

Analyses bibliographiques – Book Reviews

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Global Tax Fairness
Oxford University Press

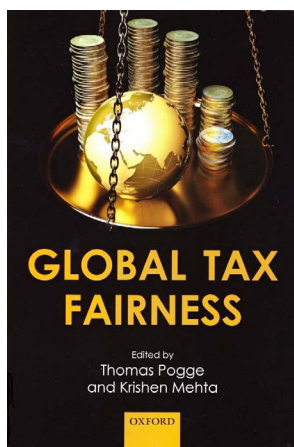
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The Para-State, an Ethnography of Violence in Colombia's Death Squads
University of California Press

par Emma Tyrrou

Edited by Thomas Pogge
and Krishen Mehta

Global Tax Fairness



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Taxation has always been a core component of economic and political life. The United-States' independence was

acquired after a rebellion against the United Kingdom's unjustifiable high taxes on tea imports, making the Boston Tea party a key moment in tax history. In light of recent tax-evasion scandals, it has been brought to the attention of the public that capital regulations dodging, which amounts to 15% of global wealth, represents \$8.5 trillion as of today. In this publication, Pogge and Mehta (the latter being a prominent member of the Global Tax Fairness Network) aim to discuss solutions to this global problem by outlining fifteen reform proposals.

In order to curb the incentive that individuals and corporations have to become "citizens of nowhere", James S. Henry (ch. 2) proposes *The Anonymous Wealth Tax*, which would require automatic exchange of information on cross border income between tax authorities, public registration of the true beneficial owners of companies, and apportioning corporate tax revenues according to the location of real economic activity. What's more, according to Nicholas Shaxson and John Christensen

(ch. 12), nearly every secrecy jurisdiction is either a rich western country or a satellite of one, which seems to be confirmed by Oxfam's 2016 Report "Tax Battles", in which 13 of the top 15 corporate tax havens are developed countries or their respective islands. This fact challenges the common belief that tax havens are a feature of poorer countries.

Transfer Pricing is a very discussed topic in recent literature, which according to Edward D. Kleinbard (ch. 5), amounts to \$100 billion as of today, yet is not illegal. It consists in transferring profits from a company's main office to a foreign subsidiary, the latter being submitted to lower taxation, in order to evade high tax rates. To remedy this problem, Richard Murphy (ch. 3) proposes *Country-by-Country Reporting* (CBCR), which would require the names and locations of all the subsidiaries of a company, their sizes, profits and losses, and total staff and resources (Reuven S. Avi-Yonah, ch. 4). Furthermore, Lorraine Eden (ch. 6) offers *Formulary Apportionment* as an alternative to Arm's Length Standard (ALS), which would allocate a firm's worldwide income across countries based on its sales, assets, and payroll in each jurisdiction. In the context of the digital economy, where services and communication tasks can be sent abroad, Sol Piciotto (ch. 9) also proposes the widespread use of *Formulary Apportionment*, which takes into account value creation, functions performed, assets used and risks assumed. This would keep profits where real value is created, thus remunerating productivity more fairly.

Peter Wahl (ch. 8) provides a history of the Financial Transaction Tax (FTT), a measure aimed at targeting not the financial institutions, but the transactions. Similar to the Tobin tax, this would place a levy

on highly volatile capital, and thus stabilize global transactions.

In order to put an end to the Haig-Simons principle, according to which all income sources should be taxed uniformly, Vito Tanzi (ch. 11) advocates for the establishment of an international organ, the World Tax Authority (WTA), which would serve as a standard reference, which could lead to higher capital taxation, relative to income taxation.

Johnny West (ch. 13) presents a specific taxing scheme for extractive companies, which would imply a contract between the country and the company, in which returns would be determined based on expected gains from future activity. The calculation would be reviewed every year to make sure returns are proportionally as close to actual profits as possible. This measure aims at reducing the scale of revenues missing in action from existing contracts, valued at about \$39 billion in 2013.

In the same manner, by taking the example of Botswana and its contract with De Beers Mining Company, the authors wish to illustrate a future of taxation made of sustainable relationships between state and corporations. Indeed, the company signed a deal in which the state received 65% of total profits (Krishna Mehta, ch. 15). Similarly, the will to see corporations as responsible actors of change is shared by Itai Grinberg (ch. 1), and his *System of Automatic Exchange of Information*, which foreshadows the day where financial institutions will play the role of intermediaries in the tax collection process, as independent yet responsible organs of financial regulation.

This book particularly emphasizes the need for political willpower. Put simply,

“developing-country policy makers will need to find ways to overcome fears of suppressing inbound investment in order to garner the political will to enact effective base-production measure” (Michael C. Durst, ch. 14). Indeed, if many assure that higher international financial taxation would hinder competition amongst corporations, it would actually be beneficial to smaller or large companies who operate only domestically, and do not profit from tax evasion schemes. Better taxation could thus stimulate better commercial activity. A contrario, the loss of revenue from deserting companies is smaller than the loss of tax revenue from lowered rates by fear of seeing them leave (Lee Corrick, ch. 7).

In an effort towards global standardization, Harold Tolban (ch. 10) proposes an International Convention in Financial Transparency, which was proposed by the Independent Norwegian Government Commission back in 2009, in order to combat three forms of illicit financial flows: criminal (money laundering), corrupt and commercial. Implementation of a global

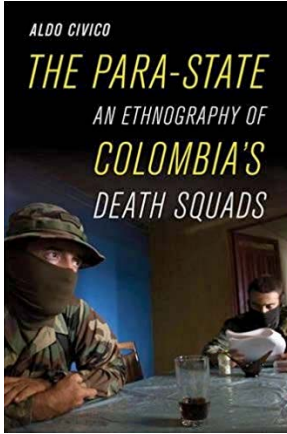
standard is the most frequently requested measure in the tax literature.

Acting as a guide for policy makers, this quasi-manual details desirable reforms, and the steps to achieve them. Its originality relies on the fact that it points out the current disadvantage for developing countries. Indeed, revenue loss from tax evasion is a key obstacle to development for southern countries: a third of all private financial wealth owned by people in Africa and the Middle East, and 23% of such wealth in Latin America, is kept abroad. The analogue wealth of North America and Europe that is kept abroad is only 1.8% and 7.9%, respectively. Thus, emerging countries are most affected by tax evasion. According to James S. Henry, this would mean that developing countries have not been debtors since the mid-1990. Would the Third World debt problem actually be a tax problem?

Alizée Ville
IEDES – université Paris 1
Panthéon-Sorbonne

Aldo Civico

The Para-State, an Ethnography of Violence in Colombia's Death Squads



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29,95 \$

Aldo Civico's book draws on extended fieldwork from his doctoral studies in anthropology, which he conducted between 2003 and 2008 in Colombia. The author constructs an ethnography built on interviews and personal testimonies of top commanders and lower ranking members of the country's largest paramilitary umbrella organization. As its title suggests, Civico's work is motivated by a query about the mutual relation between armed groups and the state. This inquiry stands at the crossroads of political science, anthropology and development studies: what do the experiences of paramilitary violence suggest about the notions of modernity, state and democracy?

Questioning the state's fixity as a category of analysis, Civico adopts the interpretation of the state as a phenomenological reality produced through the discourse and

practice of power. His approach allows for a review of the existing literature, while weaving in a narrative throughout. Anthropological research on political violence over the past three decades has provided an understanding of violence as an anomaly that became a feature of pre-modern states. The main explanatory theories put forward were the instrumentality of violence, the cause-effects continuum, and the rational choice theory. Although Civico does not disprove such theories, he takes a different angle and mobilizes them to eventually put forward a polar-opposite conclusion. His study thus builds on existing literature on violence as a feature of modern states, including democracies (Aretxaga 1999; Paley, 2001). Civico takes an innovative look at paramilitary violence, which is often justified as a counter-insurgency tactic vital for socio-economic development.

This account of the paramilitary phenomena is delivered through a first-person narrative, which may at first seem to weaken the academic value of the book. However, the author's personal tone skillfully allows for a smooth reading of his 230-page long, detailed analysis of a complex web of actors and historical facts. Beyond its empirical added value, Civico's work is deeply grounded in scientific discipline, and has been nourished by discussions with fellow anthropologists such as Taussig. The book contributes to further understanding of the ethnographers' challenges while blending in a violent reality. Civico's experience of recognizing his shared humanity with mass murderers – what in anthropology is called being confronted with the *radical Other* – is particularly thought-provoking. Throughout the book, the author shares relevant reflections on the way in which his fieldwork unfolded. As an engaged anthropologist, he honestly acknowledges the role of subjectivity and human emotions in the chain of decisions that oriented his

research project. Chief among them were his deeply personal encounter with a top leader of the main paramilitary umbrella organization (the AUC *Autodefensas Unidas de Colombia*) and his anger while witnessing the demobilization process.

Throughout his book, Civico's anthropological analysis gives relevance to history, structural violence, predispositions, and the technologies and mechanisms that produce violent realities. In the first chapter, "Everything I did in the Name of Peace," the political history of Colombia and its practices of power is narrated in the form of a metaphor through the author's conversation with El Doctor, a drug lord and paramilitary supporter. A key feature of Civico's original approach lies in not setting the focus solely on the truth produced by the victims of violence. Instead, he explores the justificatory discourses and rationale for joining armed organizations committing gross human rights violations (as did Kepplet-Mahmood, 1996, based on fieldwork with Sikh militants in the Punjab region; or Tarwick, 2007, with the Tamil Tigers in Sri Lanka).

In the second chapter, "Fragments from the Shadows of War," the lived experiences of paramilitary members then reveal how similar tales of justification are evoked by individuals who have performed different tasks at different times within death squads. Civico's analysis allows for an understanding of the larger forces and social world that determine individuals' trajectories. The following chapter borrows from the anthropology of experience, analyzing the performance of violence as a cultural expression. In chapter three "Limpieza: the Expenditure of Spectacular Violence," the author unveils how atrocious deeds are used by paramilitary leaders as an act of "purification and reeducation" (p. 89). The *social cleansing* of leftists

insurgents and so-called *disposable* individuals (such as thieves or homosexuals) is designed to serve a political and social project. The book not only invites the reader to think about political violence, but sheds lights on the disturbing picture of how economic development narratives are mobilized to justify them.

Chapter four offers "An Ethnography of Cocaine," closely studying a complex social reality in which political and economic dynamics are regulated through the commodity. An historical perspective allows for a parallel analysis of gold and cocaine as intrinsically linked to power. Civico shows how cocaine embodies the aspirations and promises of a capitalist society, and is yet used as a force of repression and violence by paramilitary groups colluding with drug kingpins and agents representing the state. This part of the book develops the notion of despo-capitalism, illustrating how desires emerging within capitalism are controlled, channeled and constrained by the violence imposed by a despot.

The fifth chapter, "The Intertwinement," draws on previous sections to develop the heart of Civico's contribution. The author adopts a comparative approach to the history of the paramilitary and the Mafia phenomena, mobilizing a vast literature analyzing how both have emerged as local groups established by elites for the purpose of self-defense. Often, this leads to gross human rights violations in relation to land and other extractive-related resources (see Tilly, 1988 on violent peasant entrepreneurs). Through the notion of *intreccio* (or intertwinement) and by alternating collected testimonies with anthropologic analysis, Civico demonstrates that a wide array of societal actors (economic, political and military) have invoked, supported, and armed the paramilitary groups. He proves that the accumulation of economic and

political capital, inherent in the nature of paramilitary groups, implies reciprocity from the state. For *Cívico*, the two-ways process in which a state's margins are controlled through intertwinement with paramilitary groups expresses the state's function of capture. The author could certainly have expanded his analysis through such notion and its related literature. He only briefly refers to the economy of capture, hopefully inspiring scholars to further research through the Colombian case. *Cívico's* contribution nevertheless invites a complete reconsideration of the paradigm of the weak state – often at the core of both political analyses and justificatory discourses for paramilitary activities.

The complex dynamics of reciprocity are further decrypted in the final chapter, “Demobilization and the Unmasking of the State”, containing unique data from *Cívico's* fieldwork. The AUC engaged in a demobilization process during the study period. Brokered after paramilitary leaders directly negotiated with the government and lobbied in front of the Colombian Congress, it was conducted at a time when paramilitary violence was at its height, allowing for research of arguably unprecedented scope and detail. *Cívico* was able to document ceremonies, discourses by state officials, but also the demobilization of paramilitary soldiers who had been recruited from the streets days before to legitimize the process. The concept of a continuum, developed

through the study of the Sicilian Mafia, is characterized by such a moment, when the state negotiates violence at its margins by directly arbitrating with the paramilitary. Taussig's (1999) notion of *unmasking* then allows to understand how paramilitary are part of a strategy of intertwinement, and strengthen, rather than weaken, a *fiction of legitimacy* (p. 201).

Cívico's findings contribute to an essential reflection within the humanities on the conventional notion of the state as having a monopoly on legitimate, legalized violence. Just as he shows how violence remains an instrument for political rule in Colombia after the demobilization process, he points to how the entanglement between the state and the Mafia, through violence and cultural norms, subdues *the possibility for a vibrant and deliberative democracy in Colombia* (p. 210). The recent election of Ivan Duque, political protégé of the architect of paramilitary demobilization, ex-president Álvaro Uribe, certainly reinforces the relevance of the *Para-State* approach. *Cívico's* well-documented case study in the country with the oldest democratic institutions in Latin America invites further research on the powerful and their practices of domination and hegemony, beyond Colombian borders.

Emma Tyrou
IEDES – université Paris 1
Panthéon-Sorbonne