Human Security and the Offshore Financial System:
Underdevelopment, Corruption and Arms

Daniel Mackenzie

Abstract

The discourse of human security has had a major influence on the way security is understood and pursued in recent decades. However, current security policy is being undermined by tax havens and their operatives. Through complex networks of financial centres and secrecy jurisdictions - serviced by an infrastructure of accountants, lawyers and bankers - countries are deprived of a sufficient tax base to support good governance, and illicit activities that feed corruption and violent conflict are encouraged. This paper documents the role of tax havens in damaging economic development, supporting repressive rulers and facilitating the global arms trade. It suggests that successful security policy can only be formulated if the offshore financial system is recognised as a threat to human security.

Daniel Mackenzie has recently completed an undergraduate degree in Politics and International Relations at the University of Manchester

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Introduction

The purpose of this paper\(^1\) is to highlight the direct relationship between offshore financial structures and the events and processes which contribute to human insecurity. In some cases, it will point to the integral involvement of the offshore financial system in exacerbating human suffering. With these examples in mind, it will be suggested that tax havens can be considered a serious threat to human security and to international stability. In order to reach this conclusion it is necessary to look at the examples using a particular security perspective; the human security framework. From this perspective - which takes the individual to be the referent object of protection instead of the state - it is possible to recognise a wider set of factors involved in matters of security.

There are a number of economic structures that harm human security, such as unfair trade systems, shadow economies and criminal networks. The offshore financial system has been chosen as the focus for this essay because of its importance in today’s world, and because it underpins many other harmful economic structures. The offshore financial system is a defining feature of the global economy. It affects policy at every level, and has implications for economic activities on a macro-and-micro-scale. Recent controversy around tax havens has largely focused on how they drain the tax base of sovereign states. This is a fundamental issue in today’s political atmosphere and it is covered to a certain extent in this paper, but the debates have thus far neglected the effect of secrecy jurisdictions on human suffering. This has resulted in a simplistic account of

security matters, often using a popular narrative of despot vs. victim, while ignoring those who service the harmful activities.

Section One will outline the theoretical basis for the argument, presenting the human security discourse as the appropriate framework to use when exposing economic practices as a threat to security. Section Two will briefly outline what is meant when referring to the ‘offshore financial system’. Section Three presents the evidence for the argument; examples of tax havens contributing to human insecurity. These examples include the damage done to economic development, the support of repressive regimes, and the facilitation of the global arms trade. Particular emphasis is laid upon the last set of examples, as the United Nations Conference on the Arms Trade Treaty begins this week (July 2nd 2012). This paper seeks to contribute to the growing literature on tax havens which highlight their destabilising effect on the international system. By exposing tax havens and their ancillary actors as complicit in human suffering, it will be suggested that their involvement necessitates policy and legal action.

1 - Security

'We see things not as they are, but as we are' - Anais Nin

The world of security is defined by two things: perception and action. The way we perceive our security, i.e who/what is at threat and who/what is the threat, will ultimately define the action, i.e policy and law. Unless something is deemed to be under threat then we will not seek to protect it, and if something is considered to

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be a matter of security then those responsible are expected to act accordingly. Ken Booth, one of the leading proponents of critical security studies, states that ‘all conceptualisations of security derive from particular political/theoretical positions.' Until the 1990s, traditional approaches to security policy - domestic and international - were focused on states as the main agents in the international arena, the expectation of interstate struggles, and the sanction of military force as an instrument of policy. In the post-Cold War era, however, it is increasingly obvious that traditional approaches to security are no longer, nor may they ever have been, an appropriate framework to work with to achieve security. For example, in the 20th Century millions more people have been killed by their own governments than by foreign armies, and it is estimated that every two years the number of people who die of hunger is roughly 30 million, equivalent to the total killed in the eleven years of World War One and World War Two. Neither of these examples can be accounted for by a narrow, state-centric perspective. With so much human suffering happening outside of the traditional paradigm of security, it is clear that successful security policy needs to be guided by an alternative set of assumptions. This is articulated in the 1994 *Human Development*

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Report (HDR) of the United Nations Development Programme (UNDP), which is often cited as the first usage of ‘human security’:

For too long, the concept of security has been shaped by the potential for conflict between states. For too long, security has been equated with threats to a country’s border. For too long, nations have sought arms to protect their security. For most people today, a feeling of insecurity arises more from worries about daily life than from the dread of a cataclysmic world event. Job security, income security, health security, environmental security, security from crime, these are the emerging concerns of human security all over the world.

Much of international law and domestic policy that we take for granted today is based on this shift towards thinking about security using a human-centred framework. As David Chandler states, ‘The mainstreaming of human security reflects a major transformation in the discourse and practices of the international sphere.’ This transformation has been described by Lloyd Axworthy as ‘a shift in perspective or orientation. It is an alternative way of seeing the world, taking people as its point of reference, rather than focusing exclusively on the security of territory or governments.’

Policy initiatives that are championed by its proponents include: the International Campaign to Ban Landmines, the creation of the International Criminal Court (ICC), the Kimberley Process on conflict diamonds, the International Commission on Intervention and State Sovereignty.

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numerous United Nations (UN) arms embargoes, the formation of international networks, such as the Human Security Network, and the use of human security principles in guiding development assistance and humanitarian work.

Clearly, the integration of human security principles is an important step for a progressive security policy; holding states to account and emphasising sustainable development is vital for ensuring the protection of individuals and communities, who should always be the bottom line for successful security practice. But it also provides a base from which further progress can be made. Under the traditional paradigm, economic structures could not possibly be considered a concern for security. But when the human being is at the centre of legitimate debate on security, a wider range of perpetrators can be held accountable for their contributions to insecurity. As Caroline Thomas suggests, ‘Human insecurity results directly from existing power structures that determine who enjoys the entitlement to security and who does not.’ The world of offshore finance is characterised by professionals who determine the security of civilians elsewhere by maintaining the position of dictators, by undermining development and by facilitating harmful systems of trade.

Using the human security framework, this paper identifies contributions that the offshore financial system makes towards human suffering. Since security is

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rooted in action, this paper suggests that the recognition of tax havens as a security threat would necessitate policy, which would ensure the protection of civilians and hold those responsible for servicing illicit activities to account.

2 - Offshore

‘Offshore is how the world of power now works’ - Nicholas Shaxson

Tax havens are one of the defining features of the contemporary era. Ronen Palan remarks that offshore is ‘no longer an aspect of the international financial system at the outer reaches of International Relations, but increasingly an integrated realm nibbling, as it were, at the very foundations of the international political order.’ In this paper, the offshore financial system is defined as the network of tax havens/secrecy jurisdictions and offshore financial centres that facilitate the movement of capital for the following reasons: to avoid tax (which is legal), to evade tax (which isn’t), to function in secret, and to side-step regulation. It is referred to in this manner because viewing it as an integrated global system is crucial to understanding its functionality, and also for understanding why it is a concern for the security community. Tax havens do not operate in isolation. The international nature of the system provides anonymity to those involved, allowing them to hide behind a veil of complex corporate structures and self-serving regulation. Nicholas Shaxson defines tax havens as a

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‘place that seeks to attract business by offering politically stable facilities to help people or entities get around the rules, laws and regulations or jurisdictions of elsewhere.’\textsuperscript{19} He remarks on the very essence of the offshore financial system: Offshore is fundamentally about being an elsewhere zone of escape.\textsuperscript{20} If this is true, then the accountants, bankers and lawyers that make the offshore world go round are escape artists. By facilitating the avoidance of regulation and providing legally ensured secrecy, they provide the infrastructure for numerous illicit activities that harm human security - this makes them a threat to security. The following section will outline the relationship between tax havens and damaging development, the support of repressive rulers, and the global arms trade.

\section*{3 - Human Security and Offshore}

\textit{Politicians think nationally. Criminals think globally. They win, we lose.} - A French Banker\textsuperscript{21}

\subsection*{3.1 - Offshore and Development}

It has been stated by some that the human security discourse emerged out of development studies and the development programmes of international bodies.\textsuperscript{22} As Macfarlane states, ‘Protection from violence gives little solace to the starving

\textsuperscript{19} Shaxson (2011) \textit{Treasure Islands}, p. 8
\textsuperscript{20} Ibid., p. 9
or those threatened by potentially fatal preventable diseases.\textsuperscript{25} This is emphasised in the UNDP 1994 \textit{HDR}, stated in the opening pages:

\begin{quote}
It will not be possible for the community of nations to achieve any of its major goals - not peace, not environmental protection, not human rights or democratisation, not fertility reduction, not social integration - except in the context of sustainable development that leads to human security.\textsuperscript{2}
\end{quote}

Many countries now aim to improve human security in the form of aid and development packages. The UK Ministry of Defence stated in July 2011 that an increase in Official Development Assistance is vital to improving international stability\textsuperscript{24}, and the Coalition government has committed to spend 0.7\% of GDP on international aid.\textsuperscript{25} However, these efforts are undermined by the offshore financial system, which facilitates economic activity which works to the overall detriment of sustainable development.

The CDC Group, the UK's development finance institution owned by the Department for International Development (DfID), came under scrutiny in 2010 for their association with former Nigerian Governor, James Ibori. Ibori is accused of stealing £196 million pounds from the oil rich Delta State. Questions have arisen as to the involvement of two private equity firms in which the CDC Group was investing, Emerging Capital Partners (ECP) and Ethos.\textsuperscript{26} These firms


\textsuperscript{25} BBC (2012) \textit{Andrew Mitchell flags up UK’s 0.7\% overseas aid target}. Available at \url{http://www.bbc.co.uk/news/uk-politics-18568553}. Accessed on 24/06/2012

\textsuperscript{26} Jubilee Debt Campaign et al (2010) ‘Concerns over alleged corruption in CDC-backed companies in Nigeria’ in \textit{Memorandum to Secretary of State for International Development}. Available at \url{http://www.thecornerhouse.org.uk/sites/thecornerhouse.org.uk/files/CDC%20Memorandum_0.pdf}, pp. 3-5
were allegedly used as fronts for Ibori’s money laundering activities - ECP is a corporation registered in Delaware, a known tax haven.\textsuperscript{27}

Corruption of this kind is an endemic problem for the African continent. Annual illicit outflows from Africa have been estimated by GFI at $30 billion, while the African Union (AU) estimate $148 billion.\textsuperscript{28} This has had a crippling effect on the African economy, as it has become dependent on aid and expensive loan packages. Africa’s debt burden is estimated to be more than $200 billion. African governments spend almost $14 billion every year on debt servicing, which limits the provision of vital services to their populations\textsuperscript{29}, hampering development and poverty alleviation. Without sufficient funding, citizen’s rights to housing, security, health and education remain mere aspirations.\textsuperscript{30} This debt burden is historically linked to the offshore system. Ndikumana and Boyce noted that for every dollar in external loans to Africa in the 1970-2004 period, roughly 60 cents left as capital flight in the same year.\textsuperscript{31} The usual narrative is that this is an African problem, and various legal provisions limit development assistance based on an assessment of ‘corruption’ in the recipient nation. However, this does not take into account the supply side of corruption. As Jim Henry claims, ‘bankers lent these countries far more money than they could productively absorb, then they taught local elites how to plunder their wealth, conceal it,


\textsuperscript{29} Ibid., p. 20

\textsuperscript{30} Ibid., p. 25

\textsuperscript{31} Ibid., p. 21
launder it and sneak it offshore.’ The professionals whom Henry is referring to do not call it ‘plunder’; they call it tax strategy.

Global Financial Integrity (GFI) Reports document the money leaving developing countries through illicit financial flows over the last decade:

2000 - $353,313 billion, 2004 - $685,015 billion, 2008 - $1.3 trillion, 2009\textsuperscript{32} - $775,059 billion.\textsuperscript{33}

During this period, approximately 54 per cent of cumulative illicit financial flows from developing countries are through a process called ‘trade pricing’\textsuperscript{35}. The two main components of trade (mis)pricing are falsified invoicing and transfer mispricing, both of which involve the manipulation of prices in order to reduce tax liability. It has been estimated that just from these activities, the loss of corporate taxes to the developing world is running at $160 billion per year.

Viewed from the development perspective, this accounts for more than one-and-

\textsuperscript{32} It should be noted that the decline in outflows in 2009 is due to a fall in aid and investment in the aftermath of the 2008 global financial crisis. Not because of increased regulation.


\textsuperscript{34} Global Financial Integrity (2011) Illicit Financial Flows from Developing Countries Over the Decade Ending 2009, p. 3

\textsuperscript{35} Global Financial Integrity (2011) Illicit Financial Flows from Developing Countries Over the Decade, p. viii
a-half times the combined aid budgets of the whole rich world ($103.7 billion in 2007), and if the same proportion of tax revenues were spent on healthcare in these countries, then the lives of 350,000 children under the age of five would be saved every year.\footnote{Christian Aid (2008) \textit{Death and Taxes}, p. 2} Baker describes capital flight as ‘the most damaging economic condition hurting people in developing and transitional economies. It drains hard-currency reserves, heightens inflation, reduces tax collection, worsens income gaps, cancels investment, hurts competition, and undermines trade.’

These processes are not illegal. A survey assessing the economic practices of 476 multinational corporations found that 80 per cent acknowledge that transfer pricing remains central to their tax strategy.\footnote{Tax Justice Network-Africa (2005) \textit{Tax Us If You Can}, pp. 19-20} This is only possible due to the way that the offshore financial system is structured. The ability to undermine the tax base of another country is founded on the principle feature of tax havens: being a virtual space - being ‘offshore’.

Considering the emphasis that national governments and international institutions place on development for the success of security, it is a grand omission for these illicit economic activities to be excluded from the debate on human suffering. GFI notes that all currently existing economic models have a limited capacity to reflect the actual volume of illicit financial flows, as these flows are primarily generated through transactions that completely bypass statistical recording. If these activities were recognised as a security concern then there would be greater motivation for combating their negative effects. There are now better tools for making corporate data transparent, and for exposing the
integrated nature of the global economy and the dark world of offshore.\textsuperscript{38} This is clearly a desirable step, as current policies which aim to protect lives and support economic stability are being undermined by a global network which exists to engage in activities that proliferate the conditions of poverty and conflict. However, even when threats to human security are easily identified, the efforts of the international community are hampered by tax havens. The following examples will illustrate how offshore services dictators who are known to disregard human rights.

3.2 - Offshore and Repressive Rulers

The conceptual shift that placed the individual and communities at the heart of theorising about security put states under scrutiny for their treatment of citizens, for example with the formation of the International Commission on Intervention and State Sovereignty. However, not enough attention is paid to the economic systems which support repressive heads of state. Despots and kleptocrats use tax havens for much the same reasons companies do: tax avoidance and legally-backed secrecy.\textsuperscript{39} Those who make use of the offshore financial system are some of the most controversial figures when discussing human security.

In 2010 South Korean intelligence officials indicated that North Korea’s ‘Dear Leader’ Kim Jong-Il had deposited some four billion dollars in Europe - from selling nuclear technology and drugs, insurance fraud, counterfeiting and projects

\textsuperscript{38} For example, Open Corporates is an online database which aims to host information for every corporate entity in the world. It has been used for research in this paper. Available at \url{www.opencorporates.com}

\textsuperscript{39} Christensen, J. (2011) Interview conducted 18/11/2011.
using forced labour.\textsuperscript{40} In 1995, the American bank Riggs set up 60 accounts and certificates of deposit for Equatorial Guinea’s President Obiang, his family, and various Equatorial Guinean officials and companies using offshore structures. One such account was a shell company registered in the Bahamas. With balances of around $750 million, Obiang became Riggs largest customer, at a time when \textit{Parade} magazine placed him just below Saddam Hussein on a list of the world’s ten worst dictators.\textsuperscript{41} President Suharto, who was in power throughout the Indonesian invasion of East Timor, and his family are estimated to have misappropriated $15-35 billion through tax havens during his time in office. One of the companies associated with the corruption was a company based in the Virgin Islands owned by Tommy Suharto, called Garnet Investment Ltd.\textsuperscript{42} While President Niyazov was in power in Turkmenistan, numerous reports revealed systematic torture, unfair trials and repression of peaceful dissent. By 2005, following 14 years of Niyazov’s reign, an estimated 58% of the population were living in poverty. Throughout this period Deutsche Bank served as banker to the regime, and assisted in keeping the gas revenues off the national budget by routing them offshore. Turkmenistan is the only country that Global Witness has ever come across where none of the natural resource wealth appeared on the government’s budget.\textsuperscript{43}

\textsuperscript{40} Shaxson (2011) \textit{Treasure Islands}, p. 14

\textsuperscript{41} Shaxson (2007) \textit{Poisoned Wells}, p. 127

\textsuperscript{42} Norwegian Commission on Capital Flight from Poor Countries (2009) \textit{Tax Havens and Development: Status, Analyses and Measures}. Available at \url{http://www.regieringen.no/upload/UD/Vedlegg/Utvikling/tax_report.pdf}, p. 84

By doing business with dubious customers in corrupt, natural resource-rich states, banks are facilitating corruption and state looting, which deny these countries the chance to lift themselves out of poverty and leave them dependent on aid. The European, American and British banks who are essential to the tenure of these dictators are located in countries with strong legislative capacity and ‘progressive’ values. While it is near impossible to apply pressure to these rulers through international institutions, the financiers who service them are within the remit of national anti-corruption policy. The recognition of these actors as complicit in human insecurity makes their involvement a threat to international security, and security policy will only be successful when they are held to account.

3.3 - Offshore and the Global Arms Trade

In many respects, the global arms trade operates in total contrast to the principles of human security. The arms trade affects development both through the money wasted on arms purchases and through conflicts fueled by arms. Africa is estimated to lose $18 billion a year due to wars, and armed conflict shrinks an African nation’s economy by 15%. 91% of the value of arms sale transfers from the UK between 2004 and 2007 were with ‘developing countries’, a large proportion of them utilised by repressive regimes. In 2011 UK arms were used in the suppression of protest in Bahrain and Libya.44 However, this section does not seek to discuss the ethics of the global arms trade. The mainstreaming of human security has seen the implementation of a number of policy initiatives

designed to limit the damage to civilian populations. Arms embargoes are one of the principal tools of states in seeking to prevent, limit and bring an end to armed conflict and human rights abuses.\textsuperscript{45} Between 1990 and 2006 the UN imposed 27 arms embargoes with the aim of maintaining international peace and security. These embargoes, and ones undertaken in a similar fashion by other supranational bodies, have been criticised for having a limited impact both on arms flows and on improving target behaviour.\textsuperscript{46} It is the position of this paper that tax havens are crucial to understanding the ineffectiveness of arms embargoes. The offshore financial system provides the infrastructure through which supply of arms and weapons systems can operate outside of international regulation. Therefore, this section provides examples of human security policy being directly undermined by those who service the world of offshore.

In October 2009, dozens of leading French politicians and business figures were found guilty in connection with the sale of weapons worth over €500 million to Angola, in breach of a UN arms embargo. Among the guilty were French arms dealer Pierre Falcone and Russian-Israeli businessman Arkady Gaydamak.\textsuperscript{47} This operation was achieved by engaging in tax fraud, money laundering and embezzlement, all of which was routed through the international tax haven system.\textsuperscript{48}

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\textsuperscript{48} Shaxson (2011) *Treasure Islands*, p. 155
\end{flushleft}
In the effort to reduce insecurity in Darfur and throughout Sudan, the international community has established legal restrictions on arms transfers to Sudan, including the 2004 and 2005 United Nations arms embargoes on Darfur, and the 1994 EU arms embargo on Sudan. Despite these measures, however, arms transfers to all parts of Sudan continue unabated and, in some instances, are increasing.\textsuperscript{49} Technically, the UN and EU embargoes have strong standards in regards to arms control. But in reality, the way that governments interpret those standards is significantly open to question.\textsuperscript{50} Like any significant trade activity, the arms trade involves an international set of commercial actors, such as those in production, brokering, transport and finance. And the offshore financial system has been a key feature of arms trafficking in Sudan since the embargoes were implemented.

In May 2004, three end-user certificates (EUCs) apparently issued by Sudan’s Military Corporation (MIC) authorised the import into Sudan of military equipment ranging from Antonov 26 cargo aircraft and T-72 main battle tanks to 9 x 19mm pistols. The EUCs state that the equipment was to be obtained by two companies: Endeavour Resources Ltd., registered in the British Virgin Islands, and Sinclair Holdings 7 Ltd., registered in the Republic of Ireland.\textsuperscript{51} The Satellite Sentinel Project (SSP) has recently provided photographic evidence of Antonov 26 planes being used by the Sudanese Armed Forces (SAF) to bomb civilian populations and infrastructure in the South Kordofan area.


\textsuperscript{50} Lewis, M. (2012) Interview conducted on 29/05/2012

\textsuperscript{51} Lewis (2009) \textit{Skirting the Law}, p. 29
In late 2007, shipments en route to the Sudan People’s Liberation Army (SPLA) were hijacked by Somalian pirates. The shipment contained a substantial military cargo consisting of both heavy weaponry and small arms. Since South Sudan is landlocked, arms must be supplied by air, or else arrive in a neighbouring country and transit through land. This requires a wide network of actors, and in this case it involved, at a minimum, ship operators from Ukraine and Germany; ships flagged in Belize, Ukraine, and Antigua/Barbuda; maritime shipping brokers and charterers in Ukraine; Kenyan commercial shipping agents, and arms brokers using companies registered in the UK and the Isle of Man.\(^{52}\) Sudan is a typical example of the contemporary global arms trade. It is truly international by nature, and the use of tax haven structures is commonplace. The actors involved were able to use a mixture of offshore and onshore to gain respectability, for example, a company registered in the UK will give the appearance of a respectable business.\(^ {53}\)

One company that has been known to use the legitimacy of UK registration to their advantage is BAE - they are the biggest customer of the UK’s Export Credits Guarantee Department.\(^ {54}\) They have also been known to use offshore structures as a means to avoid regulation and to engage in corrupt practices. The infamous Al-Yamamah deal between the Saudi government and BAE was fraught with allegations of corruption. It has been called the most lucrative arms deal in history, with huge kickbacks allegedly paid to various Saudi officials in the guise

\(^ {52}\) Ibid., pp. 38-41

\(^ {53}\) Lewis (2012) Interview

of ‘support services’, all through offshore accounts and companies registered in tax havens.\textsuperscript{55} In the course of investigating BAE’s offshore arrangements involving Saudi Arabian figures, the Serious Fraud Office (SFO) came across payments related to Tanzania. Tanzania is a poor sub-Saharan country, with an estimated 35.7\% poverty ratio.\textsuperscript{56} Despite the fact that Tanzania has very limited air force capacity, BAE negotiated a deal with the Tanzanian government for the sale of a military radar system. Since this massive expenditure breached World Bank and IMF standards, the offshore financial system was vital in facilitating the deal. Although the radar system actually cost $12 million, the Tanzanian government paid $40 million, with the extra $28 million allegedly paid to government officials and individuals. The corrupt operation worked through a system of companies registered in various tax havens; Red Diamond in the British Virgin Islands, Envers Trading in Mauritius, and Franton Investments Limited in Jersey.\textsuperscript{57}

The global arms trade is in many ways dependent on the offshore financial system. The corporate vehicles, companies and bank accounts used to facilitate deals are offshore. The majority of the world’s shipping fleet is owned by corporate vehicles registered in secrecy jurisdiction. Governments use offshore actors to conceal their own involvement in transactions.\textsuperscript{58}

\textsuperscript{55} BBC Panorama (2007) \textit{Princes, Planes and Payoffs}. Available at \url{http://www.youtube.com/watch?v=wlJ0c6bN-GU}. Accessed on 23/06/2012


\textsuperscript{58} Lewis (2012) Interview
‘elsewhere’, legitimate practices are almost impossible to identify. Lewis sums up the involvement of the offshore financial system:

It’s definitely true that arms oversupply and arms stocking is caused by corruption, which is facilitated by the offshore financial system. It’s definitely the case that arms controls are sometimes avoided and evaded, including UN arms embargoes, by the use of secrecy jurisdictions. It’s definitely the case that secrecy jurisdictions offer a range of other lacuna in regulation, like in arms control regulations or shipping and aircraft registries that are also used in the global arms trade. It’s definitely the case that one of the many global harms that the international offshore financial system generates is the ease in avoiding arms control.59

The examples given above represent the undermining effect that tax havens have on human security policy. This is of immediate concern considering the Diplomatic Conference which is set to run 2-27 July 2012. The United Nations Conference on the Arms Trade Treaty is being held in New York, with the stated aim to ‘establish the highest possible common international standard for the transfer of arms with a view to reducing the human suffering caused by the misuse of and illicit trade in arms, particularly small arms and light weapons.’60 Internationally accepted norms on global arms control marks significant progress in the human security discourse, but the treaty will be ineffective if the role of secrecy jurisdictions in servicing the global arms trade is not recognised. In the information gathered from member states, there is no mention of offshore structures. And while a commitment to transparency is a recurrent theme, it is referred to as the maintenance of national registers, with no mention of private

59 Ibid.

financial institutions or financiers.\textsuperscript{61} Canada even insists on due consideration for personal privacy and corporate confidentiality.\textsuperscript{62}

There is ample evidence to support the proposition in this paper; that the offshore financial system and the ancillary actors which support it can be considered a serious threat to human security. This Treaty and the debate it will inspire over the course of this month is a potential opportunity for those seeking to affect a change in culture concerning tax havens. Policymakers present at this conference should push to include a legal obligation for private financial actors who use offshore structures: that they desist from involvement in the illicit dealing of arms, and report any instances to the relevant regulatory bodies. Those who are involved in servicing such harmful activities should be held accountable. It is time that perception met with action.

\textbf{Conclusion}

This paper has sought to highlight the direct impact that the offshore financial system has on human suffering. The human security discourse has been used as the framework for analysis because it allows for a richer perspective on security matters, as the individual and their communities are the subject of debate, instead of states. It is proposed that offshore professionals - accountants, bankers and lawyers - should be held accountable if they are found to be complicit in activities which contribute to the conditions of poverty and conflict around the world. This will only be possible if damaging economic activities related to tax havens are recognised as a threat to security. Such a change in perspective should be part of

\textsuperscript{61} United Nations General Assembly (2012) \textit{Compilation of views on the elements of an arms trade treaty}

\textsuperscript{62} United Nations General Assembly (2012) \textit{Compilation of views on the elements of an arms trade treaty}, p. 18
a wider change in culture surrounding the role of tax havens in the global economy. It is also a necessary next step towards successful security policy.
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