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Money Laundering, Terrorist Financing, and Tax Evasion: The Consequences of International Policy Initiatives on Financial Centres in the Caribbean Region , by Aretha M. Campbell

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Peer reviewed

Review of Aretha M. Campbell, *Money Laundering, Terrorist Financing, and Tax Evasion: The Consequences of International Policy Initiatives on Financial Centres in the Caribbean Region*. Cham, Switzerland: Palgrave Macmillan, 2021. xxxi+339.

In the summer of 2008 I returned to the British Virgin Islands to study the impact of recent multilateral efforts to curtail so-called “harmful tax competition.” The sign in front of the Financial Services Commission out on Paesa Estate reads, “Vision, Integrity, Accountability.” Paesa used to be considered “the boondocks,” people told me, and the FSC itself everyone knew to be “behind the paint factory.” Familiarized and made mundane, the FSC was part of the landscape—it even sponsored floats in the annual August Festival parade. Yet like so much in the Caribbean, behind a workaday façade was, to coin a phrase, a “complete world” (Price): at the time there were likely a million International Business Companies registered in the BVI. Furthermore, 56% of direct government revenue came from the financial services industry.

The big data leaks of the 2010s had not yet happened—Offshore Leaks in 2013, the Panama Papers in 2016, the Paradise Papers in 2017, the Pandora Papers in 2021. They revealed the vast network of shell companies, complicated corporate structures, firms, political figures, and high net worth individuals in jurisdictions from the Seychelles to the Cayman Islands. But it was already clear to me—and people in finance in the BVI—that the real story had to do with how the world’s richest and most powerful people direct their affairs to be operated outside the purview of government authorities, and, often, the authorities of their own governments. In the most recent leak, we find King Abdullah II of Jordan, President Ilham Aliyev of Azerbaijan, Prime Minister Andrej Babis of the Czech Republic, among others, all ... The naming convention that has developed about these leaks, the alliterative references to paradises, Panama, and Pandora, lend an exotic air to the esoteric business of the offshore. Yet the irony that many identified with the schemes are household names (Tony Blair!) and that some of the most interesting stuff seems to have gone down in South Dakota, illustrates one of the key lessons of Aretha M. Campbell’s important book: the so-called offshore is pretty regulated, monitored, and subjected to all manner of review by international bodies, while the so-called onshore is more often than not a Wild West. My interlocutor at the FSC told me much the same: only “jurisdictions of color”—his term—ended up on the Financial Stability Forum’s list of countries where regulatory standards were “low.” Though carefully eschewing other multilateral entities’ designation of such jurisdictions on “blacklists,” the message was clear.

From war on drugs to war on moneylaundering to war on terrorist financing

Situates in terms of cross-border capital mobility