

Vox Populi and Volkswagens

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George Kaufman, who died in 1961, was a successful, prolific American playwright and a great wit. He was also a classic curmudgeon in the style of Noel Coward, W.C. Fields, Oscar Levant and Groucho Marx. The definition of a curmudgeon, like tax avoidance, is subject to interpretation but even so, because 'tis the season to be jolly I would like to infuse the column with an extra dose of humour.

Groucho Marx met regularly at New York's Algonquin Hotel with a coterie of curmudgeons and he described the gathering thus: "The admission fee was a viper's tongue and a half-concealed stiletto. It was a sort of intellectual slaughterhouse"; their targets included pomposity, incompetence, hypocrisy and pretension. (I would imagine that the transparency agenda launched by the Organisation for Economic Co-operation and Development (OECD) has probably produced a fresh crop of curmudgeons in the last year or so.)

"Call me old-fashioned" quipped Mick Jagger of the Rolling Stones, "but I don't think your ex-bank manager should be discussing your financial dealings and personal information in public". Mick, it might get worse. This is not good news for Latin Americans who are especially protective of their private affairs whose culture has an ingrained loathing of exposing both family and business affairs to the glare of the public spotlight. What may be acceptable elsewhere is irrelevant. If Anton Chekhov believed that we have both an open and a secret life, you should not be surprised to learn that Colombia's Gabriel García Márquez (known as Gabo), Latin America's version of Roald Dahl, went further: "Everyone has three lives. A public life, a private life and a secret life".

Governments should always have access to personal, sensitive information in order to corner criminals and terrorists; in my view, essential client information should be kept by service providers under pain of prosecution. As for those in the business of sheltering their clients from paying taxes due, they have a future similar to the American whale oil industry in the nineteenth century which supplied, in Herman Melville's words, "almost all the tapers, lamps and candles that burn around the world". They need to adapt, and quickly, as the wise whale merchants did who invested their capital in the new crude oil industry. Light thereafter came from a new source, and so can business for those playing with fire.

As the costs of compliance with America's Foreign Account Tax Compliance Act and the OECD drive for both private and business matters to be laid bare to public scrutiny reveal, bureaucrats can and do suffer from tunnel vision. Repercussions and consequences of policies can seem unimportant and show a level of concern I can best describe by calling upon the talents of George Kaufman, that doyen of debunkery.

During a television show a young, very popular American singer complained about some girls not wanting to date him because of his youth and he turned to Mr. Kaufman for advice. The playwright referred to California's Mount Wilson telescope that could magnify distant stars up to twenty-four times the magnification of any previous telescope. It was, he went on, unsurpassed in the world of astronomy until the Mount Palomar telescope (also in California) was constructed and which was able to magnify the stars to four times the magnification and resolution of the telescope on Mount Wilson. "... if you could somehow put the Mount Wilson telescope inside the Mount Palomar telescope, you still wouldn't be able to detect my interest in your problem". Many financial services practitioners onshore as well as offshore will agree with me that this anecdote puts – literally – the problem into focus. In 1964 The Rolling Stones recorded "It's All Over Now", and let's hope that 50 years later it does not also ring true for privacy.

In South America we have a celebrity curmudgeon in the shape of Uruguay's President José Mujica (known as Pepe) because of his ability to comment on the human condition, and many other things, without apology. I have written about Uruguay before (Latin Letter, Issue 194 "The

Land of Oxo" and Issue 238 "Galeano's Country") and we will return to Pepe in a moment.

Adjusting to reality, as some whalers did over a century ago, is common currency throughout Latin America with its fatalistic culture. Although Gabo was South America's crowned king of literature, who immersed himself in Kafka, Faulkner and Hemmingway, it is Eduardo Hughes Galeano who plumbed the depths of his Uruguayan history and produced *Las Venas Abiertas de América Latina* (Open Veins of Latin America), and which I have previously written about, that gave the world its mental image of Latin America at the time; however, unlike the Colombian's, his was a tragic, not magic, place. The book has sold more than a million copies (it's in its 84th impression in Spanish) and was Hugo Chávez's political bible; it's also considered a political creed in Bolivia, Ecuador and Argentina.

But earlier this year Mr Galeano in an interview said that he would find his book, written 43 years ago, unreadable today. He was attending an international book fair in Brazil and explained that he had lacked the necessary knowledge of economics and politics when he composed it and now it belongs to "a past era". His fellow country man, President Mujica, has undergone a rebirth himself (see Galeano's Country) and this former leader of Tupamaros, an urban guerrilla movement, who has been described as a philosopher of democracy, now favours it but also accepts that it is imperfect. Like John Maynard Keynes, when the facts change both author and politician change their minds.

The winner of Uruguay's presidential election at the end of November was declared after this column went to press. The choice was between Tabaré Vázquez of the Broad Front centre-left party (the outgoing president's party) and a youthful Luis Lacalle Pou of the right-wing National Party who would offer a fresh and progressive approach but one which might not be welcomed by the majority of voters in this conservative country. But even with those contrasting styles, I do not expect Uruguay, home of Fray Bentos corned beef and Oxo cubes, to veer too far off course, with its roots firmly planted in social democracy alongside Brazil and Chile.

In any event, the Broad Front has maintained its (slim) majority in parliament and José Mujica has been elected a senator, so his influence will be felt. He cannot be re-elected because the constitution prevents a president from serving a second consecutive term.

Today there is a great debate about democracy's political model which lay dormant, following the collapse of Athens, for all intents and purposes until the Enlightenment 2,000 years later. Attempts to resuscitate it in twentieth-century Germany, Spain and Italy never got off the ground and in 1941 there were just 11 democracies. It is true to say that as recent events have shown, and apathy has confirmed, democracy is in need of repair – not just in the United States of America, but other developed democracies as well. It is argued that the voice of the people is being drowned out – particularly in the US – by the voice of professional politicians supported by mountains of money. Electorates are circumvented by government, with the aid of technocrats, far too often; even the European Union's decision to introduce the euro in 1999 was mainly the work of technocrats; the two countries that did hold referendums, Denmark and Sweden, both said no.

Mr Galeano may find his famous book unreadable, but I am sure that his popular president would also consider reliance on professional politicians in democracies, who are hermetically sealed from the populace, and who in so many instances vaguely recall that taking part in political affairs is intended to be a duty and an honour, as unthinkable.

The US president rides in a Cadillac, costing over USD1 million, the British Prime Minister travels more modestly in a Jaguar XJ Sentinel. Meanwhile, an Arab sheikh wants to buy Pepe's presidential transport (a 1987 VW Beetle) for USD1 million. It's worth that as an icon of democracy. Alexis de Tocqueville writing about democracies said "that they are all confusion on the surface but have lots of hidden strengths". Perhaps a 1987 VW Beetle from a small South American country touring across Europe and beyond would remind citizens what some of those hidden strengths are.

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