The Price We Pay
A film by Harold Crooks.

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Elisabeth Klatzer (ATTAC Austria): We are very happy to have Harold Crooks with us. He’s an author and filmmaker, whose other film credits include “The Corporation” (as narration co-writer) and “Bhopal: The Search for Justice” (as co-writer and co-producer). Harold, I think you’re doing a great job in bringing complicated “globalization” issues forward in a very powerful way. Let me ask you two things now: What was the reason for developing this topic and making a film about it? You have come to Austria from Switzerland, one of the core not offshore, but onshore tax havens. How was the reaction to your film there?

Harald Crooks: Before I answer those two questions, I want to say something to the audience. Before we came in here, I was a bit nervous. I’m nervous every time I’m with an audience because you never know what to expect. But I was especially nervous for this screening, because neither French nor English is your first language and I was concerned that you understand the film. The way I judge whether an audience (even an English speaking audience) is getting the film is whether they laugh at humorous moments in the film. And what I’m totally confused by is that this audience responded more vociferously to moments of humor than English speaking audiences. So this is one of the most remarkable screenings I’ve had in over the year that the film has been traveling around the world. So I want to thank you very much for being such a wonderful audience. Ok, so there are two questions. The first question is how I came to know … The French-Canadian woman you saw in the film, Brigitte Alepin, is a high level fiscal expert and accountant in Quebec. She was writing books about the approaching fiscal crisis throughout the Western world. That is why, for reasons that she explains in her book, the public finances in the Western world are not sustainable. Having written these books, she was feeling that it hadn’t made a significant enough impact. The books were not reaching large enough audiences, so she went to a Montreal producer, Nathalie Barton, with the idea of making a film about this subject. And I had just finished co-directing a film called “Surviving Progress”, which she admired and which raises the question of the ecological sustainability of the world economy in the face of the financial practices of Wall Street. I was also involved as a co-writer of the narration of “The Corporation”, which is a documentary that’s widely known. During the Occupy movement on Wall Street, Reuters claimed it was one of the ten films that influenced the Occupy movement. So
they thought I might be a reasonable choice to try to embark on this project. They came to me and that’s how I got involved.

Your second question is Switzerland. I was also nervous in Switzerland, because not so long ago the Tax Justice Network came out with its latest Financial Secrecy Index and of course, Switzerland is at the top of the index. But actually, if you look at the Financial Secrecy Index and if you combine the City of London and all its offshore dependencies, the UK actually comes in number one and Switzerland’s number two. Anyway, they’re both very important parts of the haven industry. So we just had two screenings, one in Basel and one in Zurich. To be frank, they were both well-attended screenings, but the screenings were mostly attended by people who are ideologically prepared to receive this message, social activists and so on. I don’t think there were a large number of bankers or heads of multinational corporations. I was pleased that Rudolf Elmer came. Rudolf Elmer is probably the most reviled Swiss citizen by global finance, a whistle-blower who maybe many of you are aware. But as someone says at the end of the film, the struggle against the offshoring of the world’s wealth is a huge social undertaking and it is going to take a long time, raising public awareness in combination with activism.

On the positive side for me was that one of the interviews I did with Nicholas Shaxson. He wrote the book “Treasure Islands: Tax Havens and the Men who Stole the World” which was very, very important to me in understanding what the story was that I wanted to tell. Nicholas Shaxson is one of the founding members of the tax justice movement and when we interviewed him north of London, we interviewed him in a garden tool shed. At one point during the interview, he put out his arms, touched both walls of the tool shed and said the tax justice movement was formed in this tool shed. Today, the tax justice movement is across Europe and has moved into Africa. The tax justice movement is in Latin America. From that garden tool shed. So to me this is a measure of the growing awareness driven by activism, driven by the civil society groups. They also raise public awareness about the consequences of multinational corporate tax avoidance in tax havens for the great social innovations of the 20th century, the middle class and the social welfare systems. They are all being put at risk from the “offshoring” of the world’s wealth. And the South is being plundered as a result of the mechanisms that you see described in the film.
Elisabeth Klatzer: You mentioned the importance of the international tax justice movement and we have Martina here being part of that as a development economist, she works at the Vienna Institute for International Dialogue and Cooperation. She is part of the European tax justice network and the European representative in the Global Alliance for Tax Justice, so very important work to bring the movement forward. Let me ask you Martina, how do you see the role of this documentary? What are the main messages for you?

Martina Neuwirth: Angus Cameron or Nick Shaxson said in the film that you have to know and you have to let people know about those things. And I think this film has really done the job. It’s a very good opportunity to sit in the cinema and watch it for 90 minutes, and after those 90 minutes you really have, I would say, a kind of cinemascope picture of the whole problem. Because what Harold did, and I’ve never seen that in another documentary about tax justice problems, is that he put it in a very broad (social, financial, economic, political) context. That is really fantastic, it’s not easy to do it in a way that many people can understand. I think that’s the most important thing.

And the main message for me was that tax dodging does have consequences on developing countries. In Africa, according to the United Nations and the African Union, 50 billion USD illicitly flow out of the continent every year. Global Financial Integrity has calculated that in the ten years between 2003 and 2012, developing countries have lost 6.6 trillion USD of illicit financial flows - money that could be well spent on health, education, infrastructure and other things that are urgently needed. More than 50 % of these 6.6 trillion USD result from the mispricing of activities of multinational companies. Corruption and criminal activities, like drug dealing or money laundering, do play a role, but a minor role. So it’s the so-called liberal tax system where you can trace the loop holes that makes these tremendous outflows possible. This is the first important message and the second one is that the states compete against each other and nobody is really asking the question why they have to compete all the time. Nation states are not companies. Last year the IMF (the International Monetary Fund) published a very important study on the so-called “spillover effects” of tax competition: What effect does a country’s tax policy have on other countries? The result was that with tax competition we are all going to lose and that developing countries are losing even more.
Elisabeth Klatzer: Thank you very much Martina. I now ask our audience to raise questions.

Audience: Thank you very much for this wonderful film. As I understand the narration of the film, it heads towards democracy and asks if democracy is capable of dealing with this issue. All started with democratically elected politicians in the 1970s and ‘80s, and obviously, as far as I understand, we voted against our own interests. How can democracy still be capable of solving this problem? Can democratic nations solve this problem or do we need a different democratic system or a completely different system?

Crooks: I’m merely a filmmaker and there may be people in this audience who are more equipped to respond to your question. But one of the things I learned in making the film, that had never been so apparent to me and that I tried to communicate in the film, is that in the 21st century, democracy can only be defended across borders. As Thomas Piketty says in the film, corporate income tax on multinationals can be saved only through international cooperation. He talks about it in the European context, but the same would be true for others. Probably the only countries in the world that could cope with the all-encompassing power of global finance and multinational corporations, are the United States and China. But in order to preserve a middle class and a social welfare system, all elected officials of the other nations, as well as activists, civil society groups and citizens, must begin working across borders. John Christensen says near the end of the film that in the 21st century, national governments and democracy can only preserve themselves through international cooperation. And I think this is a new thing in the world. It is a new condition that we have to be aware of and work towards. So the only other one thing that I would add to that in terms of the urgency: Humanity is facing a whole spectrum of challenges in the 21st century that we’ve never faced before. We all know what they are. Don’t even have to list them. It seems to me that if we are going to successfully meet the challenges that we’re facing as a civilization, a global world economy, then the multinational corporation will not be at the end of the 21st century what it is.
today. Either it has to evolve or we’re going to collapse. If it’s going to evolve, one of the ways in which it has to adapt over the course of the next century is in the ways that the tax justice movement is insisting on, in terms of allowing the South to share the world’s wealth equitably. Look at all the train stations of Europe filling up with refugees. The world is out of balance. And one of the measures of the extremity of the imbalance is the scale of “offshore” finance. So there’s a relationship. I know that in terms of the Kurds, the Syrian refugees, that’s a multi-factorial issue. But it has to do with the historic plundering of the non-European, the non-North American world. Last thing to say is that the great accounting firms and the haven industry are the conquistadors of the 21\textsuperscript{st} century. They are the ones who are organizing the plundering of the South. And the plundering of the South leads to our train stations being filled with people.

**Martina Neuwirth:** I think that the critique that was in the film was not a fundamental critique of the democratic system, but of how we use it and how it is used by powerful groups. We have to regain political space. Like Sam, the fire brigade officer said: We need a system where we can feel that it is heard what we want to have. And coming back to the tax justice movement, sometimes I really feel like David against Goliath. On one hand you have this small movement, although it’s growing, and on the other hand you have thousands of accountants and lawyers and powerful companies who have all the money that you can imagine. But we are heard. And also at the OECD, behind the scenes, they say be critical, feed in your opinion. During the BEPS consultations, the meeting rooms were full of tax accountants and multinationals who were always saying no. So it’s important that at least someone is raising his or her voice, talking about tax justice. Media and public opinion are very much behind us. As Krishen Mehta at a Tax Justice conference in Vienna said this year in February: Multinationals fear public opinion, because they are dependent from their costumers and investors. They are not closed shops. Having been a partner in a big accountancy firm, he knows these companies. Therefore we have some strengths when we go public, and I think we should use that.

**Audience:** I have the feeling that most of the people that you interviewed were ex-bankers or have worked in these companies. Are they
acting individually or are they cooperating? Maybe, because of your film, they got to know each other and can do something.

**Harold Crooks:** Some of them definitely do network, for sure. A part of the power of the film is to be face to face with former insiders who speak with the authority of their knowledge, who are alarmed by the trends. It happened today, too, when I was sitting at the back, that when the former vice president of Goldman Sachs came on the screen, a lady nearly gasped. This guy fears a crash worse than 2008, a crash that can’t be stopped. There are not that many Goldman Sachs vice presidents who have now joined civil society groups in order to try to do something about it, but there are some like the former Goldman Sachs guy Wallace Turbeville who have.

**Martina Neuwirth:** Not all of those fellows that Harold interviewed are part of the tax justice network. As I said, we are global, but we are not so many. You come to know these people. The basic problems are not so difficult to understand, but if you come to the nitty gritty, the details, then you need expertise. I am not a tax lawyer. I am an economist and I studied African Studies. Before I started to work on tax, I had no idea about the tax system. Basically, I thought it was boring. Then I got to know a bit more and I thought, oh wow, it’s political. So, I was interested. But we need experienced tax experts, because otherwise you’re totally lost in all the very technical discussions in the OECD. We also need more know-how here in Austria. So if there are some tax lawyers or accountants present who could give some input that would be highly welcome.

**Audience:** I think it is very important that you have to know and you have to let people know. Do you have a German translation of this film? This would be very useful.

**Harold Crooks:** Thank you. Your level of multilingualism is so impressive. In spite of that, out of respect for German speaking communities across Europe, we definitely need one and when I go back home I’m going to start working on them. I know they’re working on a Spanish language version, but
we need a German language version, too. I would also ask you to go to the Facebook page of “The Price We Pay”, and start pushing for a German language version. I really would welcome that. Start writing.

**Audience:** Thank you for reminding us of the Robin Hood tax. What happened to this project from the last century? One doesn’t hear very much about it. The Tobin tax has almost vanished.

**Martina Neuwirth:** I have the same feeling. When I got to know the Financial Transaction Tax, as it is now called, it was the Tobin tax. That was back in the 1990s. It’s a very long project. As far as I know, there are eleven European countries, Austria being one of them, who want to introduce the tax. But as it was said in the film, the finance industry is really very much against it. So they chose to weaken the proposal bit by bit, in a kind of salami tactics. So they argued that pension funds cannot be taxed, otherwise that would cost them too much. This is rubbish, because pension funds normally do not have a lot of transactions. So if you tax them with 0.1%, that’s nothing. Then the next slice was, and this was even more serious, derivatives should not be taxed. Many politicians don’t have any idea how financial markets work, as do most of us normal human beings, and then they get frustrated and confused. And they think, well, maybe we are creating havoc, maybe we should step back and think it over. So each day that they think it over, the financial markets have won. So we still don’t have a Financial Transaction Tax. Here and then our Chancellor comes out with a press release saying, “tomorrow we will have the Financial Transaction Tax.” But nothing happens. So I think we really have to pressure our own government and also the other ten governments to do something.

**Harold Crooks:** I would like to add one thing. In the United States, the nurse you saw at the end of the film with the Robin Hood hat, she’s the co-president of the largest union of registered nurses in the United States. They have 180,000 members. They’re the first union to support Bernie Sanders’ campaign for the Democratic nomination and Bernie Sanders has come out for a Financial Transaction Tax
and the pressure from the left part of the Democratic Party has forced Hillary Clinton to come out for such a tax in the US. So that is a significant advance in the last few months.

**Elisabeth Klatzer**: When Attac started to campaign on the Financial Transaction Tax, it was a non-topic, there was little knowledge, and we were looked at very strangely. But building up an understanding and working on it was creating a movement. Coming back to your film, we are in a similar situation concerning tax havens. Hopefully we can strengthen our understanding and create a movement that maybe, in twenty years, will look back and see important steps forward. Let me ask you a final question, Martina: Where should the tax justice movement go next? Where do you see a focus for the next months?

**Martina Neuwirth**: Just in the last three or four years, lots of reforms have taken place. These are enormous steps that have been taken, compared to what has been done before. But even those steps are very tiny steps compared to those that still have to be taken. So what we should do now is look at where there are still loopholes. For example, the automatic exchange of information between tax authorities has finally become a global standard, but most of the developing countries will be left out. We will have public registries in the European Union where you really can find out who the real owner of a company is, but there are loopholes in it, for example it is unclear if trusts will ever be part of those registers. What the OECD is working on a framework to stop the profit shifting of big companies - it was in the film. We think that the OECD has started small reforms, but that they have not changed the system. So what we really have to say is, “please change this very inefficient, very complicated system. It’s only good for tax accountants and lawyers, and maybe for the benefit of big companies. But the small and middle-sized companies may lose out.” We really have to do more media work and raise public awareness about the loopholes. The OECD was very successful in saying: “We are changing the system. Everything will be better.” But they also say that they have developed a “gold standard” which is not suitable for poor countries.
Elisabeth Klatzer: Harold, a final question: What are your next projects? Are you going to further work on tax issues?

Harold Crooks: Well, my fantasy project is one that is not off the ground yet, and I don’t know whether I’ll dare to make it. One of the very deep insiders in my film phoned me after our US premier and asked me if I’d like to work on a film with him. I would prefer not to say who it is, but it would be a film that farther pushes the issue of the threat that the over-financialization of the planet represents to all of us. I have another project, it has to do with the future of work and the impact that automation and robotization is going to have and how society is going to respond to that. But it takes years to make documentaries that have to be financed.

Elisabeth Klatzer: Let me again thank all the co-organizers and the movie theater, and let me just end with referring to this joke that was made in the movie, where someone says, those who know don’t talk and those who talk don’t know. Now those who know don’t stop talking! Don’t stop being part of the tax justice network and don’t stop going to the streets and demanding justice until justice is there. Thank you so much, Harold, for being here with us, for helping us to carry the message much broader than we ever could.

Harold Crooks: And not only would I like to thank the sponsors, who invited the film here, but I sincerely want to thank you. This is one of the most wonderful screenings I’ve had, and I will never forget this evening. So thank you very much.

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