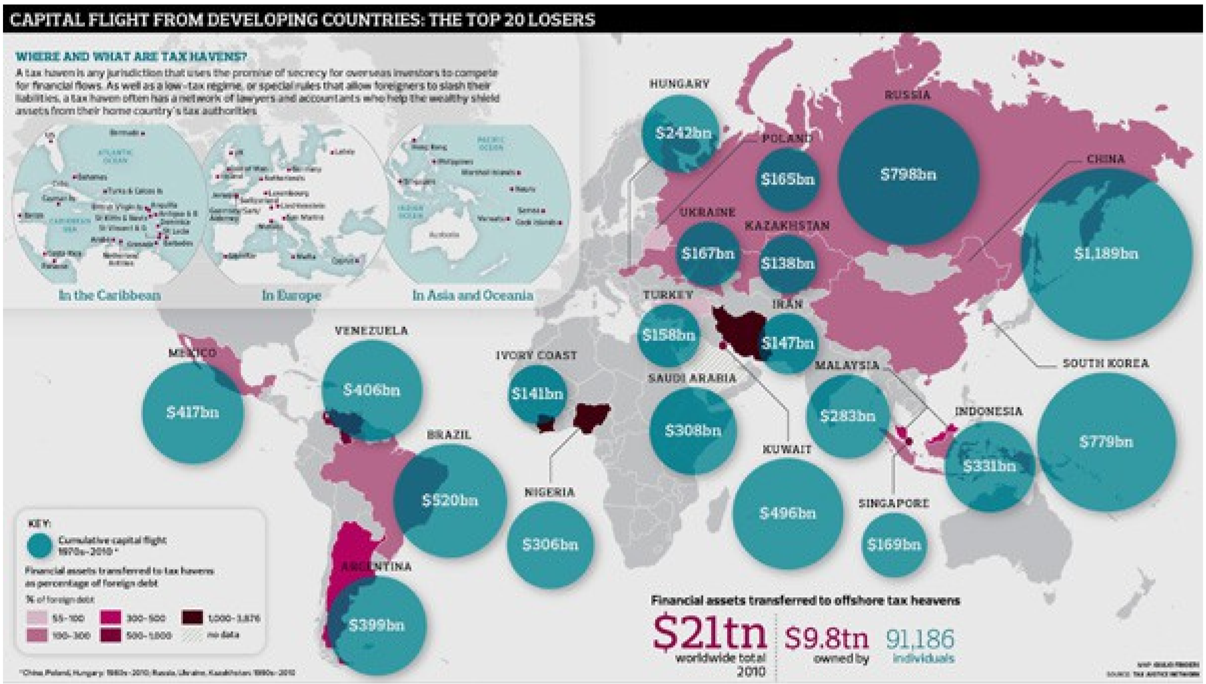

“Wealth doesn't trickle down – it just floods offshore”

The world's super-rich have taken advantage of lax tax rules to siphon off at least $21 trillion, and possibly as much as $32tn, from their home countries and hide it abroad – a sum larger than the entire American economy.
James Henry, a former chief economist at consultancy McKinsey and an expert on tax havens, has conducted groundbreaking new research for the Tax Justice Network campaign group – sifting through data from the Bank for International Settlements (BIS), the International Monetary Fund (IMF) and private sector analysts to construct an alarming picture that shows capital flooding out of countries across the world and disappearing into the cracks in the financial system. (…)
Henry's report, entitled The Price of Offshore Revisited (…) shows that at least £13tn – perhaps up to £20tn – has leaked out of scores of countries into secretive jurisdictions such as Switzerland and the Cayman Islands with the help of private banks, which vie to attract the assets of so-called high net-worth individuals. Their wealth is, as Henry puts it, "protected by a highly paid, industrious bevy of professional enablers in the private banking, legal, accounting and investment industries taking advantage of the increasingly borderless, frictionless global economy". (…)
The detailed analysis in the report suggests that for many developing countries the cumulative value of the capital that has flowed out of their economies since the 1970s would be more than enough to pay off their debts to the rest of the world. (…)
Oil-rich states with an internationally mobile elite have been especially prone to watching their wealth disappear into offshore bank accounts instead of being invested at home.
The problem here is that the assets of these countries are held by a small number of wealthy individuals while the debts are shouldered by the ordinary people of these countries through their governments,
The sheer size of the cash pile sitting out of reach of tax authorities is so great that it suggests standard measures of inequality radically underestimate the true gap between rich and poor.
According to Henry's calculations, £6.3tn of assets is owned by only 92,000 people, or 0.001% of the world's population
"These estimates reveal a staggering failure: inequality is much, much worse than official statistics

show, but politicians are still relying on trickle-down to transfer wealth to poorer people," said John Christensen of the Tax Justice Network. "People on the street have no illusions about how unfair the situation has become."

sources:
http://www.guardian.co.uk/business/2012/jul/21/offshore-wealth-global-economy-tax-havens
http://www.guardian.co.uk/business/2012/jul/21/global-elite-tax-offshore-economy

"India is loosing assets at a rate of £ $12 billion per year. From 1948 through 2008, India lost at least a total of £ $295 billion in illicit financial flows (or illegal capital flight)." (...) "The total present value of India's illicit assets held abroad accounts for approximately 72 percent of India's underground economy. This means that almost three-quarters of the illicit assets comprising India's underground economy—which has been estimated to account for 50 percent of India's GDP (approximately US $640 billion at the end of 2008)—ends up outside of the country. (...) There is a statistical correlation between larger volumes of illicit flows and deteriorating income distribution."

(source: http://www.gfintegrity.org/index.php?option=content&task=view&id=347
and have a look at:
http://www.stewartlansley.co.uk/ (The Cost of Inequalilty by Stweart Lansley)
http://www.taxjustice.net/cms/front_content.php?idcatart=2&lang=1 (Tax Justice Network)