

Panama Papers:

The Real Ugly Face of Imperialism

The Panama Papers' revelations about the rich and powerful hiding untold billions in 'offshore' tax havens may be shocking, but it's hardly a surprise to anyone who knows the first thing about the way that big business works. In the few years alone we've had:

The revelations in the Panama Papers that hundreds of companies and thousands of individuals, including 72 (!) present or former heads of state, hid their fortunes offshore. The names so far revealed include associates of Russian President Putin, and numerous members of the leadership of the Chinese Communist Party.

The 'Lux leaks' revelations about how the Grand Duchy of Luxemburg conspires with big business to launder its profits through tax minimal Luxemburg and how major companies like Amazon and Starbucks shift their British profits to Luxemburg and pay little or no tax.

Revelations that bankers in Britain conspired to fix the 'Libor' rate – the inter-bank lending rate – so their banks could *profit* from trades or the impression they were worth more than they actually were. Accusations against prominent politicians, including South African President Jacob Zuma and Turkish President Recep Tayyip Erdogan, that they used vast amounts of public money to build huge residences.

British bank HSBC was in 2012 discovered to have received at least \$880 billion in investments from the Mexican Sinaloa drug cartel.

The International Consortium of Investigative Journalists (ICIJ) report has implicated 140 public officials around the world including 12 current and former heads of government, as well as 29 billionaires listed in *Forbes* magazine's ranking of the planet's 500 richest people. Mossack Fonseca, the Panamanian legal firm at the heart of the scandal, made millions of dollars helping politicians and super-rich stash their money and hide it to evade taxation.

Very few Americans have been named in the Panama Papers. Mossack Fonseca's services are readily available in the US tax heavens such as the state of Delaware. One small office building in that state is the nominal home of 285,000 separate businesses, including Fortune 500 companies, Apple Computer, Coca-Cola and JPMorgan Chase, as well as untold number of shell companies belonging to the run-of-the-mill fraudsters, smugglers and financial criminals.

A lot more things could be added to this list. The world seems to be awash with corruption. So what is it really all about?

Of course corruption has always existed in capitalism. But neoliberalism, the 'free market' system that started in the 1980s, promoted it on a vast scale. Neoliberal deregulation and privatisation promoted the dominance of financial capital. Financialisation and low capital gains taxes have turned big companies and utilities into cash cows, virtual banks with huge wealth, looking to maximise the *interest* on their money and minimise their tax. Finance capital is, after all, basically about swindling. In the middle ages they called it usury.

The core of it is the banking system. European and American banks receive (read: launder) billions of dollars every year from international mafias, and in particular from drug dealers. Sometimes by accident some of this comes to light. In 2006 Mexican soldiers intercepted a drug shipment in Ciudad del Carmen and found a cache of documents showing the Sinaloa drugs cartel had made payments of \$378 billion to the American bank Wachovia, a subsidiary of the financial giant Wells Fargo.

Panama Papers and many such reports have documented many of these financial crimes. They have occurred because the governments and their financial regulators are dancing to the tunes of the financial elite and are not controlling these criminal activities. So nothing will change. The ICIJ findings will be buried in exactly the same manner as its not only earlier reports but also many other such reports.

Lenin said: "*A monopoly, once formed and controls thousands of millions, inevitably penetrates into every sphere of public life, regardless of the form of government and all other details, giving rise to new financial oligarchy characterized by corruption, bribery on huge scale and all kinds of fraud*".

What Lenin was describing is the character of monopoly in its infancy. The dominance of finance capital has grown and expanded phenomenally since then. A criminal financial elite has bankrupted the world economy, stealing unimaginable sums by means of speculation and operations outside of any legal restraint.

The corruption has the effect of transferring huge amounts of wealth from the poor to the rich – both people and countries. The people are exploited not only through appropriation of surplus labour, but also through slavish working conditions violating all the laws of land. People are robbed of their public services like health, education and transport when taxes are avoided and the government revenues robbed. A single company, Nokia, has avoided paying taxes to Indian government to the tune of Rs 24,000 crore in the process of transferring more than Rs 2 trillion as profit to its parent company. The BJP government promised to waive the retrospective tax paying to benefit Nokia, while the Indian government is visiting every western capital with begging bowl for crumbs.

The Panama Papers stands as yet another instance which shows that corruption, parasitism and criminality are not aberrations, but the real ugly face of the monopoly capitalism.
