

The Pandora Papers: Resisting Public Apathy and the Normalisation of Corrupt Practices

Stephen Holden

CSR Blog Contributor

Suggested citation (OSCOLA): Stephen Holden, 'The Pandora Papers: Resisting Public Apathy and the Normalisation of Corrupt Practices' (The Corporate Social Responsibility and Business Ethics Blog, 30 December 2021) <<https://corporatesocialresponsibilityblog.com/2021/12/30/pandora-papers-and-public-apathy/>>.

A layer of dust has somewhat had time to settle following the release of the Pandora Papers. The slow turning of the wheels of justice and the rapid speed of the news cycle crowding out the results leave the general population with the impression that these leaks occur, but there is no corresponding outcome or justice as a result. This represents a significant problem in terms of the impact of the Pandora Papers, and future leaks of this nature. There is a risk of looking at the issues that emerge through the leaks as “normality of relations” in our societies. In order for these crucial disclosures to remain impactful and continue to be the catalyst for regulatory reform, it is essential that any normalisation of harmful actions is strongly resisted.

Now the dust has somewhat had time to settle following the release of the [Pandora Papers](#), it is possible to consider their impact and effect on the landscape of accountability and change, and more specifically, ask, what do we expect from such significant leaks and disclosures that expose secrecy.

Dubbed the Pandora Papers, the latest in a series of high profile and largescale leaks regarding how wealth is moved, stored, and obscured globally through a sophisticated network of offshore accounts has come to light following extensive analysis from the [International Consortium of Investigative Journalists](#) (ICIJ). The cache includes 11.9m files from companies hired by wealthy clients to create elaborate offshore financial structures and secretive trusts in a number of tax havens, including the Cayman Islands, Dubai, Monaco, Panama, and Switzerland, amongst others.

Similar to the [Panama Papers](#), they provide intimate details and uncover how the global elite manage their wealth, moving much of it offshore as a means to hide wealth, and in many cases to minimise or avoid taxes altogether within jurisdictions where the wealth is generated, however, the Pandora papers differ significantly in that they cover a much wider geographical scope, focusing on several tax havens and 14 offshore service providers.

The use of offshore companies in and of itself is not illegal, and legitimate reasons exist to do so, by example security, however, we do not have to forget that [transnational tax crimes often involve hiding assets abroad](#) and offshore tax havens may represent the best location for such a purpose. This is because offshore tax havens are often characterised by levels of enhanced secrecy, a lack of cooperation with international investigations, and their willingness to turn a blind eye to financial crimes including sanctions-busting, tax evasion, fraud, and money laundering (Su & Tan, 2018, pp. 1068-1069, Christensen, 2011, pp. 192-193).

While the work undertaken by the ICIJ and partner associations is of critical importance in uncovering and identifying specific vulnerabilities to national taxation and corruption frameworks and enabling levels of accountability through enhanced transparency, we must assess the public impact of such disclosures.

Following the news of the initial disclosures around the incoming Pandora Papers revelations, a cursory glance at responses on social media platforms, by example Facebook, Twitter, and Reddit, highlighted a repeated scepticism and fatigue amongst general users. This scepticism did not in anyway centre around the integrity, authenticity, or reliability of the information provided, but rather, that nothing would be done as a result of the information disclosure, and that nothing could be done as this is simply the *status quo*.

Such an attitude, while to some degree understandable in the face of systemic and highly propagated global industrial fraud and criminality, is both misguided and unhelpful.

Following the release of the Panama Papers, significant global efforts were made, to a more or less degree, to address a number of revelations concerning specific individuals, and the use of offshore tax havens and obscure organisational structures as a whole.

By example, heads of state including the [Prime Minister of Iceland](#) and the [Prime Minister of Pakistan](#) were forced to resign as a result of the leaks, the later was also sentenced to 10 years in prison on corruption charges, while in Spain, the [industry minister](#) was also forced to step down. The revelations resulted in the resignation of [state prosecutors](#), [Bank CEOs](#), [newspaper editors](#), [political advisors](#), [banking supervisory board members](#), [ethics committee members](#), and drew attention to the transgressions of public figures globally. The disclosures resulted in governments taking a range of actions to address the offshoring of funds, for instance, the largescale government enquiries into the use of trusts located in offshore tax havens, resulting in reform and a reduction in the use by three-quarters in [New Zealand](#). National taxation services initiated a series of investigations, leading to substantial recoveries of [unpaid taxes and fines](#), while in other jurisdictions the [police](#) began to investigate and target the enablers and facilitators of tax crimes. Some jurisdictions introduced rules regarding [beneficial ownership](#) and [enhanced transparency](#). And as such the speed of the news cycle becomes problematic for several reasons. Modern news moves at such an intense pace that it presents an issue for stories that rely on long-term political and judicial intervention, and as such, by the time any resultant action of the leak becomes apparent, it has lost the spark of the public consciousness (Lorenz-Spreen et al, 2019, p. 6).

This is by no means a new phenomenon - Shakespeare wrote of “the law’s delays,” placing them amongst the “whips and scorns of time” in Hamlet, while Dickens Bleak House lamented the pace of the judiciary which, “...so exhausts finances, patience, courage, hope, so overthrows the brain and breaks the heart,” however, while the wheels of justice turn slowly, they must do so for fear of crushing the innocent.

Therefore, the slow turning of the wheels of justice, and the rapid speed of the news cycle crowding out the results leaves the general population with the impression that these leaks occur, but there is no corresponding outcome or justice as a result. For instance, from the research conducted within the EU-funded project [VIRTEU](#), it emerged not only that [professionals act systemically as facilitators of economic crime](#) but also that they are almost never [prosecuted](#) or [sanctioned](#) for playing such a role.

The proliferation of public attitudes presents a significant problem in terms of the impact of the Pandora Papers, and future leaks of this nature. Justice must be seen to be done – and therefore, when justice does occur, it would be helpful for the news agencies to provide an equally significant focus on the outcome of the leaks, as opposed to simply the scandal of the leaks themselves.

The lack of focus on outcomes risks not only giving the impression that nothing has changed but also endangers entrenching a broad feeling of hopelessness and powerlessness in order to challenge the status quo. Once the general public enter abroad mindset of, ‘nothing changes so what's the point’, accompanied by normalising the use of highly technical and intricate exploitation of legal loopholes as simply the means through which business is done, there exists the risk of broad apathy amongst the populace accompanied with a quiet acceptance (Yamamoto, Kushin, & Dalisay, 2017, p. 165). The existence of such an acceptance jeopardises the hope of any meaningful change through the exertion of public interest pressure.

[Some](#) decried that the information held within the Pandora Papers offered up nothing new, and many of the systems and processes utilised, by example, [Tony Blair](#) avoiding the incursion of £312,000 property tax by purchasing a company that holds the property, so in strictly legal terms the ownership of the property has not changed, occurs so regularly as to not constitute any sort of newsworthy phenomenon or problem. Or simply, the lack of evidence of strictly criminal tax evasion is in and of itself evidence for the absence of prolific tax evasion. Yet these arguments miss the salient point – which is the status quo, and the existing structures and processes, regardless of their questionable legality, perpetuate harms and their very existence represents an injustice. Simply because something may fall within the strict boundaries of not criminal, makes it neither right, nor moral, and fails completely to address the public interest natures of the arguments regarding complex methods of offshoring wealth or otherwise abusing corporate structures in order to avoid taxes that everyday citizens are subject to, perpetuating the existence of a dual tax system – one where common taxes and obligations remain optional for the wealthy and powerful, and one where the everyday population remain subject to the same taxes and obligations (Lipman, 2021).

Therefore, the persistent reliance upon falling back to the existing systems as a guide to legitimacy, and simply that because something happens prolifically, then it is not worthy of attention or scrutiny, is counterproductive and perpetuates these injustices. Critically, this problem is at the heart of the discussions around important leaks and whistleblower reports, and that is, taking the existing system as the benchmark and starting point of fairness and acceptable conduct, and not, having the starting point entrenched within the concept of justice, fairness, and the public interest.

As it has been demonstrated through numerous high-profile leaks, including the Pandora Papers, the Panama Papers, [Luxleaks](#), [FINCEN files](#), the [Paradise Papers](#), and numerous others, [whistleblowers and leakers play a central role](#) in drawing public attention to the injustices perpetrated through a lack of effective regulation, and the exploitation of deliberately obscure and complex structures in order to evade or avoid legal responsibilities and paying the fair rate of taxation.

These disclosures have shown time and time again that there exists significant international public interest in populations being aware of this knowledge, and that as a direct result of the information disclosed powerful actors are being held to account, and widescale institutional reform is slowly gaining traction by virtue of injustices embedding themselves in the public consciousness. In order for these leaks and disclosures to remain impactful and continue to be the catalyst for regulatory reform, it is essential that any tendency to normalise harmful and unethical actions is strongly resisted, principally through the demonstration of the effectiveness of the disclosures, and conceptualising the issues brought to light, not from the perspective of binary legality, but a principled argument of fairness and justice.

Select Bibliography

Christensen, J. (2011). The looting continues: tax havens and corruption. *Critical perspectives on international business*.

Lipman, A. (2021). How the Top 1% Evade Taxes—and Get Away With It. *Chicago Policy Review*.

Lorenz-Spreen, P., Mønsted, B. M., Hövel, P., & Lehmann, S. (2019). Accelerating dynamics of collective attention. *Nature communications*, 10(1), 1-9.

Nikolova, Bistra (2021) VIRTEU National Workshop - Bulgaria, Session 2 [Online]. Video recording at [18:09](#). Available at: <https://www.corporatecrime.co.uk/virteu-workshop-bulgaria>.

Pauwelussen, J. (2021) VIRTEU National Workshop - The Netherlands, Session 2 [Online]. Video recording at [08:21](#). Available at: <https://www.corporatecrime.co.uk/virteu-workshop-netherlands>.

Seguin, C. (2016). Cascades of coverage: Dynamics of media attention to social movement organizations. *Social Forces*, 94(3), 997-1020.

Su, W., & Tan, D. (2018). Business groups and tax havens. *Journal of Business Ethics*, 153(4), 1067-1081.

VIRTEU International Symposium "The Professionals: Dealing with the Enablers of Economic Crime" (*Corporate Crime Observatory*, 21 July 2021) <<https://www.corporatecrime.co.uk/virtu-symposium-the-professionals>>.

VIRTEU Roundtable "Whistleblowing, reporting, and auditing in the area of taxation". (*Corporate Crime Observatory*, 26 February 2021) <<https://www.corporatecrime.co.uk/virtu-whistleblowing>>.

Yamamoto, M., Kushin, M. J., & Dalisay, F. (2017). Social media and political disengagement among young adults: A moderated mediation model of cynicism, efficacy, and social media use on apathy. *Mass Communication and Society*, 20(2), 149-168.



THE CORPORATE SOCIAL RESPONSIBILITY AND BUSINESS ETHICS BLOG

Law, Business, Social Science, and Policy



The [Corporate Social Responsibility and Business Ethics Blog](#) is a scientific forum for analysis and discussion of corporate issues around the world. It also represents an innovative teaching platform, which is intended to facilitate a global interaction of both undergraduate and postgraduate students.

Areas of interest:

- *Bioethics, Healthcare, and Pharmaceuticals*
- *Business and Human Rights*
- *Corporate Crime and Financial Crime*
- *Corporate Governance*
- *Environmental Ethics and Sustainable Development*
- *Ethics and Responsibilities within the Supply Chain*
- *Ethics of Corporate Power and Wealth*
- *Standards of Health, Safety, and Security*
- *Sustainability of the Food Supply Chain*
- *Technology and Corporate Activities*
- *The Establishment of Moral Organisations*

Editor in Chief

Costantino Grasso (Manchester Metropolitan University, United Kingdom)

Editorial Board

Dawn M. Carpenter (Georgetown University, USA)

Jacobo Dopico Gómez-Aller (University Carlos III of Madrid, Spain)

Jérémie Gilbert (University of Roehampton, United Kingdom)

Karin Buhmann (Copenhagen Business School, Denmark)

Luca D'Ambrosio (Sciences Po, Paris)

Donato Vozza (University of Roehampton, United Kingdom)

Solomon Lumba (University of the Philippines, The Philippines)

Senior Contributors

Liemertje Sieders

Contributors

Amir Sherdil Rana, Bianca Oprea, Célia Mokhtari, Cleander Yu, Eden Benat, Kellisha Harley, Michael DeJesus, Ololade Durodola, Stephen Holden