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The 4th Distinguished Owen S. Arthur Memorial Lecture

“Tax Justice for the Caribbean?”

GUEST SPEAKER

Ms. Marla Dukharan

Caribbean Economist & Advisor



TAX JUSTICE FOR THE CARIBBEAN?

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OCTOBER 2024



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DUKHARAN

THE CARIBBEAN DEFINED

First, I want to express my deep gratitude to the family of the late, great Owen Arthur, and to the Sir Shridath Ramphal Centre, for the privilege, and the honour, of standing here before you this evening.

Sadly, we lost Sir Shridath recently, and it would be remiss of me if I didn't take a moment to acknowledge him.

I had the good fortune of running into Sir Ronald Sanders a couple weeks ago - in wine world no less! - just after Sir Shridath's funeral and after we lamented the state of affairs in the Caribbean, I asked him "so, what to do?". Sir Ronald told me what Sir Shridath would have said - we mustn't give up, we have to keep going!

And I recall fondly my last interactions with Owen Arthur during the pandemic, as we sat on the Gov't of Barbados' Jobs and Investment Council. Even during such an extraordinarily confusing and stressful time, he managed to maintain his sense of humour, a wisdom, and focus on the simple and sensible, and an enviable imperviousness to the chaos around us. I remember listening to him, watching him giggle mischievously, his lightness of spirit at such a scary time, and I remember thinking to myself, when I grow up, I want to be just like him!

Both gentlemen have passed the baton, and it is our duty as Caribbean people to never give up, to keep going, to keep building the Caribbean into what we all that know it can be, a place we never want to, or need to leave, where others want to come and stay, to live and work, and raise our families.

I also want to acknowledge Dr. Carla Barnett, the Secretary General of Caricom, and Mr. Afra Raymond - a fellow frustrated nation builder and whistleblower, who flew in from Trinidad just for this occasion. I am more grateful than I can adequately express, that you are both here this evening. Thank you!

We are here this evening to talk about Tax Justice in, and for the Caribbean. A heavy topic, and it's Friday evening, so I'll try to keep it light.

Pursuing tax justice for Barbados, and specifically dealing with the OECD and the EU to get Barbados removed from various grey and black lists, occupied a lot of Owen Arthur's time and energy, but I am certain he did not make things easy for them. Those of us in this space are building on important groundwork that he laid.

Much of what I will discuss this evening is based on a policy paper I recently completed for the Open Society Foundations, a global NGO which works to build vibrant and inclusive democracies, whose Governments are accountable to their people. I wish to publicly thank the OSF for supporting the Caribbean.

The paper, which is on my website, is entitled "[In Pursuit of Social, Economic and Tax Justice in the Caribbean: Historical Context and Contemporary Realities.](#)"

For the purpose of this exercise, I have used an exhaustive definition of the Caribbean, as the 36 territories from Bermuda in the North west, all the way through to French Guiana the south east, including Belize of course in Central America.

And would you believe that of these 36 Caribbean territories, only 16 or 44% are independent states? Meaning that the Caribbean is largely, in terms of the number of territories, a colonized region.

But as you know, population size varies widely by territory - from Saba with about two thousand persons, to Cuba, Haiti and the Dominican Republic, each with about 11-12 million persons.

By population, therefore, the Caribbean is more independent than colonized, with about 34 million of us having independence for over a century.

OUR HISTORY

As Trinidad and Tobago's first Prime Minister, Dr. Eric Williams wrote in his book "From Columbus to Castro": The History of the Caribbean is about 30 million people scattered across an arc of islands...separated by the languages and cultures of their colonizers, but joined together, nevertheless, by a common heritage. For whether French, English, Dutch, Spanish, Danish, or-latterly-American, the nationality of their masters has made only a notional difference to the peoples of the Caribbean. The history of the Caribbean is dominated by the history of sugar, which is inseparable from the history of slavery..."

And this history my friends, is fundamental to the issue of Tax Justice in, and for the Caribbean, as well as other (former) colonies.

TAX JUSTICE IN AND FOR THE CARIBBEAN

Colonization, slavery, and sugar production have been empirically demonstrated to have underpinned Europe's industrialization and wealth accumulation.

This wealth was and still is, so important to Europe that the process of decolonization and independence globally, gave birth to the tax frameworks that exist today, in 2 important ways:

1. Firstly, it is a well-documented fact that colonizers created 'tax havens' in the Caribbean and elsewhere, to hide their sugar and slavery wealth during the independence movement. Author Vanessa Ogle said "Such hot money departing decolonizing empires did not simply return to... France, or Britain... That might... involve having to share some of that wealth... Instead, disinvestment from empire during the 1950s and 1960s, spurred a flow of money into a number of well-known and emerging tax havens, in former and ongoing dependent territories of the British Empire: The Bahamas, Cayman Islands, British Virgin Islands, Malta, Hong Kong, and Singapore, among others."

2. Secondly, as Bahamian Professor Steve Dean has repeatedly highlighted, the global tax framework is dominated by a powerful network of bilateral double tax treaties between 'source' countries in the Global South and 'resident' countries in the Global North. And it is this, more than 100 years old, 3,000-strong bilateral double tax treaty network that allows the legal avoidance of taxes, which is at the heart of the tax loss problem, and not so called 'tax havens' in the Caribbean. In his book "imposing Standards", Martin Hearson asks, "in these double tax treaty negotiations, how did developing countries willingly give up their right to tax foreign companies?...and based on interviews with treaty negotiators and policymakers etc in Africa and Asia...he found that capacity constraints and imperfect negotiation strategies in developing countries were exploited by capital-exporting states, shielding multinationals from taxation." Another empirical study found that, "on average, treaties with EU members impose more restrictions on developing nations' ability to tax foreign companies, than other OECD countries do. In fact, the UK, Italy, France and Germany...have the most tax treaties with developing countries, and...have the largest concentration of treaties that restrict developing countries' ability to tax inward investment."

My friends, there will be no tax justice, even if we eliminate ALL 'tax havens' globally, unless we renegotiate the unfair double tax treaties that exist between (EU & OECD) member states on one hand, and the Global South in particular, on the other. Because it is these bilateral treaties that prescribe how taxing rights are divided, and allow the legal avoidance of taxes.

The OECD, the EU, and the USA however, have employed their powerful propaganda machinery, to deliberately misrepresent the true nature of the global tax loss problem, by obfuscating the primal importance of the over one hundred year-old, three-thousand-strong double tax treaty network, AND the fact that OECD countries themselves, are the world's most prolific tax havens.

OECD members, according to the Tax Justice Network (TJN), are responsible for 78% or USD374 billion in global tax losses each year.

And not only are OECD members responsible for 78% of the tax loss problem, but the TJN reported that the OECD itself, and I quote, “failed to detect and prevent its own members’ corporate tax abuse...and in some cases, pushed OECD member countries to rollback their tax transparency.”

Why is the OECD doing this, when they already account for 78% of the problem, and why are they coming after us, when we are only 20%?

And more importantly, why are we in the Caribbean, falling over ourselves to comply with the OECD’s demands?

The whole world apart from Kenya, Nigeria, Pakistan, and Sri Lanka, have swallowed the propaganda, and signed on to the ridiculous Global Minimum Tax that up to today the US can’t even legislate!

I tip my hat to Kenya, Nigeria, Pakistan, and Sri Lanka for not falling for the OECD’s foolishness.

Because more than six decades into its existence, the OECD has still never allowed a majority-Black member country to join, and continues to exploit anti-Black racism to preserve its power - according to Prof Steve Dean.

And would you like to guess who are the 4 most scrutinized, and peer-reviewed countries, by the OECD, having suffered 4 peer reviews each? :

1. Barbados
2. Mauritius
3. The Seychelles
4. Dominica

Dangerous countries!!

We are suffering from what is known in the International Tax world as “The ‘Liberia problem” where in the year 2000 the OECD identified Liberia as a tax haven and targeted it for sanctions when Liberia was in the middle of a civil war, and is microscopic in the global tax loss equation.

Justice of any kind is fundamentally about empowerment - specifically, empowerment that enables us to no longer be victims.

Victims of our past as Dr. Eric Williams outlined, but also, victims of the global north’s relentless abuse of its entrenched economic and monetary hegemony, as evidenced by the hypocritical ‘tax haven’ narrative they’ve constructed in reference to their former colonies, and the economic warfare still being waged on us, via their double standards, false narratives and propaganda, and their completely indefensible blacklists.

As our Prime Minister here in Barbados testified before the US House of Representatives: “there is criticism that Uglad House in the Cayman Islands houses over 12,000 companies. The impression given is that this could be a tax scam without acknowledging that in the state of Delaware, there is a similar building that houses over 300,000 companies, including some of the largest companies in the world. American Airlines, Apple, eBay, Verizon, and Walmart, are registered there, as are more than half of the companies on the Fortune 500...there is no pressure on large economies, like the United States, to meet some of the standards that apply to small countries.”

“Caribbean Island” has become synonymous with “tax haven”, and the term ‘tax haven’ has come to be associated with palm trees and white sand, in a powerful and pervasive way. So much so that even the algorithms have adopted these false narratives. Try Googling Tax Haven and you will see mostly tropical island imagery.

As far back as 2017, Oxfam published “Blacklist or Whitewash - what a real EU Blacklist of tax havens should look like” if the “EU were to objectively apply its own criteria...and revealed four EU countries (Ireland, Luxembourg, Malta, The Netherlands) that would be blacklisted if the EU were to apply its own criteria to member states.” Oxfam identified a total of 39 countries that should have been included in the EU blacklist. But in publishing this exposé, Oxfam created a fake white sandy beach in Brussels, complete with palm trees and a sign saying “Welcome to Tropico Island.”

This is the power of propaganda and false narratives. Even those trying to tell the truth, get sucked in.

Up to [July 28th this year](#), the [Guardian UK](#) published an editorial on the UK's tax haven issue, stating that Britain has a historic responsibility to back global attempts to properly regulate the world of offshore financial centres" and, of course, the image the Guardian chose to accompany this headline, was a golden piggy bank under a palm tree. Now, remember, this is an editorial about the UK - yet the Guardian saw it fit to use tropical island imagery.

You can't make this stuff up.

And this, my friends, is what we are up against. And the socio-economic [implications](#) of this false narrative are severe.

But we have to keep going.

So the CEO of the Tax Justice Network, Alex Cobham, Professor Steve Dean and I, wrote to the editor of the Guardian to request that the image be changed and that a policy be put in place to address the inappropriate use of tropical island imagery, especially in tax related pieces, unless the article is specifically about tropical islands.

To date we have received no response. The golden piggy bank is still there, basking under his inflatable palm tree.

The TJN reported that "Secrecy jurisdictions - which are countries that provide opportunities for non-residents to hide their identity and their wealth from the rule of law - are not led by small, palm-fringed islands but by major economies.

Top of the TJN's Financial Secrecy Index 2022 is the United States, followed by Switzerland, Singapore, Hong Kong, Luxembourg, Japan, Germany, and the UAE in the top 8 spots, before we get to the highest ranked Caribbean jurisdiction, the BVI in 9th place...followed by Guernsey, China, the Netherlands, and the UK.

Now, here are the countries currently on the EU's list of non-cooperative jurisdictions for tax purposes, and you will see how closely it matches that list of countries I just shared.

American Samoa	Anguilla	Antigua and Barbuda
Fiji	Guam	Palau
Panama	Russia	Samoa
Trinidad and Tobago	US Virgin Islands	Vanuatu

These EU blacklisted countries (excluding Russia) account for less than 2% of worldwide tax losses, so the EU is in contravention of its own proportionality principle, in blacklisting these countries.

And would you believe, that until February last year, the EU never blacklisted a majority-white country? Russia was the first majority-white and the only major economy ever blacklisted by the EU, but the EU made sure to wait until their sanctions took effect in February last year, before blacklisting Russia. This tells you what they really use these blacklists for.

And isn't it absolutely shocking, that the EU blacklisted Russia but not the UK, for the £27 billion that Russians hid in London?

Also shocking, that our EU and US sanctioned narco-state next door neighbour, with the world's largest reserves of crude oil, known for stealing elections and state-sponsored terrorism - Venezuela, in case you were wondering - has never even been reviewed by the OECD, and therefore has never appeared on any OECD or EU or even FATF blacklist!

Meanwhile, my country, Trinidad & Tobago, just 6.8 miles from Venezuela, is THE only country currently rated as "harmful" by the OECD!! And is one of only 3 countries blacklisted twice each by the EU - alongside Vanuatu and Panama.

In fact, these are the most blacklisted countries on Earth. Because SO much money must be laundered and so much tax evaded in my country, and in Vanuatu, a country whose GDP per capita resembles Haiti's.

The vast majority of EU-blacklisted countries are small states, naturally, but they somehow always forget to include the smallest state on Earth - The Vatican. Mysteriously, the Vatican, like Venezuela, is excluded from the 165 countries subject to OECD assessments, despite ongoing financial and other scandals.

I want to share a quote, not from Guns n Roses, but from the Head of the EU's Foreign Affairs - "Yes, Europe is a garden. We have built a garden. Everything works. Most of the rest of the world is a jungle, and the jungle could invade the garden. Because the jungle has a strong growth capacity, and the wall will never be high enough in order to protect the garden. The gardeners have to go to the jungle...your duty will not be to take care of the garden itself but [of] the jungle outside." - [EU Foreign Affairs High Representative Josep Borrell](#)

You can't make this stuff up!

This, my friends, is how our (former) colonizers see us. I want you to remember this, and remember that if we continue to be victims, and to see ourselves as victims, then they have won. We have been victims IN the past, but it is our choice entirely if we continue to be victims OF our past.

We must relentlessly call out these injustices, the discrimination and the hypocrisy of our (former) colonizers.

But we must also call out, just as loudly, if not more so, the failings of our own leaders. The people we elect to make our lives better.

How many of you have heard our Caribbean leaders mention the Africa-championed UN Tax Convention?

THE UN TAX CONVENTION AND THE CARIBBEAN

In November 2023, ahead of an historic vote on the UN Tax Convention, it was clear that for whatever reason(s), [the Caribbean was not supportive](#). In fact, from what I was able to glean, most were unaware of the vote and its importance.

I want to publicly acknowledge the role of Dr. Carla Barnett, the CARICOM Secretary General, who was instrumental in lobbying Caribbean leaders to support the UN Tax Convention, such that Suriname and St. Kitts and Nevis went from being opposers, to being supporters. Guyana and The Bahamas went from being supporters, to being leaders. Countries that had 'no public position' - Haiti, Jamaica, St. Lucia, St. Vincent and the Grenadines - are now supporters. Only Dominica was absent in November and up till now has 'no public position' on the UN Tax Convention.

There was another vote more recently on August 16th. Antigua and Barbuda, Dominica, Dominican Republic, and Grenada did not even bother to show up to vote. And my country, Trinidad and Tobago, abstained. **The only country on earth that the OECD lists as 'harmful', one of the 3 most blacklisted countries on the planet, and we abstain?!**

As David Rudder would say, this is not a fete in here, this is madness!

Failing to support the UN Tax Convention is tantamount to supporting the OECD. Is this what we really meant to do?

Not supporting the UN Tax Convention unequivocally, only proves that we are not yet ready for decolonization, that we are unable to free ourselves of the puppeteer's strings, or to think for ourselves and vote independently.

Several Caribbean countries - Anguilla, Aruba, Bermuda, British Virgin Islands, Cayman Islands, Curacao, Montserrat, Puerto Rico, Turks and Caicos Islands, the US Virgin Islands - because they are still colonies, are excluded from the UN

process, but the irony is that 1. These are the countries with arguably the most at stake, because most of them are labeled 'tax havens', and 2. their colonizers - the USA, The UK and The Netherlands - are all blockers of the UN Tax Convention, alongside Canada, Japan, Israel, South Korea, Australia, and New Zealand.

ALL EU members abstained in August.

The majority of Caribbean territories have no voice at the UN, on an issue that is truly existential for most of them. Can you imagine? This in itself represents a huge injustice.

I urge the UN to make an exception and give the colonized territories an opportunity to be heard. And I urge the people and policymakers of the British, Dutch, and the US territories in the Caribbean, to reach out to the Attorney General of The Bahamas, Ryan Pinder. Use this channel available to you, to have your voices heard on this existential issue, that the US, UK, Netherlands, and OECD more broadly, are trying to silence.

Remember, we may have been victims in the past, but it is up to us, if we continue to be victims.

I argue that tax justice in and for the Caribbean involves several key elements but I won't have the time to get into the details of each:

1. We need an independent and objective assessment of all countries (including the Caribbean) to determine their true 'tax haven' status and the extent to which they are responsible for tax losses domestically and in other countries. Note I said ALL countries, no exceptions, no sacred cows, not even the Vatican. We can't have Tarzan referring to us as the jungle, especially not without evidence!

2. We must prioritize the urgent and deliberate renegotiation of unfair double taxation treaties we have with EU and OECD member states in particular, to ensure the fair distribution of taxing rights. And we must acknowledge that no Global Minimum Tax or even the elimination of 'tax havens' will get us any closer to achieving tax justice, absent the renegotiation of these unfair tax treaties.

3. Our domestic tax structures are overwhelmingly (and in some cases, increasingly) regressive and therefore intrinsically pro-poverty. And most Caribbean countries are not even measuring poverty - which is an injustice perpetrated on us, by our own leaders. But that's for another lecture. Our tax frameworks must be reformed to be more progressive, and appropriate for our level of development and institutional capacity. What Owen Arthur said in his 2002 Budget Speech is instructive - "Above all, the long term sustainable development of Barbados is best ensured within a tax regime featuring low rates, a clearly defined base, one that inspires personal and corporate initiative, and exhibits characteristics of fairness, simplicity and equity."

4. In the tax justice transition, we must also ensure that the socio-economic integrity of Caribbean territories is maintained, if not strengthened. As recent events in Kenya demonstrate, unless there is consensus and popular support for any tax reform that potentially improves social conditions, we risk social and economic instability, which will undermine future tax reforms.

5. Caribbean countries inherited an institutional foundation that was designed to be extractive - of natural resource endowments, and/or sugar and other agriculture production. The system was designed to extract and send back to the colonizer. And in our independent states at least, it could be argued that in the absence of a colonial master, the extractive institutional framework and the high levels of inequality gave way to a system that supports undue influence of the political and economic elite, if not outright corruption.

6. For the Caribbean, there is a nexus between tax justice, social justice, and climate justice. The Global North's economic gains from colonization and slavery fueled the industrial revolution, which released the majority of carbon in the Earth's atmosphere, which in turn is driving the climate crisis and greater socio-economic hardship in the Caribbean. Furthermore, Caribbean countries are capital-poor, so in paying for our recovery from natural disasters, and our socio-economic development more broadly, we have no choice but to borrow from the Global North usually at a high premium, based on the perception of

risk, which is partly due to unfair and biased assessments but amplified by the climate crisis! As the Bridgetown Initiative has championed, we need to rethink and reset this equation.

7. We also need to address the structural challenges that limit the Caribbean's economic and therefore fiscal independence - such as the over-dependence on food and fuel imports - which supports the interests of the Global North more so than those of the Caribbean.

WHAT THE CARIBBEAN NEEDS NOW

The Caribbean needs their (former) colonizers to take their metaphorical foot off the necks of their (former) colonies. But Caribbean countries also need to do the hard work of institutional reform, to make our economies truly independent, and this is where arguably, most Caribbean post-independence leaders have failed us.

The West Indies Federation was an attempt by the British to promote regional integration towards securing Caribbean-wide food, fuel, and economic security and independence, but this attempt failed based largely on egos, funny arithmetic, and the prevailing Anglophobia.

Owen Arthur fought hard to promote regional integration, and many continue to build on his work.

I will close with a quote from Owen Arthur's 2002 "Election Budget Presentation" in which he quoted Naipaul's opening to *A Bend In The River* -

"The World Is As It Is, And Men Who Are Nothing, or who Allow Themselves To Become Nothing, Have No Place In it."



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