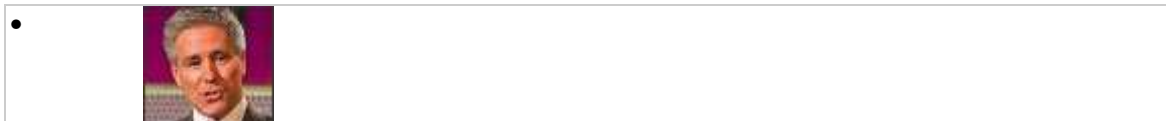




How Do You Turn a Leftist into a Warmonger? Lower Taxes



- **Daniel J. Mitchell**

More than four years ago, as part of my efforts to [promote and protect tax competition, fiscal sovereignty, and financial privacy](#), I narrated this video explaining the economic benefits of so-called tax havens.

Pay close attention at the 1:07 mark.

Yes, you heard right. A former bureaucrat from the European Bank for Reconstruction and Development actually called for the forcible annexation of low-tax jurisdictions, [writing in the Financial Times](#) that, “Jersey, Guernsey and the Isle of Man should simply be absorbed lock, stock and barrel into the UK...Andorra, Monaco and Liechtenstein should be given the choice of ending bank secrecy or facing annexation.”

He wasn't quite so belligerent about Switzerland, perhaps because all [able-bodied male citizens have fully automatic assault weapons](#) in their homes. But he did urge financial protectionism against the land of chocolate, yodeling, and watches.

What a bizarre attitude. It's apparently okay for certain countries to persecute – or even kill – ethnic minorities, religious minorities, political dissidents, homosexuals, and other segments of their populations. Very rarely do people like Mr. Buiter call for annexation or sanctions against such loathsome regimes.

But if a nation has low taxes and a strong human rights policy on financial privacy, then cry havoc and let slip the dogs of war.

It turns out Buiter isn't the only one to have strange militaristic impulses.

Here are [excerpts from an article](#) posted at The Street, written by a statist who says that "tax havens" don't have enough military force to resist high-tax nations.

There is a relatively easy answer to the financial troubles of Europe, America and Asia. The answer lies in so-called "tax havens." A consensus is emerging among the world's major taxing powers that tax evasion may not be a good thing. ...Jurisdictions specializing in the financial secrecy needed to avoid taxes exist in or near every major financial power. There's Switzerland in Europe, the Cayman Islands off the U.S., Hong Kong in China, Bahrain in the Middle East and Jersey between the U.K. and France. But none has the military force to maintain secrecy against concerted outside pressure. The question has always been whether the pressure would be applied, and there is now some reason for hope.

The title is particularly revealing. She must be the fiscal version of a neo-con, urging that high-tax nations should "Invade the Cayman Islands!"

Not Iran. Not Syria. Not Cuba. Not North Korea.

You see, those nations are all guilty of causing misery and instability, but such behaviors apparently are far less important than the imagined dangers posed by a prosperous multi-racial society with a competitive tax regime.

I assume Ms. Blankenhorn doesn't actually want to practice gunboat diplomacy against the Cayman Islands, but her attitude is quite revealing. Like other statist, I gather she despises low-tax jurisdictions because they attract jobs and investment from high-tax nations.

In the spirit of problem solving, here's a suggestion for Blankenhorn, Buiter, and the rest of the fiscal chicken hawks. If you really want to undermine the so-called tax havens, propose a [simple and fair flat tax](#).

But don't hold your breath waiting for that to happen. The reason they want to squash tax havens is precisely because they want [bad tax policy](#) in America and other "onshore" nations.