

[JTC: This is almost entirely the way I think the world economy will work out in the near future.]

## The End of Tax Havens?

*By Jeff Thomas*

[International Man](#) [as presented on LewRockwell.com] August 17, 2022

The image above [not reproduced –*Ed.*] is of a World War II German Panzer tank. So, what does that have to do with tax havens? I'll get to that soon.

But first, let's look at the Isle of Jersey, one of the islands in the English Channel. Most people think of it as a British tax haven, but it's not, strictly speaking, a part of the UK and not a member of the EU. It's a self-governing parliamentary democracy under a constitutional monarchy and has its own legal, judicial, and, most importantly, financial systems. For decades, it's been a choice location for those who seek to avoid taxation.

Income tax was first created in England to pay for the Napoleonic Wars (maximum: 10%) and was raised in World War II to a maximum of 99.25%, again to pay for warfare. It was reduced after the war, but climbed again (on investment income over £20,000) to a maximum of 98% in 1974.

Jersey emerged as a tax haven as a result. Since Jersey was not obligated to pay tax to the UK, Britons increasingly deposited their wealth there.

It's important to mention at this juncture that most of the world's tax havens first sprouted as a result of similar situations – *supply created in response to a clear need*. Most people will abide low to moderate taxation but, whenever governments have become truly rapacious in taxing their people, those people have sought to escape enslavement from their own governments. Sometimes, this has meant physically leaving the country (as so many Britons did in the 70's) and, sometimes, this has meant moving one's money to a jurisdiction that has either low, or no, direct taxation.

Tax havens have a long history and, since the 70's, as taxation in much of the world has been on the rise, havens have unsurprisingly flourished.

Not surprising, then, that the blowback from the most rapacious governments has grown. The **Organisation for Economic Cooperation and Development** (a euphemism if ever there was one), or OECD, has led the charge, funded primarily by the US but based in Paris and utilised heavily by the EU as well as the US.

The OECD claims to have as a primary goal the elimination of money laundering in the world. It has successfully convinced most of the world that money laundering (the practice of keeping parasitical governments from stealing your wealth) is a criminal activity and must be stopped.

However, the true objectives of the OECD are the following:

1. To eliminate the individual right of privacy with regards to wealth.
2. To force minimum tax levels on all sovereign nations, so that they cannot offer freedom from excessive taxation to anyone.

But, lest we're tempted to sympathise with the OECD, it's important to mention that it also fully accepts the fact that its member-countries have their own tax havens which don't comply with OECD minimum standards. Seen in this light, the OECD is exposed as more of a shakedown organisation than a "force for good."

Still, the OECD is powerful and it's taken its toll on tax havens. Every two or three years, it puts the squeeze on a selection of the world's tax havens, demanding new or revised minimum standards. It places them on a blacklist or graylist until they cave in to the new standards. Then, two or three years later, it goes after another selection of havens, thereby steadily ratcheting down economic freedom in the world.

One of their foremost successes has been the Isle of Jersey. By forcing tax equalisation on Jersey, Jersey has had to decide whether to increase taxation for offshore depositors, or decrease taxes for locals. It chose the latter and, as a result, has experienced a shortfall in the government kitty, resulting in layoffs for public service workers, cuts in funding for road repair, sewage services, education, etc. Jersey appears to be on the ropes as a result.

So the big question is, "will the OECD reach its goals?" In five or ten years' time, will the only tax havens be in places like Delaware, where the government-sanctioned tax haven follows the "bad practices" that the OECD has called "criminal"?

At present, no one has the answer to that question, but what we can say is that we're witnessing The Great Race. The economies of all the OECD member-nations are in trouble. Having destroyed their own economies through massive debt, they're grasping for every tax dollar they can get their hands on to keep the house of cards from collapsing. The inevitable collapse is getting ever closer, so the hope is to scoop up as much wealth by whatever means possible before the fall. This is critical as, after the fall, the credit will evaporate. The governments will no longer be able to fund the costly agencies necessary to track down and confiscate the wealth of their citizens.

This is therefore **a race against time**, which brings us back to the Panzer in the photo.

The Panzer tank was critical to German advance in World War II. In the 1940's, if you heard one coming, you ran like hell. But they ran on gasoline. The Nazi command recognized early in the war that, unless they captured the oil fields in Russian-held Romania, the German war machine would literally "run out of gas."

As risky as it was, it was essential to attack Russia. The attack became increasingly desperate, since the Germans fully understood that their end was on the horizon if they did not succeed. (Can we see any similarity between this and a government near us?).

The Germans failed to conquer Romania. Then, in 1945, at the Battle of the Bulge, the advance by Panzer tanks came to a halt. Had they reached the front lines, they would have won the day for Germany. But, instead, they ran out of fuel in mid-advance.

As decisive as that event was, to my mind, there is a connected event that's more significant to us today. When the tanks ran out of gasoline, the crews left the tanks and simply began to walk back to Germany. Most were later rounded up by the Allies and they went along peacefully.

The great significance of this event is that, no matter how much bluster a political or military leadership presents, and no matter how obediently the soldiers respond to such posturing, once it's clear that the game is up, the pretence amongst the soldiers evaporates. If an army learns in advance that an end is inevitable and has had the requisite time to think over the situation in advance, it simply awaits the tipping point. When that occurs, they're less likely to make a panicked, futile last stand. The foreknowledge informs them to be prepared in advance to simply walk away.

So, to return to The Great Race by many governments today, what we are witnessing is a last-ditch effort to squeeze as much wealth as possible from their citizens before those governments run out of gas or, in this instance, run out of credit.

At some point in the not-so-distant future, creditors will dump treasuries back into the EU and US markets. Stock and bond markets will crash. Currencies will crash. Debt defaults will take place. Banks that are seemingly too big to fail *will* fail and there will be no fund from which to bail them out.

What we can expect will be an increasingly desperate attempt to rob people of their personal wealth. The situation will ramp up to a draconian level. Then, quite suddenly, the crisis will be upon us. The dreaded tanks will run out of fuel – the governments will lose the [economic power to continue their advance against economic freedom.](#)

The goal for each individual who values his freedom might then be to avoid being the low-hanging fruit until that day, so that he might come out intact on the other side.

Copyright © Phyle1, LLC