In recent weeks, citizens in many countries suffering from government budget cutbacks have been learning more and more about one of the biggest and most dangerous scams in the world: the global web of tax havens that U.S. and European politicians and bankers have nurtured over the years. The only real purpose of these havens is to facilitate tax evasion, money laundering, bribery, and lack of accountability for environmental and social calamities inflicted by international companies.

Now, a new analysis by a group of international organizations throws this system into sharp relief. Figures from the Enough Food for Everyone IF campaign -- supported by almost 200 organizations including Actionaid, Christian Aid, Oxfam, and Save the Children -- are revealing more about the extent of these havens. There are trillions of dollars tied up in the tax havens, with massive worldwide evasion of tax payments that undermines the budgets of rich and poor countries alike. The IF campaign makes a basic point: poverty can be fought, and austerity overcome, IF taxes are properly paid by those who owe them. Ending the tax havens and their financial secrecy is therefore urgent.

The IF Campaign is taking place just in time for this week's meeting of the finance ministers of the G7 nations -- the world's financial superpowers, and the greatest promoters of this
corrupted system. They need to take action. Their deliberations feed into the June meeting of the G8 countries (consisting of the G7, plus Russia), where the potential for action to end these abuses lies.

During the boom years, the rich and powerful kept the public distracted from the tax haven reality. Yet now with budget austerity, the public is having a close look at tax evasion by the rich and powerful. As a result, the veil over the tax havens has started to slip, and the sight is not lovely.

Mitt Romney ran for U.S. president with vast wealth in the Cayman Islands, and was never willing to account for that wealth. The French budget minister, and then the Socialist campaign finance manager, got caught with their own offshore accounts. Another leading French politician, the recent treasurer of the Hollande campaign, has also acknowledged secret offshore accounts. Rich Greeks with secret accounts abroad are on lists provided by the International Monetary Fund. Spanish officials have been caught receiving stipends from secret offshore accounts. And this is only the tip of the iceberg. The International Consortium of Investigative Journalists has recently begun to release the names of rich and powerful offshore banking customers.

The recent banking crisis in Cyprus has also exposed the macroeconomic risks of this nefarious system. Everybody knew that Cyprus was a tax-and-secrecy haven, especially for Russian funds, but few anticipated that the euro would almost die in a blow-up of Cypriot banks. But why shouldn't they have known? This is par for the course when a country is home to bank assets and liabilities many times larger than the country's national income. The banks had no backstopping. How many times must we learn the lesson?

Thanks to eye-opening (indeed eye-popping) books such as *Treasure Islands* by Nicholas Shaxson, we also have come to appreciate better that the havens are not the un-pluggable gaps
of a well-regulated global economy, but are actually part of the core design of the global financial system. Switzerland and the United Kingdom essentially invented much of the system during the early to mid-20th century; the United States became its great champion more recently. The Caribbean havens -- Bermuda, the British Virgin Islands and the Caymans -- are British overseas territories. The United States is itself increasingly a haven for foreign investors, especially in Delaware, and it is also the great proponent of the Caribbean haven system.

And how absurd and dangerous this system has become. The Caymans' 56,000 people host 92,000 companies. The hedge fund industry, managing trillions of dollars, is largely domiciled there. The Bank of International Settlements, which collects data on cross-border banking assets, estimates that $1.4 trillion in bank assets and liabilities are there, around $25 million per person! This is a time bomb, not a financial system. Not surprisingly, the so-called "boards" of these companies, which are supposed to "govern" them, are routinely filled with individuals who sit on dozens, or even hundreds of boards. The situation is absurd, dangerous and out of control.

The politicians of rich nations who protect the exorbitant privileges of bankers and hedge-fund managers, who wink at mega-tax evasion by billionaires, and who tolerate unpardonable games played by major companies, are playing with fire. We are now all sharing austerity. The havens represent unacceptable privilege and abuse, not fair sharing.

Developing countries too are saying that enough is enough. For decades they've been on the receiving end of hypocritical lectures about good governance. For them, the tax havens have served the purpose of paying bribes to potentates, and providing easy ways for elites to keep their money safe from tax collectors. Yet it is the rich countries that have fostered that system.

The world's most powerful countries have a unique responsibility. They created this destructive system. It's now
their job to end it. Taxes worldwide need to be paid. Offshore accounts need to be reported back to the national authorities of the account holders. Banks, hedge funds and non-financial companies need to be domiciled where they can be properly overseen and regulated -- not on small islands that can't possibly oversee these businesses. The politicians need to understand that the public is now on to the game. There is no more time to delay.