.

In 2015, the Overseas Development Institute and Oil Change International estimated that, counting direct assistance for the search for oil and natural gas deposits and tax credits for practically every stage of exploration, Canada's federal and provincial governments handed the oil industry an annual average of $2.7 billion in subsidies in 2013 and 2014.[19]

Another example is the tax break granted by the Quebec government to the video game and computer-generated image industry. For many years, Quebec absorbed between 26.25 and 37 percent of the wage costs of companies 90 percent of whose production consisted of multimedia titles; between 1997 and 2010, this measure cost the Quebec government half a billion dollars.[20] Pauline Marois's government, in power for a little over a year between 2012 and 2014, extended the program by making more employee categories eligible.[21] In 2013 alone, the tax credit cost the state $128 million,[22] and under the budget presented by the Liberal government in 2014, benefits rose from 21 to 30 percent of wage costs.[23] There is an unwillingness to discuss the fact that this strategy contradicts every single one of today's neoliberal dogmas. While it is hard to say whether it is of benefit to Quebecers, companies are demonstrating, by their presence, that it is of benefit to them.

3. BORROWING FROM THE INSTITUTIONS WE NO LONGER TAX

From a strictly logical point of view, it can be deduced that this shortfall for the

treasury, which translates into recurring budget deficits, generates additional debt service costs for government. Every year, to make ends meet, governments must borrow from the financial institutions that they now taxes at a lower rate than before or not at all. Ontarians had to pay $21.2 billion in government debt interest in 2017,[24] but only closed minds and ideological thinking could lead a think tank to claim that government's excess and useless expenditure was at fault. The lines of authority have been reversed: it is no longer private institutions that finance the state to support the wide range of direct and indirect services they receive, but rather captive taxpayers — essentially small businesses, wage earners and consumers — who finance those services so the government can balance its budget. Year after year, the federal government's budget report shows that less than 15 percent of its revenues come from businesses and approximately 50 percent from individuals. In other words, individuals are being asked to pay three-and-a-half times as much.[25] In 1979–80, the ratio was approximately two to one.[26] (That is without counting sales tax, which weighs more heavily on households and now accounts for 11 percent of the tax base.) If we add up all the income tax paid by Canadian individuals at the federal and provincial levels, and compare it with what corporations pay, we find the latter accounted for 13.7 percent of government revenues in 1965 and only about 8 percent today (7.9 percent in 2008 and 8.3 percent in 2013). Meanwhile, the share borne by individuals has surged from 20 percent in the mid-1960s to over 30 percent in 2013.[27] The colonial-inspired Quebec mining code is so generous to resource extraction companies that their employees and suppliers pay three times as much income tax as they do.[28]

But the increased financial burden on citizens has not yielded any improvement in public services. Not only are taxpayers paying more only to make up for the smaller share paid by corporations, but a portion of their taxes goes to finance the debt the government is contracting with holders of capital to cover its frequent budget deficits.

4. NEW AND HIGHER USER FEES

These losses for the treasury often force citizens to pay twice for public services to which they are entitled: once as taxpayers, through income tax, and then as users, through user fees. Increasingly, provincial and federal governments are introducing or raising fees for access to services that they can no longer fund themselves from income taxes. Examples range from "other fees" at universities and more expensive parking at hospitals to higher rent for co-ops at public

institutions, tolls on roads and bridges, and increased daycare fees. In every case, the government is not only chronically underfunding the services it claims to provide, but is charging for access in order to pay unrelated expense items, such as debt service. Ordinary people clearly lose out from every point of view, and although the total cost they bear is very difficult to calculate, they remain keenly aware of it.

5. TEARING DOWN PUBLIC SERVICES

Despite the fact that individual taxpayers are providing a growing share of government revenues while their incomes are mostly stagnating, their public services are being dismantled. This qualitative loss entails financial costs for the public. In many cases, loss of services forces people to turn to the private sector; this of course is precisely what the ideologues who made the decision want. Analyzing the impact of budget cuts on Canadian universities, the *Globe and Mail* provided the following example in 2013: On Thursday, Alberta slashed university operating grants 6.8 percent just one year after promising more money. It was a $40-million blow to the University of Alberta, an outcome far worse than even university president Indira Samarasekera had foreseen. Dr. Samarasekera had first warned the $12-million deficit her school faces next year would grow without new government funds. Then she had conceded it would be “a victory” if the province only froze the school’s operating grant, and didn’t cut it.[29]

In 2015, *Rabble.ca* came to a similar conclusion regarding elementary and secondary school systems throughout Canada, noting that Ontario has been fast tracking school closures in Toronto and limiting public debate on the closures. The province has also announced province wide cuts to special education programs. As teachers, school staff, students, and parents reel from these proposed cuts, expect actions in your town. Track what is happening at the Campaign for Public Education website. Meanwhile, sign this petition telling Premier Wynne that these cuts are unacceptable.[30]

In 2015, the *Toronto Star* pointed out that The pressing issue of missing and murdered Aboriginal women, for instance, continues to suffer from scant consideration and bare-bones funding. In 2006, the government cut funding to Aboriginal organizations addressing this issue, and largely redirected its promised $5 million annual funding to the RCMP’S missing persons database, which is not dedicated to tracking Aboriginal women and girls. There are no plans to increase resources and no word of funding for wider initiatives to

empower Aboriginal women and improve their lives. Many women's organizations also suffered cuts. Nationally, Status of Women Canada's budget was cut by 37 percent in 2006 and 12 of its 16 regional offices subsequently closed. This has been steadily declining ever since, coming in at one-hundredth of 1 percent of total federal spending in 2014.[31]

According to the Canadian Alliance to End Homelessness,

> Federal government budget cuts in the 1990s resulted in deep cuts to provincial transfer payments and the cancellation of the federal affordable housing program. Faced with federal transfer payments cuts and their own debt problems, the provinces were forced to make sweeping cuts in everything from health care to welfare that impacted vulnerable Canadians. Provincial reductions in welfare payments not only reduced the amount of support but the number of people that could receive it.[32]

In Quebec, the exhaustive list of cuts by the provincial government posted on the Institut de recherche et d'informations socioéconomiques (IRIS) website is a litany of administrative horrors.[33] The Canadian Centre for Policy Alternatives indicates that since the 1990s, putting the burden of debt reduction on social spending cuts rather than on taxation meant that the burden of Canadian deficit reduction fell on the lower end of the income distribution, and this was a significant factor behind the pronounced increase in Canadian income inequality over the 1990s. Between 1993 and 2001, the after-tax and transfer income share of the bottom 80% of families fell as the share of the top 20% rose from 36.9% to 39.2%.[34]

Since then, the regressive spiral toward greater inequality has never stopped.

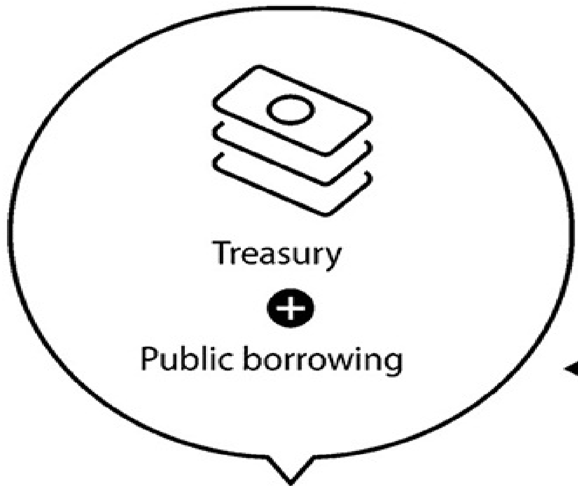
Tax havens are not the only culprits in the underfunding of public services. How the different levels of government divide up the revenue pie is also a factor. The federal government takes a large share of the taxes paid by citizens, while services are dispensed mainly by the provinces.[35] The ongoing and incalculable misappropriation of funds, and corruption within the government apparatus, also represent a significant cost.[36] But it is clear that the state's straitened circumstances are being used to justify the paring of public services.

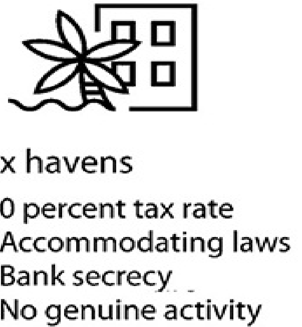
How can we escape the conclusion that governments are serving the interests of big capital? They are creating loopholes that enable large corporations and financial institutions to move hundreds of billions of dollars offshore and not pay tax on that money. Taking their cue from tax havens, they are lowering tax rates on the capital that corporations and wealthy individuals keep here. To make ends

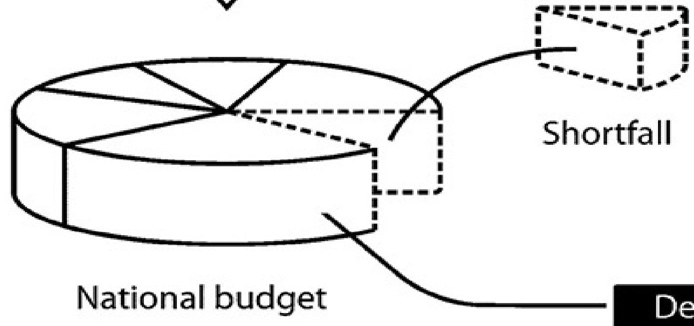
meet, they then have to borrow the money they no longer collect in taxes from those same institutions, at high interest rates. And then they make workers and the middle class bear the brunt of the shortfall by steadily slashing funding for services and adding user fees. This is what happens when citizens leave the running of the state to ideologues who hate the government's social function. It is the outcome of choices that are neither technical in nature nor necessary, but that reflect a profoundly biased policy.

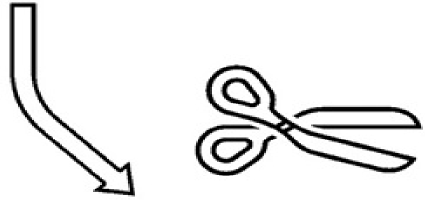
Revenues from individuals and small and medium-sized companies
Taxes %

Revenue from multinationals and banks


Treasury
Public borrowing
Loan $$


Tax havens
1. 0 percent tax rate
2. Accommodating laws
3. Bank secrecy
4. No genuine activity


Shortfall
National budget
Debt service %


Austerity plan
1. Services abolished
2. Job cuts
3. New user fees
4. New taxes
5. High taxes maintained

3 Ideological Bias

Communicators, experts in “governance,” certified ideologues, and other orthodox economists are never at a loss for words when tax havens become the focus of a public debate — although the issue does make them uncomfortable. Their alibi is usually a jumble of commonplace ideas that appear credible only because they have never been put to the test of reality. We know these ideas, for we have been relentlessly bombarded with them for decades. They have become the wallpaper of our awareness. The contradictory concepts of competition and trickle-down are inevitably the basis of our experts’ stylistic exercises. On the one hand, the current situation is presented as a necessary evil: no one can fight alone against destiny; in today’s worldwide context, we have no choice but to keep on making “our” businesses “competitive.” On the other hand, a contrary view is asserted: this worldwide regime is actually good for the lower classes, because businesses forced to become “competitive” are able to amass the treasure they need to invest massively in their country, thus creating the fabled “jobs” that we all desire. Tax havens will manufacture rich people who will dominate us and hire us, and then we’ll be rich too. That’s the song they keep singing.

Of course, this magical thinking leads to nightmare consequences in real life. Most multinationals have more capital than they know what to do with. When we provide them with extra billions — whether by adding new tax niches or loopholes to access accommodating jurisdictions, by abolishing taxes, or by feeding them a nonstop diet of subsidies — we are contributing to one outcome only: putting even more capital in their coffers or in their shareholders’ portfolios. These funds can be made over to bankers for an indefinite period. Even the Bank of Canada was moved to complain when it discovered in 2014 that Canadian companies were holding over $600 billion in their various bank accounts[1]: “While an increasing number of export sectors appear to be turning the corner toward recovery, this pickup will need to be sustained before it will translate into higher business investment and hiring.”[2] The Bank’s grievances revealed its impotence. The funds are often entrusted to foreign bankers.

When asset holders finally bring themselves to invest, it does not follow that the population will benefit. Throughout the world, some 10,000 hedge funds, strictly dedicated to speculative finance, hold assets that were valued at close to

$3 trillion in the mid-2010s. This was $1 trillion more than in 2008, the year these hedge funds played a major part in plunging the world's financial systems into one of the worst crises of their history.[3]

Debts, currencies, property titles, and term contracts on goods such as oil and wheat are bought and sold every day, through risky investments in packages of uncertain products, or frenzied financial algorithms whose operations are measured in nanoseconds, for the sole purpose of amassing more capital thanks to the frantic production of marginal gains. Not only do these billions edgily put into circulation fail to benefit anyone; to the contrary, they even have harmful effects on our economic reality. This happened in 2008 with the spectacular financial collapse provoked by the massive and fragmented sale, on financial markets, of debts contracted by insolvent households (the famous subprimes). Then came the world food price crisis, with acute effects in countries of the Global South as investors became infatuated with speculation on agricultural commodities futures, leading to artificial spikes in food prices even in the food stalls of impoverished sellers in local markets.[4]

When investors finally do decide to invest in producing goods and services, their decisions are often based on who has purchasing power, rather than what populations need in economic terms. Of course, one would rather manufacture private luxury jets, or medications intended for wealthy hypochondriacs, than build roads and houses in shantytowns or cure yellow fever in Africa. And since business schools have taught corporate managers to view labour strictly as a cost that must be minimized, investors will often prefer to put their money in factories located in free zones, the tax havens of labour. A look at the labels of the products we buy is enough to tell us that clothing, electronics and basic commodities are manufactured in the free zones of Kingston, Jamaica, Caracol, and Haiti, or Bangladesh, India, and China. In these sweatshops, "health and safety conditions are bad, overtime is excessive, wages are miserably low, collective organizing by workers is banned, and abuse and harassment are frequent."[5] Economic globalization means that businesses delocalize and register their operations in a fragmented manner, so that they can bypass the social and taxation laws of the countries where their head offices and the market for their products are located. A T-shirt once manufactured in east end Montreal or southern Ontario is now made 10,000 kilometres away from the person who will wear it, thanks to a maritime shipping system that has itself been offshorized: free ports provide the fictitious administration of the ocean freight industry that keeps the price of the T-shirt low.

The story of Gildan, a Canadian garment manufacturer, summarizes all of this. In 2013, we learned that Gildan's products were manufactured in sweatshops located in free zones in the Dominican Republic and Bangladesh, even though the company had been funded by investors such as Quebec's giant pension fund manager (the Caisse de dépôt et placement) and a major Quebec labour union investment fund, the Fonds de solidarité of the Fédération des travailleurs du Québec (FTQ). It was also revealed that for purposes of tax avoidance, Gildan had carried out a number of dubious transfers, involving tens of millions of dollars, to an obscure entity in the Bahamas.[6]

This is just one example from a long list of media reports on Canadian companies:

- In 2003, Norshield manipulated the accounts of one of its entities in the Bahamas in order to overestimate its assets; the doctoring involved an amount of $300 million.[7]
- In 2006, as part of the "Norbourg affair," Vincent Lacroix was accused of defrauding 9,200 investors by orchestrating the embezzlement of approximately $130 million. Yves Michaud, founder of a shareholder activist group (MEDAC — Mouvement d'éducation et de défense des actionnaires), commented: "I'm sure there is still money somewhere beneath the sun of tax havens. Vincent Lacroix can't possibly have spent $115 million in strip clubs."[8] A $2 million transfer to an account in the Bahamas is known to have taken place in May 2005.[9]
- In 2007, Jean Lafleur — an advertising executive who was fined $1.6 million and sentenced to 42 months in jail for his involvement in the corruption and embezzlement of public funds known as the "sponsorship scandal"[10] — deposited the money he had stolen in Belize. Because of the bank secrecy that prevails in this tax haven, only his lawyers know how much money is involved. One of them, Jean-Claude Hébert, vehemently objected to bringing foreign-held assets into evidence, claiming that Mr. Lafleur would suffer "irreparable" harm if they were disclosed.[11]
- In 2009, a fictitious investment company known as Progressive Management was at the heart of legal proceedings for fraud. From the Bahamas, the company had orchestrated a complex swindle intended to channel several million dollars to its account.[12]
- In 2010, it was revealed that investment broker Earl Jones had defrauded his Montreal West Island clients by embezzling at least $12 million. "Earl Jones

had dealings with 93 financial institutions, including 50 banks in Canada, the United States, Ireland, England, and Switzerland."[13]

- In 2012, the Canadian Imperial Bank of Commerce (CIBC) stated in its annual report that its presence in tax havens had enabled it to save $1.4 billion in Canadian taxes between 2007 and 2011.
- In 2014, the Royal Bank of Canada (RBC) was accused of illegal transactions in its Cayman Islands and Bahamas subsidiaries. The bank had breached the law by failing to produce, in a timely manner, all of the documents requested by the Commodity Futures Trading Commission (CFTC), the independent federal agency that regulates commodity exchanges in the United States.[14]
- In 2015, the RBC had to pay the Commodity Futures Trading Commission US$35 million for having pretended to sell derivatives to its offshore subsidiaries in the Bahamas, the Cayman Islands, and Luxembourg, in order to reduce taxes owed in Canada.[15]
- In 2015, a Montreal accountant, Jeffrey Mandel, now residing in the Bahamas, was apparently the instigator of a mysterious tax avoidance stratagem involving $77 million. A Canadian charitable organization, a Jamaican university, and a British financier were involved in the affair.[16]
- When the CBC, as a member of the International Consortium of Investigative Journalists (ICIJ), analyzed the database of Bermuda law firm Appleby in 2017, it found that former Liberal senator Leo Kolber had managed a trust benefiting Stephen Bronfman, who chaired the Liberal Party's fundraising campaign in the months leading up to Justin Trudeau's electoral victory.[17]

The use of tax havens has become so disproportionate, and involves methods that are sometimes so obscene, that more and more right-wing intellectuals, capitalists, and liberals are now ready to issue a blanket condemnation of the system, explicitly acknowledging that they no longer recognize it as their political ideal. Joseph Stiglitz on the treacherous decisions of international institutions, Warren Buffett on the profound unfairness of the tax system, Daniel Lebègue on the breakdown of the banking sector, Raymond Baker on private investment in Africa, George Soros on the damage inflicted by financial speculation, Larry Fink on the destructiveness of a corporate culture that pays out dividends to shareholders while taking businesses apart: all of these players, who are considered right-wing, seem dumbfounded by the wrong turn taken by untrammelled capitalism. Marc Roche is undoubtedly the most explicit of these critics. Roche, who is *Le Monde*'s financial correspondent in London, describes

himself as “a doubting liberal”; while he is still in favour of capitalism, he denounces an “outlaw capitalism” run by “banksters.” Even the Rockefeller family has now decided to stop investing in fossil fuels.[18]

An Oxfam study dated January 18, 2016, notes that under this system, oligarchs are the ones who enjoy the fruits of growth. Seventy-two percent of the wealthiest people control half of the value created by increases in production since 1988, while the poorest half of humanity — poorest in the accounting sense — is able to capture only 1 percent of this wealth.[19] One year later, in January 2017, Oxfam noted that the world’s eight wealthiest persons now hold as many assets as the poorest half of humanity.[20]

But when communicators, experts, ideologues, and other orthodox defenders of globalized ultraliberalism are confronted with these facts, they tend to talk about corporate “DNA”: the fact that a business is a loose conglomeration dedicated to increasing the wealth of its shareholders. This is truth, just as the fact that it rains is truth, and should be accepted as such. After all, they tell us from the heights of their wisdom, the only thing we require of corporations is that they should obey the law. These organic intellectuals, of course, who have themselves so often acted as lobbyists for corporations to whom they rent out their intelligence, forget to discuss the decisive pressure that can be exercised by banks and multinationals on the lawmakers of the world. The power balance is often outrageously favourable to the corporate players. When Jim Flaherty was Canada’s minister of finance in the second half of the 2000s, for instance, he was not merely lobbied by multinational firms: their representatives were actually included in the Department’s structure as “advisors.” The Advisory Panel on Canada’s System of International Taxation, established in 2008, officially included the following: an ex-chair of the board of the Royal Bank of Canada and ex—CEO of the SNC-Lavalin Group; a retired Scotiabank executive who at the time was a director of both Barrick Gold and Rogers; an executive in charge of international taxation issues at PricewaterhouseCoopers; and a retired Shell Canada executive.[21] No tax expert, and *a fortiori* no sociologist or trade unionist, was appointed to keep them company. Members of the panel could officially present the minister with draft legislation, and this was not even viewed as lobbying.

4 Laundering with Language

Much has been made of the fight against tax havens, but over time, traditional states have themselves started to look like accommodating jurisdictions.

People made fun of him, and so he was not heard. On the sidelines of the G8 summit in Pittsburgh in 2009, Nicolas Sarkozy made an explicit statement: “Tax havens, bank secrecy, that’s finished.” He might have been swaggering, but his words were not as trivial as they seemed. While his comment seemed to embody the empty fantasy of immediately bringing to heel the offshore financial centres and other accommodating jurisdictions that attract over half of the world’s international financial transactions, it actually prefigured something very different, which has become apparent in recent years: the fact that the most powerful states are now intent on imitating tax havens, to such an extent that we can no longer tell the two apart. In his laconic statement, the French president was actually saying: yes, tax havens were “finished,” but only because traditional states were going to beat them at their own game and replace them. Sarkozy made everything crystal clear, in his own matchless style, while visiting Alstom facilities in Ornans on March 17, 2009:

> I wasn’t elected to increase taxes. So if anyone is itching to increase taxes … Ladies and gentlemen, I have absolutely no desire to make Monaco rich. I don’t want to make Switzerland rich, I don’t want to make Austria rich. I want people to come spend their money in France and invest in France.[1]

In enacting a series of laws that reduced French tax rates, he was sending a clear message: we will fight tax havens by copying them in order to make them useless.

This is the noxious effect of the fiscal competition in which all countries are now engaged, and which tax expert Brigitte Alepin finds deeply worrying. She argues:

> This new dynamic allows international taxpayers to choose where they will be taxed, and it leads states to throw themselves into competitive taxation: they are racing to diminish both legal and effective tax rates. The tendency to lower rates is likely to continue, since many jurisdictions rely on fiscal competitiveness to jumpstart their economy.[2]

And while traditional states are attempting to resemble tax havens, tax havens present themselves as civilized, claiming to imitate states governed by the rule of law.

Since 2000, the “blacklists” of the OECD, the Financial Stability Forum (FSF) associated with the International Monetary Fund (IMF), and the Financial Action Task Force (FATF), which were officially intended to stigmatize the jurisdictions least likely to “cooperate” with foreign authorities, have actually helped to exonerate them. In order to appear legitimate, authorities of an accommodating jurisdiction simply needed to figure out how to remove themselves from the lists. This explains why “mixed” tax havens are more and more numerous: countries that base entire sections of their jurisdictions on the offshore model, while otherwise remaining responsible states. Examples are Austria, Belgium, Canada, Ireland, the Netherlands, and the United States (home to the state of Delaware).

Many traditional states have a tendency to define parts of their economy on the offshore model, advocating a complete lack of any kind of regulatory framework. Ireland is well known to specialize in tax avoidance operations involving intellectual property rights, having established a corridor to the Netherlands and Bermuda that enables a corporation to bill itself for services. Meanwhile, Austria and Belgium guarantee bank secrecy within Europe itself.

Traditional states find it particularly easy to provide themselves with offshore statutes because they themselves have greatly contributed to the creation of tax havens. Many tax havens are either territories directly accountable to the British Crown (Cayman Islands, Guernsey, Jersey, Turks and Caicos Islands, British Virgin Islands), or former colonies that are now Commonwealth members (the Bahamas, Jamaica, Trinidad and Tobago). Others have administrative ties with the United States (Marshall Islands), are actually part of the United States (Delaware), or cultivate informal relationships with other traditional jurisdictions (as Barbados does with Canada, and Monaco with France.)

In terms of blurring such boundaries, law-abiding Canada is truly a model. A former Canadian finance minister inspired the tax laws that the Bahamas enacted when they became an accommodating jurisdiction in the 1960s. Then, in 1980, Canada signed a tax agreement with Barbados that allowed Canadian corporations to send money through Barbados in order to bypass Canadian tax authorities. That escape route, legalized even though it flew against the spirit of the law, was reproduced many times over in the 2000s as Canada signed Tax Information Exchange Agreements with many other notorious tax havens: under

Canadian law, Canadian taxpayers who have assets in one or more of these states can bring their profits back to Canada in the form of dividends, without being required to pay any taxes on them. In addition, Canada shares its seat at the World Bank and the International Monetary Fund with a group of twelve tax havens, including the Bahamas, Barbados, Belize, Ireland, Saint Kitts and Nevis, and Saint Vincent and the Grenadines. The Toronto Stock Exchange is a major shareholder in the Bermuda Stock Exchange, and the TSE chief executive officer is a member of the latter's board of directors. And in 2010, Canada signed a free-trade agreement with Panama — the country that recycles the largest amounts of drug trafficking money in the world.

No one will be surprised to learn that this kind of proximity gives people ideas. Canada has framed entire sections of its economy on the basis of the offshore model. It has also enabled the creation of cross-border income trusts (CBITS) and foreign asset income trusts (FAITS), two kinds of trust that allow mining, oil, and gas companies to avoid any form of tax on their income as long as their assets are held abroad. Thanks to its financial and regulatory framework, Canada is home to no less than 75 percent of the world's mining companies. In Nova Scotia, the provincial government has created a public agency, managed exclusively by business people, that uses tax advantages to convince companies listed in the Cayman Islands and Bermuda to open offices in Nova Scotia. Under this system, Halifax employees handle the companies' paperwork in accordance with tax haven "laws"; no activity of any substance, of course, takes place in the tax havens. In short, governments have been reduced to offering tax exemptions to companies that create jobs dedicated to helping businesses avoid taxes.[3] Unsurprisingly, year after year, reports from accounting firms such as KPMG or PricewaterhouseCoopers identify Canada as a leader among states providing the most advantageous tax laws for businesses.

Maples and Calder, a law firm specializing in the relocalization of assets and tax havens (previously mentioned in relation to Ugland House in the Cayman Islands), opened a Canadian office in Montreal in 2009 with the support of the Quebec Ministry of Finance. As reported in the business press, "Maples [Finance] has been recognized as an International Financial Centre (IFC), which gives it the right not to pay taxes on certain earnings and to a 75 percent reduction in its contribution to the Quebec Health Services Fund."[4] Jacques Girard, chair of the Montreal International Financial Centre, who oversaw the arrangements for the firm's arrival, responded to criticism of Maples with what can only be described as naïveté: "I don't want to make a judgment. We're

making judgments on firms here and I think that's a little awkward."[5] Quebec Revenue Minister Robert Dutil preferred to take cover behind a pretence of legality: "In our society, you have to give people a chance and allow those who behave legally to establish themselves."[6] The Ministry had also issued a working paper on the Companies Act that proposed to make Quebec into a regulatory haven for the directors of corporations, at shareholders' expense.[7] The goal here, as in any other accommodating jurisdiction, was to use the rule of law to neutralize itself: it was literally proposed to "[insert] an exoneration clause in the articles of incorporation ('Raincoat Provision') to cover directors for their shortcomings in their duties of prudence and diligence, which would prevent shareholders and creditors from suing them in damages."[8] While the Finance Ministry was clearly aware of the fact that this transformation of Quebec's legal framework would harm small investors, it also believed that a minimalist approach to regulation would attract companies from the rest of Canada and the United States to Quebec. The project was debated at the Finance Ministry just at the time when Quebec was experiencing the consequences of financial fraud committed by Vincent Lacroix and Earl Jones. Fortunately, in this instance, temptation was set aside.

This is how the great powers are fashioning a world in which tax havens are "finished." While the press and many citizens throughout the world take objection to the fiscal and legal conjuring tricks whose benefits are enjoyed by Apple, Amazon, Microsoft, Starbucks, and Google (and by individuals — in France, two examples are Bernard Arnault and Jérôme Cahuzac), the transformation of traditional states into sectorial accommodating jurisdictions, and the incorporation of their economy into the offshore system, seem to have been internalized as normal. In Europe, no great fuss is made over the fact that the president of the European Commission in Brussels, Jean-Claude Juncker, was prime minister or minister of finance of a notorious banking haven, Luxembourg, for almost twenty-five years. Under Juncker's leadership, Luxembourg was at the heart of the bankruptcy of agri-food giant Parmalat, was connected to the gigantic fraud carried out by Bernie Madoff, and was exposed as the host country of the Clearstream clearinghouse, a prodigious apparatus designed to launder capital and ensure the functioning of the offshore economy. French daily *Le Monde* did bring up this delicate matter in its obliging portrait of Juncker; his past, however, was presented not as calling for political assessment, but as providing psychological insight into his doggedness as a political negotiator! A previous appointment led to unease in 2004 when Joe Borg

became the European Commissioner of Maritime Affairs. Formerly a lawyer specializing in business incorporation, Borg had also been minister of foreign affairs of the Republic of Malta, home to a well-known free port.

How do such things come to be accepted? A first answer is that in talking about tax havens, we generally use the language of the real economy and the ordinary vocabulary of political life. Tax havens have been whitewashed, first and foremost, through language. French judge Jean de Maillard raised this issue some time ago: "Legal qualifying terms, and commonly used terminology, conceal reality more than they describe it."[9] In "jurisdictions" with "laws" benefiting asset holders, there are said to be "trusts," "corporate subsidiaries," and foreign "direct investments." Lexical correspondences do not simply name the way assets slip from the traditional to the offshore realm: they actually favour this movement. Because the vocabulary remains the same, we can easily believe that money can and should move from one to the other.

And yet, structures created in tax havens are designed to mask financial transfers, accounting operations, and entities that do not disclose their name. When we present them using the words of the real economy, we are part of the laundering operation. Undisclosable activities benefit from the coverage provided by tax havens not only in terms of "bank secrecy," but also, more widely, in terms of semantic secrecy. In tax havens, there is an inability to give an appropriate name to what may look like standard operations from a foreign vantage point. For instance, tax havens are said to be home to trusts, charitable foundations, and corporate subsidiaries, which carry out operations or are involved in foreign direct investments; they are also said to have signed treaties designed to prevent double taxation. But these terms are used for purposes of concealment only. Nothing denoted by the lexicon of the real economy can help us either understand or describe what actually happens offshore.

• *Trusts* — By definition, this is an ancient structure enabling an asset holder (the trustor) to make assets over to an independent manager (the trustee) in order to benefit a third party (the beneficiary). Landowners, for example, once created trusts to manage land for the benefit of the Church, which was not allowed to own property. In tax havens, however, none of the key elements defining a trust are necessarily present: trustor, trustee, and beneficiary may actually be — the same person.[10] Trusts are used not so much to manage property for the benefit of third parties as to conceal the identity of asset holders, while bypassing the tax authorities and laws of countries where the asset holders are

genuinely active. In the Cayman Islands, for instance, trusts are not required to publish financial statements, keep records regarding shareholders, or provide information on funds' composition or distribution.[11] "Since trusts are not legal persons, they cannot be sued, regardless of the acts committed in their name."[12] There are also "non-resident" companies that can be incorporated without anyone knowing who owns them: a company lawyer's name is all that is needed.

- *Charities* — The "charity" associations created in accommodating jurisdictions are structures overtly intended to enable tax avoidance. No element of their essential purpose justifies the word "charity." Some airlines, for example, have officially transferred ownership of their planes to the charity organizations they have established. Journalist Mélanie Delattre, working for French weekly *Le Point*, was told by the Maples law firm, which specializes in creating offshore entities, that "Airbus does not sell its planes to Air France or Qantas, but to a charitable organization on the island, which then rents them to the airline."[13] Through a bizarre operation that makes an aircraft broker into a charitable organization, the company is in a position to record losses in its domestic accounts, leading to further tax deductions! Manoeuvres of this kind are so common that the BNP Paribas bank is still present in the Caymans, despite having boasted that it no longer has any branches in tax havens. According to BNP Paribas chair Baudouin Prot, "If you're financing airlines, you have to be there."[14]
- *Special purpose vehicles* — These cryptically named ad hoc structures are a perfect system for doctoring accounts, since they make it possible to remove liabilities from a company's balance sheet. A single commercial transaction is enough to constitute a company known as a "special purpose vehicle," or SPV. The beauty of such offshore inventiveness is that partners in the transaction — banks, major firms, or other investors — are completely absolved of any responsibility. No consequence of the transaction can be attributed to them, and they may eventually be replaced by different partners. Special purpose vehicles were key elements of the schemes carried out by an Enron employee, accountant Andrew Fastow, during a period when the company — an energy brokerage firm — was artificially inflating its stock market capitalization before its shattering downfall in 2000. The SPVs allowed the company to eliminate debts and deficits from its financial statements. In the 1990s, Fastow and his partners, including Crédit Suisse First Boston and a British bank (NatWest), promised to buy, at an inflated price, Enron's shares in a fragile

company called Rhythms. As compensation for taking this "risk," Enron provided the partners with 3.4 million of its own shares. The method allowed Enron to make sure that unsuspecting investors would buy back its dubious investments on the basis of its own stock market value: the company's financial statements remained pristine. This incestuous operation even caused Enron's stock market value to rise. The company could present the operation as a source of profit based on the anticipated value of shares that it would cause to appreciate in value. By the turn of the century, the SPVs created by Enron numbered in the thousands.

- *Foreign direct investments* — If we are to believe official data, these are at the centre of offshore operations. "Foreign direct investment" is the worthy name given by statistics departments of traditional states to describe transfers of funds solely designed to enable companies to bypass the public institutions of the territories in which they actually operate. These investments in so-called fixed or permanent assets never stay in one place. Messaoud Abda, professor of administration at the Université de Sherbrooke, and Léon Courville, former director of the National Bank of Canada — two characters that no one would accuse of critical thinking in relation to high finance or offshore jurisdictions — both describe how quickly funds move through tax havens. There is nothing "fixed" or "permanent" about them. To illustrate the flow of capital through tax havens, Abda uses the image of a rotary pump that makes water move through a swimming pool filter.[15] Capital must flow through offshore channels to filter out any tax requirements; once that is done, it will return to the pool from which it came. Circulating at top speed, the money cannot be viewed as an investment in the real economy. We may also note the great humility displayed by Statistics Canada in its efforts to collect data on this topic. In explaining its methodology, the federal agency acknowledges that all of its information is derived from statements made by multinationals in Canada. According to Statistics Canada:

> The process of valuing international investment is more difficult and lacks the symmetry and checks available in valuing domestic sectors' balance sheets. Domestically the universe can more easily be identified and in some cases financial assets and liabilities can fairly readily be balanced.… The book value is, of course, determined by the way in which the company values its own assets and the method used to depreciate its assets.[16]

Given that the assets are registered by multinationals in jurisdictions that

generally provide an impenetrable degree of bank secrecy, there is no way of knowing if they are being truthful.

These examples, and many others that could be adduced, are sufficient to show that the terms usually employed to describe offshore activities are inappropriate; that there are no such things as trusts in accommodating jurisdictions; that charitable associations are fronts set up under the pretext of philanthropy to carry out operations that damage the capacity of governments to provide a decent level of funding for public services; that the structures mysteriously referred to as special purpose vehicles should be given a name that would clearly indicate their nature; and that capital holders officially present in tax havens do not have any investments there.

Laundering with ideology: Making everything cleaner than clean

The shift from the traditional universe to the offshore world would involve a true jolt for the mind if we had a distinct set of terms to describe appropriately the structures found in the highly specific political world of "tax havens." This world deserves its own lexicon. When we fail to develop new words and definitions to describe offshore activity, we are in fact serving the offshore purpose, which is to make what happens in tax havens opaque and incomprehensible, and we are agreeing on the disguises and pretexts chosen by tax haven users to conceal their operations.

The same is true of the political vocabulary used to describe decisions made by controversial accommodating jurisdictions. It is said, for instance, that tax and legal havens have "laws," which are sometimes described as lax or permissive. And it is no doubt true that as political entities, Bermuda and Luxembourg do in fact establish laws. Yet can it truly be said that what we are identifying in a formal sense as "laws" are really laws as the term is understood, for instance, by a philosopher such as Montesquieu? In the opening sentence of *The Spirit of Laws*, he writes: "Laws in their most general signification, are the necessary relations resulting from the nature of things."[17] Like many other philosophers, Montesquieu views law and the state as the authorized body that provides us with a reprieve from the state of violence characteristic of the lives of peoples. A law interrupts, and constrains, the freedoms given by Nature to the strongest. In accommodating jurisdictions, however, what is known as a "law" is precisely intended to neutralize such laws. The "law" of the Republic of Malta on ship maintenance, and the labour standards of Jamaica, are designed to stop laws from working in places where there has been an attempt to govern harbour

life according to civilized rules. Hong Kong’s trust law ensures the sterility of laws that attempt, elsewhere, to deal with such entities in a more serious manner; the Turks and Caicos law on insurance companies holds up to ridicule the constraints put in place elsewhere on the leverage effects and types of investment associated with businesses in this sector. The same is true of Luxembourg banking laws, Canadian mining laws, or Jamaican or Bangladeshi labour laws. Accommodating jurisdictions exist, essentially, to enable actors who are constrained in whatever manner in the state where they genuinely operate to bypass these rules so that their action elsewhere is untrammelled. The tax havens’ “legal” systems make this crudely obvious. Offshore “laws” are paradoxically sources of anomie; they manufacture alegality by stripping legal institutions of their power.

Worse yet, accommodating jurisdictions often legalize in a positive way what is seen elsewhere as wrongdoing. The idea of crime is made relative, as if nothing remained but simple cultural or legislative issues, rather than ethical considerations emerging from deep discussions between peoples.

The same is true of accommodating “states” and “jurisdictions.” Their status, at best, is equivocal to the extent that their political institutions confer sovereignty not on state representatives, on a minimally legitimate basis, but on the private actors that these states and jurisdictions are supposed to regulate. Accommodating jurisdictions first assert their sovereignty in order to establish a legislative perimeter, borders, and a set of laws and political prerogatives exclusive to this location; that sovereignty is then completely abdicated as power is made over to corporations experiencing constraints in other jurisdictions. Tax havens, in short, are truly bankers’ fantasies, based on a model originally designed by bankers and implemented through relations of power or corruption.

5 Who Says It's Legal?

They want us to believe that laws are written by gods. Once pundits have explained that the use of tax havens by major corporations and wealthy individuals is "legal," the debate, apparently, is supposed to be over.

If Canada, over the past few decades, had chosen not to make any law dealing with the relations between companies established in Canada and offshore jurisdictions, we would be collectively better off today. In formal terms, Canada is the architect of our collective impoverishment. By ratifying multiple tax treaties and tax information exchange agreements with accommodating jurisdictions, it has helped capital move out of the reach of tax authorities. Of its own volition, Canada chose to sign the treaty with Barbados for the avoidance of double taxation that we have mentioned in previous chapters. This initiative allows foreign companies to create entities in Barbados that are subject to a maximum tax rate of 2.5 percent.[1] Among other things, the treaty facilitates transfer pricing as a tax avoidance technique. Canada has continuously reviewed the terms of the agreement to favour increased transfers by corporations from Canada to this accommodating jurisdiction. In 2010, the entire insurance sector was authorized to send funds to the Barbados tax haven.[2] On December 19, 2013, Canada then abolished one of the only remaining clauses preventing Canadian corporations from fully benefiting from the Barbados tax advantages, i.e., the requirement that decisions related to the subsidiary's activities should be made in Barbados. This obligation, which had always been ignored, was simply removed in Article 4 of the new agreement.

Today, the Canadian government is discreetly producing more and more initiatives conferring this kind of advantage on businesses. Whenever an accommodating jurisdiction signs a Tax Information Exchange Agreement (TIEA) with Canada, our government authorizes Canadian corporations to follow the same system that applies in Barbados: corporations can register assets in the jurisdiction, then bring them back to Canada without paying any taxes on them as long as they take the form of dividends.[3] As of July 2014, Canada had signed twenty-two TIEAS; one had been signed but was not yet in force; and seven others were being negotiated. Tax havens having signed such agreements with Canada include Anguilla, the Bahamas, Bermuda, the Cayman Islands, Dominica, Saint Lucia, the Netherlands Antilles, Saint Kitts and Nevis, Saint Vincent and the

Grenadines, San Marino, and the Turks and Caicos Islands.[4] To encourage such agreements, Canada grants significant advantages to jurisdictions that sign them: corporations residing in these jurisdictions are treated, for purposes of calculating the amount of their exempt surplus under Canadian tax regulations, as if Canada had signed a double taxation avoidance treaty with the jurisdiction.

That Canada should allow its corporations to relocate their assets to countries whose tax regime has nothing in common with its own is obviously ludicrous. According to the spirit of the law, a company that creates a subsidiary in Hong Kong, Luxembourg, or Bermuda should not be allowed to avoid double taxation as if it were a Canadian corporation whose subsidiary has already paid taxes in Japan or Germany, for instance, and which is therefore granted permission to transfer funds to Canada without paying taxes a second time on the same capital.

In a report on tax havens that I co-authored with several others with the support of tax law professor André Lareau, *Solutions Within Our Reach*, published by Échec aux paradis fiscaux, the problem is explained in legal terms: any state that signs a Tax Information Exchange Agreement with Canada becomes a "designated treaty country" within the meaning of Income Tax Regulation 5907(11). This means that a subsidiary residing in the jurisdiction can return its profits to the Canadian parent company, in the form of dividends, without paying any taxes.[5] However, Canadian authorities are not called on to recognize the validity of exempted companies created in tax havens. If these corporations were not deemed to reside in a designated treaty country, Canada's minister of finance could, when a country's tax processes were deemed inadequate, from time to time withdraw tax benefits from certain corporations, such as the International Business Companies of Barbados.

Our report also formulated Professor Lareau's observation on the placidity of the federal government in its struggle against tax fraud. The Canada Revenue Agency (CRA), weaker than ever as the result of major budget cuts that are precisely attributable to the state's lack of financial resources, does not take a position of strength in relation to actors suspected of irregularities. There are no binding deadlines or penalties in the law. A person engaging in fraud can simply come forward, declare his or her assets, and pay off his or her taxes with interest. Powerful players can even negotiate reductions in the "demands" of Canadian tax authorities: CRA has offered an amnesty to over twenty wealthy clients of the KPMG accounting firm, who had concealed more than $130 million in the accounts of shell societies on the Isle of Man. Radio-Canada provided the following details:

> These multimillionaires will not be required to pay any penalty, nor will they face any criminal charge. All they have to do is to pay the taxes they should have paid on their undeclared extraterritorial investments, along with interest at a reduced rate.[6]

As we pointed out in our report, penalties imposed by the United States — which can hardly be suspected of socialist tendencies — are calculated at 27.5 percent of the income involved. Canada could adopt such measures instead of continuing its race to the fiscal bottom.

Many tax experts have shown how simple amendments to the Canadian Income Tax Act could make a significant contribution to the fight against tax havens. Marwah Rizqy, professor of tax law at the Université de Sherbrooke and Liberal Party candidate in the 2015 federal election in the Montreal riding of Hochelaga-Maisonneuve, made two simple suggestions that would make it harder for multinationals, and especially those involved in online retail sales, to avoid taxes:

1. Review the Canadian rules on taxing international corporations that say only a company’s “permanent establishment” in Canada, and not any of its subsidiaries throughout the world, will be taxed. Many of these corporations no longer collect their revenue in Canada, and their presence in Canada is now purely symbolic.[7]
2. Change Section 253 of the Income Tax Act to make it clear that any company using a transactional website to do business in Canada can be taxed in Canada.[8]

A more comprehensive proposal has been put forward by Jean-Pierre Vidal of HEC Montréal (a business school affiliated with the Université de Montréal). Vidal suggests a legal wording that would enable legal action to be taken not on the basis of presumed fraudsters’ intentions, but solely in relation to their operations’ consequences with regard to taxation.[9] According to the Vidal, aggressive tax planning should be defined as

> a plan to be implemented in at least two jurisdictions, that complies with tax laws, and whose outcome is that at least one physical person receives a real or potential net increase in after-tax wealth greater than the person would have received in the absence of the entities interposed between the person and the source of the increase in wealth.[10]

Nothing has changed. Avoidance tactics have become legal because laws have never been adapted to the context of financial and industrial globalization, or because avoidance practices that were formerly illegal — as in the case of Barbados, in particular — have simply been made legal. This has been done by using the common terms of political economy to provide a formal description of what happens in tax havens, instead of using another vocabulary — a critical one — to incriminate such jurisdictions. Contradictions abound. In the fall of 2017, Canadian Heritage Minister Mélanie Joly claimed it was impossible to tax the services offered by an online entertainment provider, Netflix, while the Quebec government asserted a diametrically opposed point of view.[11]

Ottawa's pointless gesturing

Under Stephen Harper's Conservative government, the federal government claimed to be fighting tax evasion without making any significant changes to its laws. This became even more apparent in 2013 when the government invited Canadians to express their thoughts on the problem of treaty shopping, even though Canada, like many other jurisdictions, had actively ensured that corporations' use of tax havens was legal.

The contradiction was obvious: Ottawa wanted to penalize the abusive utilization of tax treaties that it had signed with accommodating jurisdictions — treaties that specifically make it legal to relocate assets in states that extinguish the binding force of Canadian laws. Our government was willing for corporations to benefit from tax treaties, but not if one of the "main purposes" of their transactions was to obtain such benefits.[12] Any approach based on the taxpayer's motivations clashes with a well-established principle in Canadian law that says that tax planning is legitimate, and that people are entitled to order their affairs in such a manner as to pay as little tax as possible.[13] Following this principle, Canadian courts have so far refused to recognize as abusive the actions of companies that knowingly attempt to gain tax benefits in a given jurisdiction. The Tax Court of Canada has explicitly stated that "the selection of a treaty to minimize tax on its own cannot be viewed as being abusive."[14]

Despite the fact that Canada, as a member of the OECD, is officially supposed to be working on making it impossible for companies to bypass tax laws through transfer pricing, Canadian law allows them to do so. Case law confirms this. From 1990 to 1993, a Canadian corporation, Glaxo, subsidiary of a British parent company with the same name, sold a medication (ranitidine) to its Swiss subsidiary at a price ranging from $1512 to $1651 per kilo. This was five times

the price of the generic product. By transferring the difference in price to its Swiss accounts, the company was able to subtract this surplus from its taxable income in Canada. The Canada Revenue Agency estimated that the public purse had lost $51 million through Glaxo's manoeuvre.[15] However, the Supreme Court finally sided with Glaxo, rejecting CRA's arguments. Glaxo justified the high price by claiming that the transaction authorized the Swiss subsidiary to use the Zantac brand name.

In a report presented to the federal government, the Échec aux paradis fiscaux coalition argues, on the contrary, that the abusive character of tax treaties specifically resides in the capacity that corporations have acquired, thanks to the state, to choose the location where they will be taxed, independently of the location where their real economic activity takes place.[16] This contradicts the spirit of the law dealing with tax issues. Tax laws are unfair in that provisions drafted to benefit corporations exclude the great majority of individuals and small businesses.

Quebec's sovereignty in the tax realm: We're already there

Ottawa's permissiveness with regard to taxation entails heavy costs for provincial institutions. Tax losses incurred by Ottawa lead to reduced federal transfers toward Quebec, as shown in a 2015 study by the Institut de recherche en économie contemporaine (IREC):

> Federal transfers in Quebec's budget went from an average of 22.4 percent of total revenue from 1989 to 1995 to a low of 17.9 percent between 1996 and 2004. There was in a temporary increase, but never a return to the previous levels…. Thanks to all of these unilateral reductions, the federal government has been able to reposition Canada as one of the countries with the lowest tax burden in the OECD.[17]

IREC notes that the share of taxes paid by individuals remains higher than the corporate share.

Contrary to a common misconception, however, tax havens are not the sole responsibility of the federal government. As part of its own powers of taxation, Quebec has prerogatives enabling it to sign its own tax treaties and establish its own rules for corporations on its territory. It does not have to comply with tax treaties signed by Ottawa.

On the basis of Sections 91 and 92 of the 1867 Constitution Act, which define provincial and federal prerogatives, Quebec has the power to levy taxes on its territory as long as the revenue is raised for provincial purposes. This is

explained by economist Gilles N. Larin in a 2015 brief to the Quebec Taxation Review Committee, drafted with the support of Lyne Latulippe, Marwah Rizqy, and Carmina Chan.[18]

> My examination of case law on the interpretation of subsection 92(2) shows that … provinces have come to enjoy considerable freedom in defining their tax systems.… Hence, the weight of authority since the beginning of Confederation has given provinces a wide and liberal interpretation of the restrictions imposed on them.

Larin adds:

> From the outset, the requirement that revenue be raised "for provincial purposes" is of little significance, and in practice, it does not impose any real limit. The only significance of this limit would seem to be the indication that the taxes levied must be intended for provincial jurisdictions, and must not take the form of a law which, under the guise of taxation, encroaches on areas of exclusive federal jurisdiction.[19]

Quebec can therefore tax the property of taxpayers present in Quebec, including both individuals and legal persons such as major corporations, even if they happen to be outside the country — in a tax haven, for instance. Larin explains:

> The condition expressed in the words "within the Province" is far more significant. For the tax to be valid, it is essential that the subject of the tax be present in the province. Always following the line of authority that tends to make limits on provincial taxation powers more flexible, the courts have widened the scope of what may be seen as a "subject." Thus, it is possible to tax not only "persons," but also their property, operations, or profits that are within the province, regardless of where they live. This wide interpretation of territoriality gives provincial legislative assemblies a great deal of leeway.[20] People residing in the province can be taxed on property located outside the province, and people not residing in the province can be taxed on property, operations or profits located or generated in the province.[21]

While France is so far the only country that has signed a tax treaty with Quebec, Larin notes that "both Quebec and Canada have the power to sign tax treaties." Moreover, the Quebec government is the only one that is empowered to establish such a framework. "Tax treaties signed by Canada cover only the taxes collected by the Canadian government under the Income Tax Act. According to the

Canadian Constitution, tax treaties are not binding on provinces." Quebec's link with tax treaties signed by the federal government is an informal one. In a brief submitted to the Committee on Public Finance of Quebec's National Assembly, which was studying tax havens, the Réseau pour la justice fiscale, supported by Échec aux paradis fiscaux, agreed with Professor Larin that "to ensure international courtesy and uniformity, it would be appropriate to bring [the treaties] into effect."[22] In order to fight tax havens, it is in the interest of the world's various jurisdictions, including Quebec and Canada, to work together to curb fiscal competition between states. However, as Larin emphasizes, "the Quebec government remains free to modify its laws and to diverge from, or not to recognize, certain rules or definitions included in a tax treaty to which Canada is a party."[23] Quebec's ability to act is particularly obvious since the Quebec government directly collects its own taxes. Under Quebec laws, the Quebec government is required to regulate tax issues at home, in connection with the international activities of its companies, and to do so in a concerted manner with states also working to contain the problem of tax avoidance in accommodating jurisdictions.

In 1954, the Quebec government gave itself the power to collect taxes directly from its taxpayers, including both individuals and corporations, and this power — recognized by Ottawa — obviously cannot be reduced to a simple issue of duplication of income tax forms, or to the alleged $500 million cost of having a twofold administrative process in Quebec City and Ottawa.[24] Claiming that "the Quebec [revenue] agency is more and more expensive to manage and collects less and less tax money every year," media pundits have taken up terms used by the Quebec government's Commission de révision permanente des programmes, using the so-called "fact" of inefficiency to argue, not without an ideological bent, that "some tax collection activities" should be made over to the federal government — including the job of collecting corporate taxes.[25] The prerogative of collecting corporate tax, however, is crucial if Quebec is to develop its own policies to fight tax evasion and tax avoidance. The Quebec government needs to increase, not reduce, the powers of its tax department, while also reviewing the agency's status and organizational chart in order to solve the problem of its low tax collection results.[26] Quebec's powers in the area of taxation are neither a problem nor a cost, but an opportunity for Quebec to act autonomously in collecting revenue. Even Luc Godbout, appointed by the Quebec government to chair a commission on tax issues, insisted on this point in the report he submitted to the government: "Faced with these questions and criticisms, the committee

nonetheless wishes to point out the importance of according Revenu Québec all of the means necessary to fight against tax evasion, tax avoidance and aggressive tax planning schemes."[27] Today, because Quebec is subordinate to Ottawa in the development of tax policies targeting corporations' extraterritorial strategies, corporations account for no more than 10 percent of Quebec's tax revenues.

As we know, under federal Income Tax Regulation 5907(11), Canadian corporations can relocate their assets in any state having signed a Tax Information Exchange Agreement with Canada, which entitles them to benefit from the generosity of such jurisdictions — but Quebec is not obliged to follow the federal government in an approach that clearly consists in fighting tax evasion by making it legal, so that evasion tactics are suddenly redefined as avoidance. Quebec MNAS, however, remain ignorant of this fact, even those belonging to Quebec's chief sovereignist party — as became apparent in February 2016 when Parti Québécois leader Pierre Karl Péladeau announced, at the party's national council meeting, that he would make the battle against tax havens an issue when Quebec became independent. Despite PKP's lack of awareness, Quebec already has all the leeway it needs in the area of international taxation.[28]

Using the powers already at its disposal, the Quebec government could easily sign tax treaties aimed at eliminating double taxation only with jurisdictions or countries in which tax rates for individuals and corporations are comparable to those to which it is committed. This would prevent companies from legally relocating funds to jurisdictions with tax rates equal or close to zero, then bringing the funds home tax-free under the pretext of having already been taxed in the first jurisdiction.

Conclusion

The issue of accommodating jurisdictions cannot be reduced to questions of taxation. These jurisdictions create a set of problems that require the attention of a wide range of disciplines. Offshore states provide impunity in all things; as a phenomenon, they are so big and so serious that they affect even the meaning of the words we use to describe them. Because of accommodating jurisdictions, words such as law, state, sovereignty, border, and crime are transformed in their basic sense. The scale of the transformation is such that we find ourselves questioning our entire lexicon.

At one level, philosophers are called on to rethink the entire conceptual field; criminologists, bold new techniques for legalizing wrongdoing; sociologists, the emergence of new fields of study — radically globalized finance and the relocalization of wealthy people's assets; political scientists, the changed status of borders that now provide a filter separating the powerful from the most vulnerable, instead of confining them within a common space; psychoanalysts, exotic states transformed into the unconscious reality of formal economic structures; writers of literature and artists, a way of perceiving power structures that are more refracted than ever before; jurists, an order that has been turned upside down by lawyers.

Even more widely, however, tax havens are a political question: they are everyone's business. And everyone will be able to get the better of them only by asking what these jurisdictions are bringing about for country, community, and self. Tax havens exist in order not to be talked about, in order for us not to make a fuss about what's going on over there. Therefore, talking about them is already a way of diminishing them. Nothing agrees with them less than light.

It is often asked if Canada can act alone in the fight against tax havens, but the real question is rather: why is Canada alone in not acting? Compared to the rest of the planet, federal authorities are lagging behind. The French Ministry of Finance, for instance, has privately expressed exasperation at the way our representatives keep trying to hinder the international process intended to curb the problem. Although the International Consortium of Investigative Journalists (ICIJ), on the basis of the Panama Papers and, more recently, the Paradise Papers, has provided details of tax haven use by wealthy Canadian individuals and corporations, Justin Trudeau's government has not announced any particular

new direction. There will be no change in the law under his authority.

From one collective action to the next, citizens' organizations have been able to achieve some results. In France, for instance, associations belonging to the Plateforme paradis fiscaux et judiciaires have played a key role in forcing Parliament to adopt a law formally requiring banks to publish the list of their subsidiaries in every country, as well as their net banking product and number of employees for each country where they are present. This should make it possible to identify corporations that are placing funds in jurisdictions where no substantial activity takes place, except for purposes of tax avoidance or to bypass domestic laws.

The same is true in the United States. FATCA, the Foreign Account Tax Compliance Act signed into law by President Barack Obama on March 18, 2010, is intended to fight tax evasion and avoidance through information exchange. FATCA forces non-American financial institutions that are active in the United States to provide the IRS with full information on American taxpayers who have used them to send the funds abroad: this information includes account holder names, assets, withdrawals, taxpayer identification numbers (TINS), addresses, *etc.* The American project is aimed at all American citizens, whether they are living in the United States or abroad. Tax authorities often find it difficult to collect such data, which are crucial for the fight against tax evasion, especially when a financial institution is established in a jurisdiction where bank secrecy prevails. To make sure this information is obtained, FATCA provides for severe penalties — involving up to 30 percent of assets held in the United States — against uncooperative financial institutions or states. FATCA is boldly innovative in that it bases taxation on the idea of citizenship. As a model, however, it has major flaws. First of all, not many countries are as powerful as Washington when the time comes to subject financial institutions to such penalties. Another issue is protection of privacy: the law requires banks to disclose information about non-American citizens to the government if they are connected to an American account holder. Also, the administrative costs of enforcing the law are very high.[1]

In other words, these are measures that can be improved. At the world level, for the past few years, the OECD has been pushing member countries to coordinate their policies so that corporations on their territory are appropriately taxed. There is nothing ideal about this process. The fact that the organization consists of thirty-four of the world's wealthiest countries means that others are automatically excluded. We may also recall that these are the countries that were

passive, or complicit, when an extensive network of accommodating jurisdictions took shape and expanded in the postwar years. They are largely responsible for this history and highly susceptible to pressure from groups benefiting from offshore generosity. Puffing and wheezing, in the 2000s the OECD first put forward harmless strategies such as the sporadic publication of "blacklists" that were supposed to bring shame on the few countries cited as failing to "cooperate" with investigators from foreign institutions. The organization's prime aim was to facilitate the exchange of information between states. But how can such measures have any impact when member states make it legal for companies to use the services of offshore entities? And what is the point of making bank data accessible in states that do not require banks to record data? Worse yet, accommodating jurisdictions stigmatized by OECD lists could immediately be withdrawn from the list as soon as they signed twelve tax information exchange treaties with other countries — including other tax havens. In other words, to have their name removed from the lists, these countries simply made commitments to each other to exchange information as needed. Pursuing its loss of all credibility, the OECD at the turn of the 2010s set up a peer monitoring program that was supposed to lead countries to vie with each other in producing more restrictive tax laws. In one of these groups, Canada, the historic friend of tax havens, took on the role of the country most dedicated to enacting restrictive tax regulations!

Since then, the OECD has worked with the G20 to organize wide-scale negotiations among member countries to fight against what it refers to as BEPS, for (tax) Base Erosion and (corporate) Profit Shifting. In the fall 2015, the outcome of these discussions was shown to be disappointing, although they did embody some hope for progress. The proposed measures force states to exchange tax information with each other, without, however, making it public. Citizens will therefore not be able to know if tax authorities, subject to powerful lobbies, are using the information they receive on money transfers to genuinely demand that corporations account for the transfers, possibly before the courts. Worse yet, steps taken to fight the transfer of profits to foreign jurisdictions fail to address the root of the problem, which is the fact that corporate revenue is not consolidated. The various entities that make up a multinational are still viewed as independent structures, rather than components of a corporation that should be taxed on the basis of its overall profits.

In France, Plateforme paradis fiscaux et judiciaires, an umbrella group of citizens' organizations, was the first to challenge the OECD's BEPS action plan:

> The various subsidiaries of a multinational corporation are seen as entities that are independent of each other. The sales price of a product or service exchanged between two subsidiaries — otherwise known as transfer pricing — must then be comparable to regular prices between two independent companies. However, this approach is extremely complex in practice, because it requires yardsticks that are generally non-existent, in particular with regard to brands or services.[2]

In other words, given the inaction of governments, a multinational corporation is still not seen as a single legal entity: only its subsidiaries and structures created throughout the world are viewed as such. Legally, there is no awareness of anything but the multiple structures created throughout the world by the boards of directors of major "groups." Very large firms will always be able to coordinate the artificial transactions carried out between their various structures — from Canada to Panama, from France to Luxembourg, from the United States to Bermuda, from India to Liberia — and to remotely control subsidiaries created in accommodating states to carry out operations that would be forbidden in traditional states governed by the rule of law.

Professors of tax law, such as Kerrie Sadiq of the QUT Business School (affiliated with Brisbane's Queensland University of Technology in Australia), and Allison Christians of McGill University in Montreal, have shown that the structure of the multinational makes it an independent whole rather than the sum of its parts. Within state apparatuses, more and more influential actors are coming to this conclusion. Taxation should be based on the consolidated accounts of the corporation and not on the accounts of each of its structures, viewed in isolation. A world tax authority managed by the United Nations, for example, could collect significant taxes from major corporate groups and share that revenue among states where the multinational is active, proportionally to its real activity. The scope of the multinational's presence could be calculated on the basis of criteria such as number of employees, size of capital investments, and activities carried out on location. In this context, opening a subsidiary in Bermuda whose activity is nil would no longer enable a corporation to divert funds to that destination.

A world tax authority could also help undermine the practices of accommodating jurisdictions that are broadly harmful to the development of just states governed by the rule of law. While it is unlikely that states will massively transfer fiscal sovereignty to a United Nations agency, there is nothing to prevent some of them from beginning to tax multinationals directly on the basis

of their consolidated balance sheet instead of the balance sheet of the subsidiary active in their territory. The goal would be to develop a method to establish what percentage of its overall revenue a multinational firm owes to its presence in a given country, and to tax it proportionately, even if the funds amassed in the country are then delocalized to Luxembourg or Panama.

Should it prove impossible to create this kind of international regulatory framework, states could choose to tax multinationals directly on the basis of their consolidated balance sheet, instead of relying on the outmoded criterion of where their subsidiaries are located. States could define what portion of its assets a multinational owes to the fact that it is located on their territory, using calculations based on factors such as the amount of capital invested, the volume of activities, and the number of employees. On its own initiative, the Canadian government could tax a multinational active in Canada without regard to the profits that its Canadian subsidiary claims to generate, but on the basis of the overall profits that the multinational declares to its shareholders, of which a certain proportion can be assigned to Canada. This law could be adopted with the specification that it would come into force on the day when similar regulations were enacted by a sufficient number of comparable countries — for instance, a given number of OECD countries accounting for a given percentage of the OECD's overall population.

To reach this goal, it is clear that public institutions will need access to the data of international clearinghouses, which give notarized form to international transactions. Wherever we may stand on the political spectrum, we can minimally agree that a common space is required in which public debate can take place in order to define how social bonds should be institutionalized. However, the policies known as Base Erosion and Profit Shifting (BEPS) established to fight tax avoidance are technically so heavy that many countries are not equipped to enforce them. In addition, these policies do not make it possible to meet a number of major challenges, including taxing multinationals as single entities or neutralizing techniques that enable corporations to get around tax laws by deducting fictitious expenditures on patents and ownership of their own brands — although it is obvious that such initiatives are completely justified.[3] Not only do steps taken so far not make it possible for us to counteract the problem, but there is no guarantee that states having adopted OECD proposals will use them as the basis for actual laws. The proposals are not binding in any way on states that have negotiated them. This has deprived the OECD of its little remaining credibility in relation to tax havens: it seems utterly unlikely that a

program so lacking in coercion will ever be carried out. The comments of Hubert Thibault, representing Desjardins (Quebec's major association of credit unions) before the Committee on Public Finance of Quebec's National Assembly in the fall of 2015, illustrate this implausibility. His description of the process was peppered with "ifs" and question marks pregnant with meaning:

> If there is a concerted movement, and the result is that financial institutions or other economic actors may find themselves excluded from the system if they don't follow these rules, that should be effective. Is it going to happen? There will have to be steps to make sure that all the governments (G20 and OECD) that are said to be committed follow through on their commitment.… Canada has said that it plans to join in. Will it do so? The OECD's new measures should eliminate, or at least greatly limit, the very aggressive tax planning carried out by multinationals throughout the world, which deprives governments of colossal amounts of money.… The fact that the G20 heads of state have said "Yes, we agree," doesn't mean it's going to happen. There are pretty strong lobbying groups that are going to manifest themselves throughout the world and put pressure on their own governments.[4]

Ultimately, a radical overhaul of the vocabulary we use to talk about accommodating jurisdictions is absolutely required on the political level — the one that really counts. Ultra-permissive, libertarian states, complicit with the worst operations of high finance and multinational corporations, are irreducible opponents of states based on the rule of law. Their true lawmakers are the great bankers, generally from Western banks; their laws are designed with one goal, to cripple laws enacted by traditional lawmaking institutions; their ideology is to harm any development of the common good, the common interest, social bonds, and public constraints, all of which are necessary to society.

We are acting as if Luxembourg, Singapore, Jersey, and Panama were enacting economic and tax laws based on issues affecting operations taking place solely on their territory. However, the opposite is actually the case: tax havens are abusing their prerogatives. Their laws define how capital generated outside their territory will be administered, which means they are interfering in the affairs of all other states involved in the matter. Their excessive laws enable the world's financial and industrial oligarchy to channel trillions of dollars into lawless regimes. This destabilizes the world economic order, and it also renders official data absurd: who can believe, for instance, that Jersey is a major banana exporter, or that the Virgin Islands are a trading partner on a par with China?

Traditional states are giving themselves over to mental reservations instead of using diplomatic, political, and commercial channels to oppose accommodating jurisdictions such as Ireland, the Netherlands, Luxembourg, the Bahamas, Liechtenstein, and the Marshall Islands. Why is this so? Accommodating jurisdictions usually have laws specifying that assets placed with them will be granted prodigious benefits as long as they bear no relation to the jurisdictions' real economy. This is why tax havens create legal entities such as "exempted companies," "international companies," "trusts," "Special Purpose Vehicles," and other so-called "charitable foundations" that have no activity in the state that makes them possible, while remaining beyond the reach of public institutions in the countries where the capital they manage is produced.

While it is not easy to imagine how we will get the better of ultra-permissive states in history, as citizens, we urgently need to take hold of this issue. These states lead to deregulation, underfunding, and impunity in all areas of activity, including public health, education, academic research, local economies, the fight against poverty, international solidarity, municipal politics, agriculture, basic human rights, and arts and letters. Accommodating jurisdictions, and the abdication of public institutions that should be dealing with them, become the explanatory variable through which we can understand what is destroying our social bonds.

Notes

1 What We Know

1. James S. Henry, *The Price of Offshore, Revisited*. London: Tax Justice Network, July 2012, and “Revealed: Global Super-Rich Have at Least $21 Trillion Hidden in Secret Tax Havens.” London: Tax Justice Network, July 22, 2012. See also John Christensen and James Henry, “The Offshore Trillions”, *New York Review of Books*, March 10, 2016.
2. Ibid., p. 8.
3. “Liechtenstein: Law of Offshore — Trust Law,” lowtax.net/information/liechtenstein/liechtenstein-trust-law.html.
4. “Liberian Registry,” Monrovia, Government of Liberia, liscr.com, and “Liberia: Types of Company — Company Formation,” lowtax.net/information/liberia/liberia-company-formation.html.
5. Department of Foreign Affairs and International Trade (DFAIT), *Building the Canadian Advantage: A Corporate Social Responsibility (CSR) Strategy for the Canadian International Extractive Sector*, March 2009.
6. Related by Daniel Lebègue, the French representative of Transparency International, in Harold Crooks’s documentary *The Price We Pay*, InformAction Productions, Canada, 2015.
7. Marie-Christine Dupuis-Danon, *Finance criminelle. Comment le crime organisé blanchit l’argent sale*. Paris: Presses universitaires de France, 2004 [1998], p. 6–7 (our translation; emphasis in the original.)
8. Financial Secrecy Index, London: Tax Justice Network, 2015.
9. Jacques Peretti, “The Cayman Islands — home to 100,000 companies and the £8.50 packet of fish fingers,” *Guardian*, January 18, 2016; Vincent Monnier, “Pourquoi les paradis fiscaux menacent les démocraties,” *Challenges*, September 10, 2013.
10. “Mossack Fonseca Lets Cat Out of Bag Ahead of Worldwide Coverage of Massive Panama Leaks Data”, *Trinidad Daily Express*, April 2, 2016; “Appleby, the Offshore Law Firm with a Record of Compliance Failures,” *Irish Times*, November 5, 2017.
11. Thierry Godefroy and Pierre Lascoumes, *Le capitalisme clandestin. L’illusoire régulation des places offshore*. Paris: La Découverte, 2004, p. 39–40 (our translation).
12. Sarkis made this statement to Éric Laurent and Patrick Barbéris in *La face cachée du pétrole. Enjeux et secrets de l’histoire du pétrole au XXe siècle*, a documentary produced by ARTE France and Sodaperaga, France, 2009, 22m35s (our translation). See also: Nicolas Sarkis, *Le pétrole et les économies arabes*. Paris: Librairie générale de droit et de jurisprudence, 1963.
13. R.A. Gordon, *Tax Havens and Their Use by US Taxpayers: An Overview*. Washington, D.C.: Internal Revenue Service, 1981, p. 14.
14. City of Kitchener, “Contact Economic Development,” www.kitchener.ca/en/city-services/contact-economic-development.aspx.
15. Nicholas Shaxson, *Treasure Island: Uncovering the Damage of Offshore Banking and Tax Havens*. New York: Palgrave Macmillan, 2011, p. 133.
16. “State Aid: Ireland Gave Illegal Tax Benefits to Apple Worth Up to €13 Billion,” press release, Brussels, European Commission, August 30, 2016.
17. In terms of colonial symbolism, a powerful example is provided by the writings of Swiss tax expert Édouard Chambost, analyzed by Alain Deneault in *Offshore: Tax Havens and the Rule of Global Crime*, tr. by George Holoch, New York: The New Press, 2012. See also the case of Québécois banker Jean Doucet in Alain Deneault, *Canada: A New Tax Haven*, tr. Catherine Browne. Vancouver: Talonbooks,

2015, p. 89–90.

18. In French, these pleasurable connotations are even stronger: probably because of a mistranslation of the English term “tax haven,” accommodating tax jurisdictions are known as “paradis fiscaux,” meaning “tax heavens.” — *Translator’s note.*

19. Pino Arlacchi, *Mafia Business: The Mafia Ethic and the Spirit of Capitalism,* tr. Martin Ryle. New York: Verso/Schocken Books, 1986; Loretta Napoleoni, *Terror Incorporated: Tracing the Dollars Behind the Terror Networks.* New York: Seven Stories Press, 2005; Patrice Meyzonnier, *Trafics et crimes en Amérique centrale et dans les Caraïbes*. Paris: Presses universitaires de France, 1999; Éric Vernier, *Fraude fiscale et paradis fiscaux. Décrypter les pratiques pour mieux les combattre*. Paris: Dunod, 2014; and Gabriel Zucman, *The Hidden Wealth of Nations: The Scourge of Tax Havens,* tr. Teresa Lavender Fagan. Chicago: University of Chicago Press, 2015.

20. Éric Vernier, “Paradis fiscaux et blanchiment d’argent sale: lettre ouverte au nouveau gouvernement.” Paris: Institut de relations internationales et stratégiques (IRIS), June 4, 2012 (our translation).

21. Éric Vernier, symposium on “Paradis fiscaux et enfers judiciaires: la justice ou le chaos.” Paris: National Assembly of France, May 27, 2009 (our translation).

22. Éric Vernier, “Blanchiment de fraude fiscal.” *Le Huffington Post*, March 25, 2013, and Vernier, “Paradis fiscaux et blanchiment d’argent sale: lettre ouverte au nouveau gouvernement,” op. cit.

23. Vanessa King, “A Different Style: VISTA Trusts Eight Years Later,” O’Neal Webster, May 8, 2012, lowtax.net/articles/A-Different-Style--VISTA-Trusts-8-years-later-569979.html.

24. Jean de Maillard, “La criminalité financière. Face noire de la mondialisation,” in Dominique Plihon (ed.), *Les désordres de la finance. Crises boursières, corruption, mondialisation*. Paris: Éditions Universalis, 2004, p. 88 (our translation).

25. Philippe Dominati (president) and Éric Boquet (rapporteur), *L’évasion fiscale internationale, et si on arrêtait ?* Rapport d’information, Commission d’enquête sur l’évasion des capitaux et des actifs hors de France et ses incidences fiscales, Paris, Sénat, 673, July 2012, Vol. 1, p. 67.

26. Matt Day, “How Microsoft Moves Its Profits Offshore to Cut Its Tax Bill,” *Seattle Times*, December 12, 2015.

27. Xavier Harel, *La grande évasion. Le vrai scandale des paradis fiscaux*. Montreal and Arles: Actes Sud and Leméac, 2012; Serge Truffaut, “Rapport de l’OCDE sur l’impôt — l’aversion,” *Le Devoir*, February 15, 2013; Éric Desrosiers, “Outrés,” *Le Devoir*, May 27, 2013; Dean Starkman, “Disney, Koch Used Secret Tax Deals Routed Through Luxembourg, Report Says,” *Los Angeles Times*, December 10, 2014; Madeleine Roy, “Pierre Karl Péladeau, Québecor et les paradis fiscaux,” Radio-Canada, January 24, 2016; Jeff Gray, “Supreme Court Backs Glaxo in Transfer-Pricing Dispute,” *Globe and Mail*, October 18, 2012; and Jesse Drucker, “Forest Laboratories’ Globe-Trotting Profits,” *Bloomberg Businessweek*, May 17–23, 2010.

28. Ian Griffiths and Felicity Lawrence, “Bananas to UK via the Channel Islands? It Pays for Tax Reasons,” *Guardian*, November 6, 2007; John Christensen, “Transfer Pricing: The Link Between Trade Justice and Tax Justice,” Youtube.com, 2011.

29. Dev Kar and Joseph Spanjers, *Illicit Financial Flows from Developing Countries: 2004–2013*. Washington, D.C.: Global Financial Integrity, December 2015.

30. Nicolas Vardy, “The 2015 Hale Index of the Top 500 Global Economic Entities,” *Eagle Daily Investor*, September 15, 2015; D. Steven White, “The Top 175 Global Economic Entities, 2011,” dstevenwhite.com, August 11, 2012.

2 Five Severely Harmful Impacts

1. Noopur Tiwari, “OECD Report: Global Action Plan Launched Against MNCs Avoiding Tax,” *Business Standard*, October 6, 2015.

2. Anne Michel, “Les paradis fiscaux coûtent à la France 60 à 80 milliards d’euros par an,” *Le Monde*, October 9, 2013.

3. Jane G. Gravelle, “Tax Havens: International Tax Avoidance and Evasion.” Washington, D.C.: Congressional Research Service, January 15, 2015.
4. “Tax Havens Must Be Taken Seriously,” Ottawa, New Democratic Party (NDP), February 27, 2014, ndp.ca/news/tax-havens-must-be-taken-seriously.
5. “Table 1: Foreign Direct Investment Positions at Year End”, in “Foreign Direct Investment, 2016”, Ottawa, Statistics Canada, 25 April 2017.
6. Statistics Canada, “A User Guide to the Canadian System of National Accounts.” Ottawa: Government of Canada, Chapter 6, May 5, 2010.
7. Gilles Bridier, “Peut-on faire sans les paradis fiscaux?,” Slate.fr, April 17, 2013.
8. Alain Deneault, “Vaille que vaille: *La Presse* et les paradis fiscaux.” Montreal: Institut de recherche et d’informations socio-économiques (IRIS), January 25, 2016, reprinted in *Huffington Post Québec*, January 30, 2016.
9. OECD, “Overall Statutory Tax Rates on Dividend Income.” Paris: Organisation for Economic Co-operation and Development, oecd.org/Index.aspx?DataSetCode=TABLE_II4.
10. Francis Vailles, “Québec veut éviter une fuite des capitaux.” *La Presse*, February 21, 2007.
11. See the public letter from Calgary Rocky Ridge MP Pat Kelly to federal Finance Minister Bill Morneau on September 29, 2017, patkellymp.ca/wp-content/uploads/2017/09/2017.09.29-Tax-Planning-Using-Private-Corporations-Calgary-Rocky-Ridge-Submissions.pdf.
12. “Trump Promises to ‘Restore America’s Competitive Edge’ Through Tax Reform,” CBS News, September 6, 2017; Arnaud Leparmentier, “Wall Street jubile en attendant la réforme fiscale,” *Le Monde*, December 2, 2017.
13. Léo-Paul Lauzon, “44 milliards de dollars d’impôts reportés par vingt entreprises canadiennes en 2005.” Chaire d’études socio-économiques, Université du Québec à Montréal, 2008, p. 8 (our translation).
14. “Canada Maintains Top Spot as the Most Tax Competitive Country for Business Globally: KMPG Study”, KMPG, July 12, 2016.
15. Sabrina Siddiqui, Ben Jacobs, and Lauren Giambino, “Senate Approves Most Drastic Changes to US Tax Code in 30 Years,” *Guardian*, December 20, 2017.
16. Jeff Gray, “Inside the Takeover of Tim Hortons,” *Globe and Mail*, August 27, 2015; Gérald Fillion, “Un trio avec une baisse de taxes SVP!,” Radio-Canada, August 25, 2014; “Burger King et Tim Hortons fusionnent pour créer un géant,” Radio-Canada and Reuters, August 26, 2014.
17. Éric Yvan Lemay and Jean-François Cloutier, “Paradis fiscal à Laval,” *Journal de Montréal*, August 27, 2014.
18. Ibid. (our translation).
19. Elizabeth Bast, Alex Doukas, Sam Pickard, Laurie van der Burg, and Shelagh Whitley, *Empty Promises: G20 Subsidies to Oil, Gas and Coal Production*. London and Washington, D.C.: Overseas Development Institute/Oil Change International, 2015, p. 72. See also Enviro-Economics, Dave Sawyer and Seton Stiebert, “Fossil Fuels — At What Cost? Government Support for Upstream Oil Activities in Three Canadian Provinces: Alberta, Saskatchewan, and Newfoundland and Labrador.” Geneva: Global Subsidies Initiative (GSI) of the International Institute for Sustainable Development, November 2010. In the United Kingdom, Total is believed to have collected 528 million pounds sterling between 2009 and 2014. See Olivier Petitjean, *Total: Le véritable bilan annuel*. Paris: Observatoire des multinationales and Les Amis de la Terre France, May 2015, p. 16.
20. Vincent Brousseau-Pouliot, “Industrie du jeu vidéo: la fiscalité, le secret du succès,” *La Presse*, September 10, 2010.
21. Joëlle Noreau, “Entre le réel et le virtuel: l’industrie du jeu vidéo au Québec,” *Perspective*, Desjardins Études économiques, 23, November 2013.
22. Julien Arsenault, “Jeux vidéo: Québec défend ses crédits d’impôt,” *La Presse*, October 4, 2013.
23. Quebec Ministry of Finance, “Plan budgétaire — Budget 2014–2015,” Government of Quebec, June 2014.
24. “Ontario Taxpayers Must Pay $21.2 Billion in Government Debt Interest This Year,” Fraser Institute,

January 23, 2017.

25. Department of Finance Canada, *Annual Financial Report of the Government of Canada*. Ottawa: Government of Canada, 2015.

26. Minister of Finance, *The Budget*. Ottawa: Government of Canada, 1980, p. 23.

27. Geneviève Tellier, *Les finances publiques au Canada. Le fonctionnement de l'État à la lumière du processus budgétaire*. Brussels: Bruylant, 2015.

28. Minalliance (Deloitte, E&B Data), "Impacts économiques et fiscaux des sociétés minières au Québec," Montreal, 2012, p. 10, minalliance.ca/pdfs/deloitte_ebdata_2012.pdf.

29. James Bradshaw, "Canadian Universities Feel the Squeeze of Spending Cuts," *Globe and Mail*, March 10, 2013.

30. "Is the Budget for Your Child's School Being Cut?," *Rabble.ca.*

31. Kara Santokie, "Canada's Social Programs Will Suffer Under Balanced Budget Law," *Toronto Star*, April 11, 2015.

32. Canadian Alliance to End Homelessness, Backgrounder, www.caeh.ca/wp-content/uploads/2011/10/caeh_backgrounder_eng.pdf.

33. "L'Observatoire des conséquences des mesures d'austérité au Québec." Montreal: Institut de recherche et d'informations socioéconomiques (IRIS) (our translation).

34. Andrew Jackson, "Beware the Canadian Austerity Model," Canadian Centre for Policy Alternatives, June 1, 2010.

35. Gilles L. Bourque and France Bibeau, "Déséquilibre fiscal: l'éternel recommencement," *Notes d'intervention de l'IREC*. Montreal: Institut de recherche en économie contemporaine (IREC), 34, October 2014.

36. "Un système corrompu jusqu'à la moelle," Vigile.net; Sunny Freeman, "'Disturbingly High' Number of Execs Believe Corruption Widespread in Canada," *Huffington Post Canada*, June 11, 2014; Patricia Adams, "How Canada Encourages Corrupt Companies," Probe International, *Huffington Post Canada*, November 8, 2013; "Canada's Business Ethics Under Scrutiny: 4 In 10 Have Witnessed WrongDoing," *Huffington Post Canada*, August 7, 2013; Pierre Beaudet, "Ottawa, capitale canadienne de la corruption," *Le Devoir*, May 28, 2013; "World Bank's Corrupt Companies Blacklist Dominated by Canada," *Huffington Post Canada*, September 18, 2013; Claude Vaillancourt, "La commission Charbonneau contre la corruption. Le mal et le remède," *À bâbord!*, 47, December 2012–January 2013.

3 Ideological Bias

1. Éric Pineault, in collaboration with Ariane Gobeil and Christian Pépin, *Portrait de la surépargne des entreprises au Québec et au Canada*. Montreal: Institut de recherche et d'informations socio-économiques (IRIS), January 2015.

2. "Bank of Canada Maintains Overnight Rate Target at 1 Percent," press release, Ottawa, Bank of Canada, September 3, 2014. See also Gérald Fillion, "630 milliards qui dorment," Radio-Canada, September 3, 2014.

3. "Le grand retour des fonds spéculatifs," *Le Temps*, June 28, 2015.

4. Javier Blas and Jack Farchy, "Glencore Reveals Bet on Grain Price Rise," *Financial Times*, April 24, 2011, and "Glencore's Grip on Raw Material World," *Financial Times*, April 15, 2011.

5. "Qu'est-ce qu'un atelier de misère," Centre international de solidarité ouvrière (CISO), ciso.qc.ca/la-cqcam/ateliers-de-misere/definition-et-contexte (our translation).

6. Presse canadienne, "Une autre combine à la Ponzi," *Le Devoir*, August 1, 2009; Jean-François Cloutier, "Revenu Canada a le bras long avec le roi du t-shirt," *Journal de Montréal*, December 19, 2013.

7. Francis Vailles, "Affaire Norshield: les comptables des Bahamas travaillaient à Saint-Léonard," *La Presse*, February 13, 2010.

8. Agence QMI, "Vincent Lacroix ne peut pas avoir dépensé 115 M $ aux danseuses," canoë.ca, September 21, 2009 (our translation).

9. Denis Arcand, “Des millions à la famille de Vincent Lacroix,” *La Presse*, February 16, 2007.
10. David Santerre, “La nouvelle vie de Jean Lafleur,” *Journal de Montréal*, September 16, 2008.
11. Brian Myles, “Le trésor convoité de Jean Lafleur. La Couronne demande cinq ans de pénitencier contre le fraudeur,” *Le Devoir*, June 2, 2007.
12. La Presse canadienne, “Une autre combine à la Ponzi,” *op. cit*.
13. Jean-François Cloutier, “Transactions illégales: la Royale cache encore des documents,” *Journal de Montréal*, April 28, 2014.
14. Ibid.
15. Jean-François Cloutier, “Amende de 35M pour la Banque Royale : l’institution financière aurait fait des transactions offshore illégales,” *Journal de Montréal*, January 19, 2015.
16. Jean-François Cloutier, “Un comptable montréalais introuvable,” *Journal de Montréal*, January 25, 2015.
17. Harvey Cashore, Chelsea Gomez, and Gillian Findlay, “Trudeau’s Chief Fundraiser Linked to Cayman Islands Tax Scheme,” CBC News, November 5, 2017.
18. Rupert Neate, “Rockefeller Family Charity to Withdraw All Investments in Fossil Fuel Companies,” *Guardian*, March 23, 2016.
19. Deborah Hardoon, Sophia Ayele, and Ricardo Fuentes-Nieva, *An Economy for the 1%: How Privilege and Power in the Economy Drive Extreme Inequality and How This Can Be Stopped*. Oxfam Briefing Paper, 210. Oxford: Oxfam International, January 18, 2016.
20. *An Economy for the 99%: It’s Time to Build a Human Economy That Benefits Everyone, Not Just the Privileged Few*. Oxfam International, January 16, 2017.
21. “Appendix D — Biographical Notes,” Advisory Panel on Canada’s System of International Taxation, *Final Report: Enhancing Canada’s International Tax Advantage*. Ottawa: Department of Finance, Government of Canada, 2008, p. 112–115.

4 Laundering with Language

1. Médiapart, “Nicolas Sarkozy, chez Alstom, à Ornans,” Dailymotion, March 18, 2009.
2. Brigitte Alepin, brigittealepin.com, untitled (our translation).
3. Alain Deneault, *Canada: A New Tax Haven*, tr. Catherine Browne. Vancouver: Talonbooks, 2015, p. 193 sqq.
4. “Maples and Calders’ installe à Montréal,” *Les Affaires*, May 13, 2009 (our translation).
5. “Malaise sur la colline,” Radio-Canada, July 8, 2009 (our translation).
6. Ibid.
7. Georges Lebel, “La loi Forget inc.,” *Relations*, 739, March 2010.
8. Quebec Ministry of Finance, *Reform of the Companies Act Working Paper*, December 2007, finances.gouv.qc.ca/documents/Autres/en/AUTEN_ReformCompaniesAct.pdf, p. 16.
9. Jean de Maillard, “La criminalité financière. Face noire de la mondialisation,” in Dominique Plihon (ed.), *Les désordres de la finance. Crises boursières, corruption, mondialisation.* Paris: Éditions Universalis, 2004, p. 94 (our translation).
10. Thierry Godefroy and Pierre Lascoumes, *Le capitalisme clandestin*, op. cit., p. 109, and Marc Roche, *Le capitalisme hors la loi*, op. cit., p. 26.
11. Grégoire Duhamel, *Les paradis fiscaux*. Paris: Éditions Grancher, 2006, p. 459.
12. Thierry Godefroy and Pierre Lascoumes, *Le capitalisme clandestin*, op. cit., p. 108 (our translation).
13. Mélanie Delattre, “L’argent caché des paradis fiscaux,” *Le Point*, February 26, 2009 (our translation).
14. Warren de Rajewicz, *Guide des nouveaux paradis fiscaux à l’usage des sociétés et des particuliers.* Lausanne: Favre, 2010, p. 36 (our translation).
15. Messaoud Abda, in “Quatrième colloque annuel de la prévention de la fraude,” Faculté d’administration, Université de Sherbrooke, March 23, 2012; Léon Courville at a round table on Harold Crooks’s film *The Price We Pay* (Canada, 2014), Radio-Canada, September 5, 2015.

16. “Balance of Payments and International Investment,” in *A User Guide to the Canadian National Accounts System*. Ottawa: Statistics Canada, December 3, 2015, Chapter 6, p. 86.
17. Montesquieu, *The Spirit of Laws*, tr. Nugent. London: Nourse and Vaillant, 1758.

5 Who Says It’s Legal?

1. *Agreement Between Canada and Barbados for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital*. Government of Canada, 1980.
2. “New Canada Revenue Agency Position on Barbados Exempt Insurance Companies,” osler.com, November 12, 2010.
3. “Business Income Tax Measures — International Taxation — Improving Tax Information Exchange.” Ottawa: Department of Finance, Government of Canada, 2007 Budget, Annex 5 (budget.gc.ca/2007/plan/bpa5a-eng.html). This initiative is in harmony with Section 5900 of Canada’s Income Tax Regulations under the Income Tax Act, Government of Canada, Part LIX, Foreign Affiliates. An impressive number of corporations taking advantage of these clauses end up not paying any taxes at all in Canada. See Mark Brown, Joe Castaldo and Matthew McClearn, “How to Pay No Taxes,” *Canadian Business*, 2014. p. 62–67.
4. Department of Finance, “Tax Information Exchange Agreements.” Ottawa: Government of Canada, July 9, 2014.
5. Alain Deneault, Gabriel Monette and Alexandre Sheldon, in collaboration with André Lareau, *Tax Havens: Solutions Within Our Reach*. Montreal: Collectif Échec aux paradis fiscaux, 2014.
6. Frédéric Zalac, “Affaire KPMG: le fisc offre une amnistie secrète aux multi millionnaires,” Radio-Canada, March 8, 2016 (our translation).
7. Rizqy was referring to “Canadian International Income Tax Rules,” which can be found on the Natural Resources Canada website on a page dated December 16, 2016.
8. Rizqy made these proposals during an election debate entitled “Lutte aux paradis fiscaux: Que doit faire le Canada?” organized by *Échec aux paradis fiscaux*, Montreal daily *Le Devoir* and the periodical *Liberté* on September 23, 2015.
9. Jean-Pierre Vidal, “La concurrence fiscale favorise-t-elle les planifications fiscales agressives?” in Jean-Luc Rossignol (ed.), *La gouvernance juridique et fiscale des organisations*. Paris: Éditions Tec & Doc, 2010.
10. Ibid., p. 172 (our translation).
11. Ian Bailey, “Mélanie Joly Says Quebec’s Netflix Tax Is Province’s ‘Own Decision’,” *Globe and Mail*, October 5, 2017.
12. Department of Finance, “Consultation Paper on Treaty Shopping — The Problem and Possible Solutions.” Ottawa: Government of Canada, August 12, 2013.
13. Inland Revenue Commissioners v. Duke of Westminster [1936] A.C. 1; 19 TC 490. This principle was recently reasserted by the Supreme Court of Canada in relation to the general anti-avoidance rule in Canada Trustco Mortgages v. Canada [2005], 2 S.C.R. 601.
14. MIL (Investments) SA v. The Queen, 2006 TCC 460, paragraph 72 [affirmed 2007 DTC 5437 (Federal Court of Appeal]), quoted in “Consultation Paper on Treaty Shopping,” endnote 11 above.
15. Jeff Gray, “Supreme Court Backs Glaxo in Transfer-Pricing Dispute.” *Globe and Mail*, October 18, 2012.
16. Alain Deneault, Pascale Cornut St-Pierre, and Clément Camion, “Chalandage fiscal: Pour une approche politique.” Research note presented to the Department of Finance Canada by Réseau pour la justice fiscale, December 11, 2013.
17. “Jour de la solidarité fiscale. Pour une fiscalité du 21e siècle.” Montreal: Institut de recherche en économie contemporaine (IREC), June 18, 2015 (our translation).
18. Gilles N. Larin, Lyne Latulippe, and Marwah Rizqy, in collaboration with Carmina Chan, “La fiscalité internationale et interprovinciale au Québec.” Chaire de recherche en fiscalité et en finances publiques

(CFFP) of the Université de Sherbrooke, brief submitted to the Quebec Taxation Review Committee, 2015, p. 5, note 6.

19. Ibid., p. 7, note 17 (our translation).

20. Referring to The Queen in Right of Manitoba v. Air Canada (1980) 2 SCR 303, page 316, the Supreme Court concluded: “In the case of aircraft operations, there must be a substantial, at least more than a nominal, presence in the Province to provide a basis for imposing a tax in respect of the entry of aircraft into the Province.” Canadian Pacific Air Lines Ltd. v. British Columbia, [1989] 1 SCR 1133, 1989 CanLII 94 (SCC).

21. Gilles N. Larin et al., “La fiscalité internationale et interprovinciale au Québec,” op. cit., p. 8 (our translation). The principle is based on Firestone Tires and Rubberco. v. Commissionner of Income Tax, [1942] S.C.R. 476.

22. Gilles N. Larin et al., “La fiscalité internationale et interprovinciale au Québec,” op. cit., p. 18 (our translation).

23. Ibid. (our translation).

24. Francis Vailles, “De la fusion des deux déclarations de revenus.” *La Presse*, April 30, 2015.

25. Denis Lessard, “SAQ, subventions et Revenu Québec: un grand ménage s’impose.” *La Presse*, August 29, 2015 (our translation).

26. CBC News, “Revenu Québec Fires Ex-Cop Allegedly Linked to Hells Angels,” October 10, 2013; André Dubuc, “Un ex-policier devient directeur des enquêtes à Revenu Québec,” *La Presse*, October 12, 2011; Caroline d’Astous, “De vives tensions chez Revenu Québec, dénonce le syndicat des employés,” *Huffington Post*, September 13, 2012; Caroline d’Astous, “Après les bonis, des compressions de postes chez Revenu Québec,” *Huffington Post*, September 24, 2012.

27. Luc Godbout (Chair), *Competitiveness, Efficiency, Fairness: Focusing on Québec’s Future. Final Report*, Quebec Taxation Review Committee, Vol. 1, March 2015, p. 177.

28. Marco Bélair-Cirino, “PKP se montre ouvert à un mode de scrutin proportionnel,” *Le Devoir*, February 27, 2016.

Conclusion

1. Allison Christians and Arthur J. Cockfield, *Submission to Finance Department on Implementation of FATCA in Canada*, Social Science Research Network Scholarly Paper, 2014. See also Allison Christians, *Drawing the Boundaries of Tax Justice*, Social Science Research Network Scholarly Paper, 2013, and Allison Christians, *What You Give and What You Get: Reciprocity Under a Model 1 Intergovernmental Agreement on FATCA*, 2013.

2. “Le plan d’action BEPS de l’OCDE va-t-il permettre de mieux lutter contre les pratiques d’évasion fiscale des entreprises multinationales? Mythes et réalités,” Plateforme Paradis fiscaux et judiciaires, Paris, October 5, 2015 (our translation).

3. See John Christensen’s interview by Jerome Nikolai Warren: “‘Tax Is the Lifeblood of Democracy’: An Interview with John Christensen of the Tax Justice Network,” *Spirit of Contradictions*, August 18, 2014.

4. Quebec National Assembly, Committee on Public Finance, Self-Initiated Order: The Tax Havens Phenomenon, Journal des débats, Version préliminaire, November 18, 2015, Vol. 44, No. 76 (our translation).

Glossary

abusive or aggressive tax planning. Euphemism used to describe accounting strategies designed to avoid tax payments through the abusive interpretation of technical terms and provisions included in tax laws.

accommodating jurisdiction. Generic term for territories and states that knowingly provide a highly permissive environment for corporations and wealthy individuals subject to laws, regulations, and tax rules in other countries. Accommodating jurisdictions include tax havens, banking havens (international financial centres), and regulatory havens such as free ports, free zones, and jurisdictions specializing in specific fields (insurance, gambling, medicine, mining, security, etc.).

bank secrecy. A set of laws and regulations adopted by an accommodating jurisdiction to prevent or discourage investigations initiated by foreign powers (tax investigators, investigating magistrates, and so on).

banking haven. See "international financial centre."

clearinghouse. An interbank institution, located in a jurisdiction providing administrative and bank secrecy, that gives notarized form to international transactions.

double taxation agreement or tax treaty. Treaty by which two jurisdictions agree to coordinate their tax systems so that a taxpayer who is economically active in both will pay taxes only once on declared earnings.

eurodollars. American dollars deposited in banks outside the United States (initially in Europe) by someone who is not a resident of the country in which the bank is located.

exempted company. A company, established by a corporation or capital holder in an accommodating jurisdiction, that is in a position to flout tax laws and laws in general.

flag of convenience. See "free port."

foundation. Private non-profit corporation created by a company or an individual, theoretically in order to carry out a project that will benefit many, but often used for other purposes in accommodating jurisdictions.

free port. Regulatory haven allowing registry of ships (pleasure craft, freighters, oil tankers, and so on), which then acquire a "flag of convenience," as well as offshore drilling rigs. Vessels and rigs can then function independently of normal regulations regarding ship maintenance, maritime waste disposal, health and safety at work, labour standards, and taxes.

free zone. Specific area created by a regulatory haven in which factories do not have to comply with labour laws or environmental standards, or are governed by permissive standards and regulations.

hedge fund. Speculative investment fund, usually registered in an accommodating jurisdiction in order to bypass the financial regulations that prevail elsewhere.

holding company. Corporation responsible for managing one or several companies in which it owns shares.

international financial centre or offshore financial centre or banking haven. Traditional jurisdiction that authorizes non-resident financial corporations to register under rules — such as bank secrecy — that are similar to those of tax havens.

regulatory haven. Jurisdiction authorizing laissez-faire for a given type of activity.

shell company. Company, registered in a tax haven, that serves as an alibi enabling a corporation or capital holder to bypass the laws, regulations, and tax systems of the jurisdictions in which it, he or she operates.

special purpose vehicle. Structure created in an accommodating jurisdiction, often focusing on a single operation and designed to reduce the liabilities on a corporation's balance sheet.

tax avoidance. An accounting and financial operations strategy designed to reduce the amount of taxes that will be paid, without using illegal means.

tax evasion. An accounting and financial operations strategy designed to reduce the amount of taxes that

will be paid, using illegal means.

tax haven. Jurisdiction providing bank secrecy and a null or almost null tax rate on earnings declared by certain types of company or entity.

tax treaty. See “Double taxation agreement.”

transfer pricing. Financial operation by which a subsidiary established in a tax haven charges its parent company for various goods and services, on an imaginary basis, in order to concentrate as much capital as possible in accounts opened in places where the tax rate is zero or close to zero.

trust. Tax avoidance tool, formerly used only by families but now also available to corporations, that makes it possible to isolate profits as an independent stream of earnings and distribute them among beneficiaries. The trustee who manages the trust is responsible for the assets assigned to it by the founder (the trustor) for the benefit of a third party (the beneficiary). All three parties remain anonymous thanks to the bank secrecy that prevails in accommodating jurisdictions.

Brief Bibliography

Brigitte Alepin, *Bill Gates, Pay Your Fair Share of Taxes — Like We Do!,* tr. by Bob Chodos, Eric Hamovitch, and Susan Joanis. Toronto: Lorimer, 2012.

Brigitte Alepin, *Ces riches qui ne paient pas d'impôts. Des faits vécus impliquant des gens du milieu des affaires, de la politique, du spectacle, des sociétés publiques et même des Églises*. Montreal: Éditions du Méridien, 2004.

Pino Arlacchi, *Mafia Business: The Mafia Ethic and the Spirit of Capitalism,* tr. Martin Ryle. New York: Verso/Schocken Books, 1986.

Brian J. Arnold, "Reforming Canada's International Tax System, Toward Coherence and Simplicity." Toronto, Canadian Tax Paper, 111, 2009.

Raymond W. Baker, *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-Market System.* Hoboken, NJ: John Wiley and Sons, 2005.

Bernard Bertossa, with Agathe Duparc, *La justice, les affaires, la corruption*. Paris: Fayard, 2009, p. 135–136.

William Brittain-Catlin, *Offshore: The Dark Side of the Black Economy*. New York: Farrar, Straus and Giroux, 2005.

Christian Chavagneux and Ronen Palan, *Les paradis fiscaux*. Paris: La Découverte, 2006.

Marie-Christine Dupuis-Danon, *Finance criminelle. Comment le crime organisé blanchit l'argent sale*. Paris: Presses universitaires de France, 2nd edition, 2004 [1998].

Gilles Favarel-Garrigues, Thierry Godefroy and Pierre Lascoumes, *Les sentinelles de l'argent sale. Les banques aux prises avec l'antiblanchiment*. Paris: La Découverte, 2009.

Diane Francis, *Controlling Interest: Who Owns Canada?* Toronto: Macmillan of Canada, 1986.

Xavier Harel, *La grande évasion. Le vrai scandale des paradis fiscaux*. Arles and Montreal: Actes Sud and Lémeac, 2012.

Marco Van Hess, *Les riches aussi ont le droit de payer des impôts*. Brussels: Éditions Aden, 2013.

Jean de Maillard, *Un monde sans loi. La criminalité financière en images*, with illustrations by Pierre-Xavier Grézeau, forewords by Eva Joly and Laurence Vichnievsky, and contributions from Bernard Bertossa, Antonio Gialanella, Benoît Dejemeppe, Renaud Van Ruymbeke. Paris: Stock, 1998.

Jean de Maillard, *L'arnaque. La finance au-dessus des lois et des règles*. Paris: Gallimard, 2010.

Jean de Maillard, "La criminalité financière, Face noire de la mondialisation," in Dominique Plihon (ed.), *Les désordres de la finance. Crises boursières, corruption, mondialisation*. Paris: Éditions Universalis, 2004.

Linda McQuaig and Neil Brooks, *The Trouble with Billionaires: Why Too Much Money at the Top Is Bad for Everyone.* Toronto: Penguin Canada, 2011.

François Morin, *Un monde sans Wall Street*. Paris: Seuil, 2011.

Loretta Napoleoni, *Terror Incorporated: Tracing the Dollars Behind the Terror Networks.* New York: Seven Stories Press, 2005.

R. T. Naylor, *Hot Money and the Politics of Debt*. Montreal and Kingston: McGill/Queen's University Press, 2004 [1987].

R. T. Naylor, *Wages of Crime: Black Markets, Illegal Finance, and the Underworld Economy*. Montreal and Kingston: McGill/Queens University Press, 2004 [2002].

Mario Possamai, *Money on the Run: Canada and How the World's Dirty Profits Are Laundered.* Toronto: Penguin Books of Canada, 1992.

Denis Robert and Ernest Backes, *Révélation$*. Paris: Les Arènes, 2001.

Denis Robert, *La boîte noire*. Paris: Les Arènes, 2002.

Marc Roche, *Le capitalisme hors la loi*. Paris: Albin Michel, 2011.

Nicholas Shaxson, *Treasure Island: Uncovering the Damage of Offshore Banking and Tax Havens*. New York: Palgrave Macmillan, 2011.
Alain Vernay, *Les paradis fiscaux*. Paris: Seuil, 1968.
Éric Vernier, *Fraude fiscale et paradis fiscaux. Décrypter les pratiques pour mieux les combattre*. Paris: Dunod, 2014.
François-Xavier Verschave, *Noir silence*. Paris: Les Arènes, 2000.
Jean Ziegler, *Les nouveaux maîtres du monde et ceux qui leur résistent*. Paris: Fayard, 2002.
Gabriel Zucman, *The Hidden Wealth of Nations: The Scourge of Tax Havens*, tr. Teresa Lavender Fagan. Chicago: University of Chicago Press, 2015.

Acknowledgements This book is a summary of work carried out over the past few years in my own name or on behalf of the Réseau pour la justice fiscal, since 2017 integrated to a broader organization, Échec aux paradis fiscaux. In doing this research, up to and including the present work, I have benefited from the consistent support of Ghislaine Raymond and Aline Tremblay. Other skilled researchers have also contributed to the work of the Réseau, including Clément Camion, Pascale Cornut St-Pierre, Gabriel D'Astous, Gabriel Monette, and Alexandre Sheldon. Échec aux paradis fiscaux, a collective bringing together a number of organizations, supported the work through funding and various initiatives when Érik Bouchard-Boulianne played a key role in the Collectif. In French, this book was first edited by Écosociété — a publishing house with a sustained commitment to these issues. It also benefited from the support of Oxfam-Québec. The translation in English is the result of the meticulous and rigorous work of Catherine Browne and the support of the Fernwood Publishing team.

Translator's note Many thanks to John Detre and *Canadian Dimension* for allowing us to borrow extensively from his translation of part of Chapter 2, published in *Canadian Dimension* under the title "The High Cost of Tax Havens," Summer 2016, 50, 3, 9-12. I am responsible for any infelicities.

Works by Alain Deneault on the same subject in English

Books

Canada: A New Tax Haven, tr. by Catherine Browne. Vancouver: Talonbooks, 2015.

Offshore: Tax Havens and the Rule of Global Crime, tr. by George Holoch. New York: The New Press, 2012.

With William Sacher: *Imperial Canada Inc.: Legal Haven of Choice for the World's Mining Industries,* tr. by Fred A. Reed and Robin Philpot. Vancouver: Talonbooks, 2012.

Reports and briefs

Alain Deneault, Gabriel Monette, and Alexandre Sheldon, with the help of André Lareau, *Tax Havens: Solutions Within Our Reach,* Montreal, Réseau pour la Justice fiscale and Collectif Échec aux paradis fiscaux, 2014.

Contribution to the research note on Canada in "Mapping Financial Secrecy," London, Tax Justice Network, 2012–2015.

Articles

"Offshore: Tax Havens and the Rule of Global Crime," in Really Useful Knowledge. Madrid: Museo Nacional Centro de Arte — Reina Sofia, 2014.
"Tax Havens and Criminology." *Global Crime*, Oxford, Taylor & Francis, 8, 3, Fall 2007, p. 260–270.

Documentary adaptation Alexandre Gingras, *Didn't You Know, You Knew?* Video based on *Offshore* by Alain Deneault. Produced by Les Altercitoyens, Canada, 2017, 23 min, vimeo.com/237409247. Also available in French: *Je ne savais pas que je savais*, 2014 (screened at the Festival du Nouveau Cinéma, Montreal, 2014), lesaltercitoyens.com/paradis-fiscaux-je-ne-savais-pas-que-je-savais-3/.
For more information, see Alain Deneault's website: alaindeneault.net.