

The Indian tax haven story reaches the UK press

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The Times reports:

Illegal transfers of billions of dollars from India to Western tax havens have become a big issue after two weeks of campaigning in the country's general election.

As calls increase worldwide for a crackdown on the illicit movement of capital, L. K. Advani, the leader of the main opposition Bharatiya Janata Party (BJP), has vowed to repatriate as much as \$1.5 trillion (£1 trillion), which he claims has been "looted" from India and moved overseas by corrupt officials, tax-shy members of the elite and leading companies over 60 years.

Mr Advani alleges that the money — worth more than the value of India's economic output last year — lies in secret accounts in Switzerland and other countries. In a populist attempt to win votes in a month-long election that is at its midway point, he has vowed, if elected, to spend it on development.

As they also note:

Opponents say that Mr Advani wildly overstates the amount salted away, and other observers say that his claims are feasible, but impossible to verify. Either way, however, India is only one of many countries losing patience with clandestine offshore jurisdictions.

The source of all this discussion is Raymond Baker at [Global Financial Integrity](#). I had dinner with Raymond last night. He seemed like a man very confident of his figures to me. And he's right to be so: they're based on the best data available using a range of the best techniques available.

Of course they don't provide a precise answer. They can't. But no one can provide precise figures for much of the data used for economic analysis — even GDP data is estimated, not precise. This has to be understood. What is however very clear to me is that the claims are simple rhetoric and without foundation:

Congress, the leading party in India's coalition Government, admits that tax evasion is a problem, but claims that the BJP's numbers are based on "bogus sources".

The Swiss Bankers Association has said that the issue of tax havens has become "good election fodder". It dismissed the numbers cited by BJP as "incredible", but declined to provide its own.

In both cases, and as we have seen so often in the past when logical numerical analysis has been done on the best available data, the claim is dismissed as "wrong". But no attempt to embrace the issue results. As a consequence those of us who have produced estimates of tax lost through tax haven activity are at present the suppliers of best estimates to the world. We may remain that way. Our calculations are based on the best data there is. And it shows, unambiguously, that the problem is massive. That's enough, I think, to justify action and India is realising that is the case. Which is the good news in this.