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زبانهای اروپایی

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20.10.2021

## *Pandora papers: and why should there be millionaires?*

The consolidation and generalization of capitalist relations in Latin America hides these historical origins of the conditions conducive to the accumulation of wealth.



As with the "Panama Papers", the recent global scandal of the "Pandora Papers", has provoked criticism of the way that the rich use not only to hide and guarantee their fortunes, but to increase them, at the expense of the States in which they evade and evade taxes. As one of the articles in Spain's *El País* newspaper, which published the Pandora Papers, argues, "Having an account in a tax haven is not illegal, but it should be. Their existence shows how billionaires and politicians have created a legal system in the

*manner of their interests"*(<https://bit.ly/3Fwvw1o>). However, one should also talk about the origins of these riches, to ask whether they are equally legal or illegal.



In Latin America, the wealth/poverty duality has a long history. The starting point is in the conquest and in the colonial era. By virtue of the private appropriation of lands, mines and main productive resources, as well as the subordination of the indigenous, Afro-descendant or mestizo labor force to the conditions of labor exploitation imposed by the white and Creole owners, haciendas, ranches and plantations were consolidated in the hands of a landowning class that only in this way accumulated wealth and power. The independences did not manage to alter the colonial heritage, so that, during the republican era, in Latin American countries the landowning wealth and the generalized poverty of the population were reproduced.

The instruments to maintain this structure were inheritances, legacies and donations, mayorazgo, the purchase and sale of land, the state, provincial or municipal allocation of land to certain individuals or families, the arbitrary growth of "fences" or domains and, without a doubt, the super-exploitation of the rural and peasant labor force, subject to various forms of servitude, that survived well into the twentieth century. Wealthy merchants usually came from or were associated with the landlord power. They could be enriched by the various forms of speculation with goods, smuggling or fraudulent sales to the State. Bankers appear with the advance of the nineteenth century and often in the middle of it. They accumulated wealth on the basis of monetary mobilization of deposits, interest collection, loans, international transactions and even the indebtedness of states,

since there were no central banks. Manufacturing and industrialists, which appear only in a few countries during the second half of the nineteenth century, only grow in the region with the advance of the twentieth century and in most nations slowly. Their wealth came from the use of salaried or semi-wage labour force, subject to strenuous working hours and miserable wages. Social legislation is imposed in Latin America only in the twentieth century (the Mexican Constitution of 1917 is its starting point) and as capitalist relations that generalize in the second half of this century advance. As always happens, individual or family wealth is appreciated by the owners as the exclusive fruit of their "work", even if economic history proves otherwise socially. I dealt with this topic in a previous article: "[Why do there have to be rich?](http://www.lapluma.net/2018/10/11/por-que-tiene-que-haber-ricos/)" (<http://www.lapluma.net/2018/10/11/por-que-tiene-que-haber-ricos/>). In short, no notable wealth comes from personal work but from the accumulation of socially generated value.

The consolidation and generalization of capitalist relations in Latin America hides these historical origins of the conditions conducive to the accumulation of wealth. Each "entrepreneur" looks like his own and unique builder of personal wealth. But it abstracts from the different real mechanisms that capitalist society has in place so that the concentration of wealth is concretized and reproduced. To the extraction of *surplus value*, in the Marxist sense of the term, we must join speculation with the price of goods and services, the obtaining of interest on monetary loans, investment in the stock market, the acquisition of money orders, shares or other documents representing value, deposits in fiduciaries, the distribution of profits between managers, directors and shareholders, etc., which are private mechanisms that, although recognized by national and international legislation, are those that allow the distribution and distribution of wealth in a social elite. It also takes advantage of other formulas that also serve the same purpose: privatization and concession of public goods and services or business with the State on the basis of taking advantage of its resources. But there are also illegitimate forms of accumulation, criminally sanctioned, but practiced: smuggling, tax evasion and avoidance, over and under-invoicing, or also organized crime, drug trafficking, money laundering and mafias, etc. The inventiveness to do "good business" escapes any list. And, without a doubt, the concealment of assets in tax havens counts. Through the [Pandora Papers, research of the ICIJ](https://bit.ly/3oH0rSZ) (<https://bit.ly/3oH0rSZ>), it has been possible to confirm, with names and surnames, something that every informed person knows: people with money hide their wealth, aware that it will be difficult or impossible to detect them;

and they do so with the clear purpose of avoiding taxes and continuing to benefit from the increase in their assets through the investments made by their intermediaries in any type of business. Only that contemporary technologies have reached such a level that it becomes possible to discover the path of these capitals. Quite rightly, the same newspaper *El País* can only be scandalized by what has been discovered and its headline is expressive: *"The 'Pandora Paper' in Latin America: three active heads of state and 11 former presidents operated in tax havens"* (<https://bit.ly/3mz52E6>). It directly identifies the Chilean Sebastián Piñera, the Dominican Luis Abinader and the Ecuadorian Guillermo Lasso, as well as former presidents, 90 high-level politicians, religious congregations, artists, billionaires and even the governor of a central bank. The reference rightly concludes: *"a constellation of powerful figures from Latin America has made use over the years of tax havens. Despite inhabiting the most unequal region on the planet, this elite has employed a web of trusts, interposed companies and opaque mercantile archives in places like the British Virgin Islands or Panama to avoid public scrutiny of a substantial part of their assets."*



### The 'Pandora Papers' in Latin America: three active heads of state and 11 former presidents operated in tax havens

The global social consciousness is increasingly reacting against the concentration of wealth. Taxes on the wealth of the rich are advancing. It is no longer possible to say that those who have money can do with it what they want, because States act and advance controls on capital, formulate policies of redistribution of wealth and seek the general

welfare of the population, affecting those who have more. Awareness of the lack of ethics with the use of tax havens is clearer. The main editorial of *El País*, which presents the investigation on the subject, states: "*The international journalistic investigation Papeles de [Pandora](#) to which this newspaper contributes, and in the process of publication, reveals the perverse functioning of tax havens. It also conveys [the massive scope of tax avoidance \(and sometimes evasion\) by rulers, celebrities and businesses](#). Suspicious jurisdictions are their instrument and breeding ground for enriching themselves at the expense of others, shifting the burden of their absenteeism to loyal taxpayers. Sometimes these operations finance major crimes such as money laundering, illegal arms trade or drug trafficking. The multimillion-dollar dimension of the discovery, the affectation of taxpayers from more than 90 countries and the reiteration of the phenomenon after previous revelations such as the Panama Papers constitute a triple alarm signal.*"



### OECD announces 136-country agreement for global tax reform

As you can see, in contemporary society millionaires can no longer deceive with impunity. Despite this, there is still time for society itself to question the origin of wealth and, consequently, put well-defined limits on the millionaire accumulation of it. However, OECD countries have just taken a historically unprecedented step on that path, passing a global tax reform that creates a 15% tax on multinationals from 2023 and sets limits on the volume of companies' residual profits(<https://bit.ly/2WUBurx>). It is the path that Latin America urgently needs to follow, applying it also to companies and national millionaires.

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Edited by [María Piedad Ossaba](#)

Published by [Blog History and present](#)

La Pluma. Net 12.10.2021