From Grand Cayman to the tiny island of Minerva in the Pacific Ocean, Caroline Doggart has spent her career travelling the world to discover what makes tax havens tick. (Photo: Shara Henderson)

Tax havens, the offshore preserves of the rich, the furtive, and the multi-national, are not noted for their openness. Finding out about them requires persistence, digging, and a real love for the minutiae of tax regulation. Bringing a mass of information on tax havens together in one public place is an impossibly complex task. Nobody had tackled it until, in 1971, husband and wife duo Caroline and Tony Doggart’s stapled-together report, Tax Havens and Offshore Funds, was published by the Economist Intelligence Unit.

That first edition, which Caroline Doggart soon re-titled Tax Havens and Their Uses after Tony resumed a career in offshore fund administration, is now a glossy tome and the authoritative guide to working (and living) in a tax haven. The remarkable woman who brought tax havens into the
light is now 70, mostly retired, and living not on a tropical island but in west London. Like her subjects, she’s not used to the limelight, but her tale is an intriguing one as her work on tax havens has come to shape popular perceptions of these mysterious and often secretive places.

After some initial qualms (“I was never more than a spectator,” in the offshore finance world, she told me by email) Doggart agreed to meet me at her home. Her reticence is not a surprise - the intense, often exaggerated arguments for and against tax havens guaranteed that her commentary on the subject – which is independent-minded and outspoken – has sometimes alarmed those who, in her view, are unwilling to apply common sense to the question of how tax havens could survive without wholesale dependence on the offshore finance industry. Her suggestion, for instance, in a recent UK government report she authored on the development of Caribbean tax havens, that these small islands ought to generate revenues from hosting internet gambling sites, was not welcomed, and her report – deemed unpalatable to Commonwealth sensitivities over tax havens – was swept under the carpet and not published.

In my work as a corporate investigator and a writer on offshore economies, I had long known of Doggart and admired her work. I found myself as nervous as if I were meeting a celebrity, and somewhat intimidated by Doggart’s schoolmistress-like demeanour – stern and impatient, a fearsome intellect readying for battle.

Sitting down with a cup of tea, Doggart told me that she caught the tax haven bug at the Economist Intelligence Unit (EIU) in London, where she worked after coming down from Cambridge with a degree in economics and law in 1962. It was a scholarly setting that suited a young researcher with a high-minded approach. Soon, as the post-war economy began to shake out of its slumber, Doggart found herself at the EIU consulting for private firms intent on international expansion and growth.

She worked for shipping companies and hotel chains looking for the best places to set up subsidiaries and raise finance, and this led to detailed studies of the Netherlands Antilles and Switzerland. At the same time, she worked on a project for the UN Development Programme on how small countries could develop their economies. Travelling to Botswana and Vanuatu, Doggart’s eyes were opened: “I found it absolutely fascinating,” she says, allowing herself a smile, “these small countries were being left in the lurch and obliquely sidelined as the bigger economies developed and expanded trade.”
Her modest self-assertion that she was merely a ‘spectator’ of the tax haven world turns out to be untrue. She’s been to just about every tax haven on earth. It’s easier to find out which ones she hadn’t been to. There weren’t very many, she said: the Coco Islands and some other specks in the Pacific; Dijoubti, which for a few years in the 1990s opened its doors to offshore banks; and what Doggart calls one of the “jokers” – the Pacific Ocean reef of Minerva, allegedly the world’s only underwater tax haven, colonised in the early 1970s by radical ecologists looking to set up a human paradise on earth. They were chased away by the King of Tonga.

Doggart might have made her name – and probably a fortune – as a pioneer tax advisor for multinational corporations. But she decided she had had enough at the start of a tax haven project for a Mexican industrial group: “I did [this project] under protest for the EIU; I did not want to get into advisory work on tax havens. The whole subject was something I had no interest in at all.”

What did interest her was seeing a pattern emerging from these disparate small islands, of tiny countries choosing tax cuts or low or even no tax regimes to attract financial business. The big question for Doggart was “whether tax havens were a model for economic development,” particularly for dependent or newly independent former colonial outposts. It was a question she spent the rest of her career trying to answer.

In the late 1960s tax havens were only just beginning to be noticed by the wider world. Milton Grundy, a British lawyer credited with inventing the tax-exempt trust for the Cayman Islands, produced surveys of tax havens for a while, but these were tax planning manuals for the wealthy. In France, Alain Vernay, a financial journalist with Le Figaro, wrote articles on the “hidden depths of international finance,” and published the first investigative reporting into tax havens.

Then came Caroline and Tony Doggart’s “Tax Havens and Offshore Funds”, a special report published by the EIU in early 1971. As Doggart says of their respective contributions to the report, “I was tax havens and Tony [her husband, who worked as a fund administrator with Save & Prosper] was offshore funds.”

With this report, Doggart began to establish a new genre in understanding tax havens: in her view they formed nothing less than a single, unified jurisdiction that was subject to its own political and economic rules. This view became, from the late 1970s, the standard model by which the World Bank and other multilateral bodies analysed tax havens, and still do.
But what made Doggart’s reports convincing was the level of detail about the various tax havens - arresting nuggets of information that could only have been discovered by Doggart’s endless tax haven road trips.

I began researching tax havens a decade ago. Frustrated by a lack of hard facts and historical data, I came upon the 1971 EIU report buried in the LSE library. And there, in a dog-eared, stapled-together, 64 page typescript report, I found nuggets: how oil services company Schlumberger had moved its holding company to Curacao in the 1950s; how Gulf & Westem and Pan Am were issuing Eurobonds in the Netherland Antilles: how the Barracuda Tanker Corporation had its headquarters “conveniently sited in a Hamilton filing cabinet.” It was like removing the top soil on an archaeological dig and finding buried treasure beneath.

In 1975, the first properly bound and published edition of Tax Havens and Their Uses appeared. It was a sell out. Doggart remembers it went on sale in the middle of a three day week; the queue to buy it stretched several blocks down from the Economist bookshop on Regent Street. “It was all vaguely exciting,” she recalls in her understated way. “No one really knew anything about tax havens.”

The 1970s saw a phenomenal rate of growth and expansion in the tax haven and offshore banking world. Older havens like Luxembourg, Panama and the Cayman Islands were transformed by US and European banks getting in on the hot Eurodollar market - the buying and selling of dollar dominated securities outside the United States, which restricted such trade from taking place on US soil. Older- established tax havens – including Beirut and Liberia – became war zones, and were replaced by new entrants in the Pacific and smaller Caribbean islands.

There was a buzz around tax haven activity – unregulated, uncontrolled, unrestricted and glamorous with it – “a real entrepreneurial freedom,” says Doggart, and a world away from the grim experience of living onshore with tax rates of over 90 per cent, energy crises and industrial unrest. So it was not surprising that Doggart’s report was such a public success; its section ‘The Pros and Cons of Tax Havens for Emigrants’ proved particularly popular, and picked up on the trend of celebrities becoming tax exiles. Rock stars famously led the way: the Rolling Stones went to the south of France for a few years but Switzerland proved the bigger draw, with Ringo Starr, Freddie Mercury and David Bowie, amongst others, all moving there in the 1970s.
Doggart is candid on the folly of tax emigrants seeking paradise offshore. “An absurdity”, she says. Despite having spent much of her life trekking from one tax haven to another, the offshore life holds no appeal. “People who emigrate to tax havens where they have no roots are mad. What’s life about? It’s not about avoiding tax - it’s about friends and family, culture and food,” she says, adding, “Caymans’ useless for that!”

Once, she says, she received what she calls “hate mail” from an English couple who'd emigrated and retired in Montserrat. They accused Doggart of denigrating their new found paradise. “I wasn’t really denigrating them,” she says, “Montserrat was actually quite nice. But there was a whole series of nasty little banks there indirectly linked to the drugs trade – and the truth always hurts.”

She always felt that the uncontrolled expansion of tax havens into offshore banking centres was a brash, uncivilised affair. Initially, the raising of finance offshore was for productive investment onshore, “in real bricks and mortar” for industry, she says. But offshore finance soon became an end in itself, with money just shored up in tax havens. About this development she has one word: “Monstrous.”

It tested her thesis that becoming a tax haven was a way for small islands to take charge of their own destiny. The 1970s stampede of banks into Georgetown, Cayman, for example, turned the balance of power away from the island toward onshore banks in the metropolitan centres, creating a new kind of post-colonial dependency.

The encroaching dark side of tax havens makes its first explicit appearance in her 1987 report. Still published by the EIU but by now working as consultant to the World Bank and other development agencies, Doggart could see that tax havens were metamorphosing again after the Eurodollar experience.

Under the heading “The Jekylls and Hydes of the Haven World”, Doggart noted that the “strong arm tactics which have crept into anti-tax haven campaigns...are a necessary response to the growth of crime in some of the countries involved.”

She witnessed the emerging Caribbean drugs trade in Jamaica in the early 1980s. Underneath bananas left to rot in a plantation funded by the World Bank, acres of marijuana were being grown for export. “The farmers were making $400 an acre from the marijuana, and $80 an acre from the bananas. I told the World Bank about it but they didn’t want to know.”
Doggart sees in tiny tax havens something of her own spirit of self-determination. In her view, if a small island country finds a way to survive by not raising taxes or preserving banking secrecy, then so be it. “It’s a development model,” she says. “Small country with not much else to offer goes for a favourable tax regime – sometimes it works, sometimes it doesn’t.”

From the late 1990s, editions of THATU become increasingly preoccupied by what Doggart sees as the spectre of western governments launching what she says were “hysterical” campaigns to prevent tax havens from controlling their own destinies. Sticking to her belief in the right (if not always the ability) of tax havens to look after their own affairs, she gave her personal verdict on individual tax havens, whether they were good places to emigrate to or do business in, and how they were facing up to the various regulatory “countermeasures” against them.

But the new ferocity and controversy of the tax haven debate in the post 9/11 and Enron world meant that the well-meaning grounds on which her support for tax havens was based had to be defended as never before. One senses it wasn’t an encounter that Doggart relished.

Doggart is critical of the “blunderbuss” approach of the OECD, IMF, EU and G8, as they lined up to excommunicate and blacklist tax havens in the early 2000s, and again, though in more muted terms, after the financial melt-down of 2008.

But whatever the politics, the abuse of tax havens by the criminal and the unscrupulous still presents serious risks to the global economy. And in this long onshore-offshore war the old tax havens want to lose any taint of disrepute and become global finance centres on a par with London and New York.

The last edition of THATU came out in 2002. The EIU told Doggart in 2006 that there was “no appetite” for a new edition. “It was seen as a controversial subject and easier just to stop it,” she says. The 2002 edition is still available to order online from the EIU, but tax havens and the world they operate in have both changed much in the last decade. Doggart continues to write on tax havens and has produced reports for UK’s department for international development (DFID), the Commonwealth Secretariat and her own economic consultancy.
I suggest to Doggart that as a new era of financial regulation, restriction and control takes root, might the world not turn full circle back to the early 1970s when she started writing her bestselling reports? Is there a new renaissance for tax havens on the way?

Her answer is the kind of plain and logical response one comes to expect from Doggart: “It’s a matter of individual countries providing whatever they think is best to attract investment, jobs and income growth. Until we pay the same taxes across the world, there’ll always be places where you have to pay more or less tax.”

*William Brittain-Catlin is the author of “Offshore: the dark side of the global economy” and a corporate investigator. We are grateful to Shara Henderson for her permission to use this photograph.*