

# When the wealthy find it pays them to support kleptocracy

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I would like a world where there was no need for development aid.

To say so is not to come over all Daily Express / Rees-Moggish all of a sudden. I have worked towards that aim for most of this century. This, at its core, is what tax justice is all about.

This is not a discussion of disaster assistance: that is quite another issue. I am talking about development here.

When John Christensen and I spent many hours about fifteen years ago discussing what tax justice was for and how we might achieve the goal our mutual interest in the needs of developing countries was a common focus. What we wanted was a world where aid was not needed. What we saw was a world where to that date the thinking on how to achieve this had not gone far enough.

At the turn of the century development agencies had tried aid. But sending resources was not enough.

And they'd campaigned on trade, but candidly they'd got most of the economics wrong.

And they had very successfully highlighted issues around debt, but that was to deliver a fix to an issue and not to create systemic reform.

What was needed was a mechanism to ensure that the so called developing countries could move on from aid and become the fully fledged, self-governing, democratic and self-supporting states that they deserved to be, that their people rightly demanded, and that anyone who respected them should wish for.

We were quite sure we had two mechanisms to deliver that. One was tax. The other was transparency. We wrapped them together under the banner tax justice. I wish I could say that the rest is history, but it's not yet.

The word 'yet' is right though. That is because the ideas that John and I created - first

really summarised [here](#) and subsequently updated [here](#) - were deliberately and unambiguously designed to be the 'fourth leg' (after aid, trade and debt) of development, turning an unstable stool into a rock solid chair. We always intended to recruit development agencies to deliver our goals. We brought the ideas. They bought them and have become the delivery mechanism for tax justice.

And the aim is a post development world.

The goal was to make sure that the world became tax compliant.

We knew that in countries where many were too poor to pay tax that the contribution of multinational corporations was crucial. And we knew that they were not paying. Opaque accounting, the use of tax havens, transfer mispricing, and a corporate culture of greed that ignored the costs imposed on society meant that many multinational corporations were not paying their way to developing countries. Our aim was to make sure they did. [Country-by-country reporting](#) was and is the answer. It's working. But putting companies that were abusing on the front page of newspapers also helped, and we became quite good at that as well.

And we tackled tax haven abuse. Automatic information exchange from havens is now beginning to happen.

And we demanded data on who owned offshore companies. That's now happening, at least between tax authorities.

And we wanted data on trusts - which is a process also now underway.

Plus we demanded that the loopholes that let the wealthy off tax - from the UK's non-domicile rule onwards - be ended.

And we made clear that tax abuse must be a predicate offence for money laundering, and now pretty much everywhere it is.

So successful has this been that it is now much harder to hide the money corrupt elites steal. That was our aim.

And because 'following the money' is now so much easier something else is also now possible. The wealthy can be made to pay their tax. And not just income taxes. Wealth taxes can be collected as well now, because the money can no longer simply flow to a tax haven and be lost there, out of sight, any more.

I am not saying we've won as yet. But, working with partners - in the UK Oxfam, Christian Aid, Action Aid, Cafod, War on Want and others, including many across Europe - these changes have been delivered with the aim of helping developing countries build the post-aid world where they can collect what is due to them. And where they can beat large scale corruption. That's the great news.

But then some in the world began to notice a problem. This was that developing countries might gain, but the wealthy of the world would have to pay.

The tax haven that helped corruption was the same tax haven that hid the wealth of the global elite.

The transparency that ensured developing countries got their tax made sure that the CEO could not get their bonus by buying some tax abuse to inflate profits.

The opening up of secret companies and trusts has meant tax will be paid where it has not been before.

And now the backlash is beginning.

Oxfam is a victim of that. Of course it has made mistakes. But they do not justify the attack on it. That attack is in reality global wealth fighting back. The truth is that development agencies have been fighting the kleptocrats that Rod Liddle in The Times says cause poverty. The trouble is the techniques they use are the same ones that the wealthy use to avoid tax, and so perpetuate poverty. And when the wealthy find their interests and those of the kleptocrat coincide they're on the side of the kleptocrat.

Aid agencies have fought for tax and transparency as the means to build a post-aid world. And now wealth is fighting back. I guess we should have anticipated it. But the fight has to go on. Tax justice demands it.