

Foreign Policy, tax evasion and tipping points

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Foreign Policy magazine is pretty influential in the US and beyond. In its [latest edition it reports](#):

On April 17, U.S. taxpayers will grudgingly send off their checks to the dreaded Internal Revenue Service. Whatever your political persuasion, it's hard to think of a ritual more despised than the annual filling of the government's coffers. And it's not just in the United States where people complain. While the level of taxation is a topic of major political debate in nearly every country, the level of taxes that go unpaid gets far less attention.

The World Bank estimates the size of the global "shadow economy" -- money intentionally hidden from view for the purposes of avoiding tax, including out and out tax fraud -- amounts to more than 18 percent of global gross domestic product (GDP). A report by the British NGO Tax Justice Network (TJN) calculated that this amounts to more than \$3 trillion in lost tax revenue per year.

"It's a crime against the people," argues Richard Murphy, the accountant and economist who prepared the report, noting that tax evasion by wealthy individuals and corporations often shifts the burden of paying for public services or debt repayments to the poorest members of society.

Here's a look at some of the most striking examples of tax evasion around the world. Unless otherwise indicated, all statistics are from TJN's 2011 report, "[The Cost of Tax Abuse](#)".

What follows is a powerful review of tax abuse in the USA, Bolivia, Russia, Italy, Greece and Ireland.

The article concludes saying:

The Irish government this year [levied](#) a new tax of \$130 per household intended to raise at least \$212 million to help pay down the country's debt burden. The tax provoked a major public uproar, including public demonstrations, and as of the March

31 deadline, the government acknowledged that around 50 percent of households had simply [refused to pay](#) the tax. (The leaders of the tax-dodge movement have been called "[Tea Party socialists](#)" for their left-wing opposition to taxation on individuals rather than corporations.) Murphy calls this development "absolutely unsurprising."

"Ordinarily people are expected to bear the burden of debt repayment, a burden that in Ireland is just beyond imagination," he says. He predicts more tax-boycotts like those in Ireland, and riots, like those in Greece, in the months to come. "I believe we're coming to a tipping point," he says.

I do. And it could be uncomfortable for many as we transition to a better economy, I hope.