

To bridge the deficit, collect some taxes

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David Callahan [has written a blog under the above title](#) on the Reuters web site.

As he notes, the simple fact is that around the world deficits are largely the result of the tax gap. The tax gap is the difference between the amount of tax that should be collected each year by a government using the laws it has passed and the actual amount it collects. As he notes:

The United States isn't alone in facing an epidemic of tax evasion. Cheating is much worse elsewhere and is a major factor in the budget woes of European countries. A [study](#) released in November by the Tax Justice Network estimated that \$3.1 trillion is lost worldwide every year to tax evasion, with Europe accounting for half that total. Few countries lose more revenue than Italy, where, the report said, over a quarter of all economic activity goes untaxed—or a staggering \$238 billion a year in a country with an economy seven times smaller than that of the United States.

Global leaders are waking up fast to the need for aggressive cooperative efforts to shut down offshore havens. One outcome of the G-20 summit last fall in Cannes was an agreement to fight these havens using diplomatic and economic pressure. European leaders hope these and other initiatives will bring in tens of billions in revenues.

Making it harder to hide money in foreign banks will also mean new revenues for the U.S. Treasury. Ultimately, though, plugging the biggest leaks in the U.S. tax system will require far more disclosure and tracking of business income, along with a substantially stronger IRS—none of which is popular with Republicans on Capitol Hill.

The sting is in the tails there. Two tails, I should add. The first sting is the lack of willing to use real armoury (metaphorical I stress, but real none the less) against tax havens. The second is the lack of political will on the political right, and not just the Republicans in the USA but across the whole spectrum of the right, to invest in tax authorities to collect the money due to government by law.

It's extraordinary that the right - who are natural conservatives and upholders of law and order - so consciously refuse to uphold the law when it comes

to tax. Even more surprising is their desire - explicitly stated, very often - to allow those who commit the crimes to get away with them because that, they think, promotes growth. So bigoted are they about governemtn that crime against it is somehow acceptable.

And that's why we're in the mess we're in.