

Is this the moment for the Tories to ask ‘Offshor...

Published: January 13, 2026, 6:10 pm

Policy Exchange, the key Tory think tank, [has a meeting](#) at 12.30 today under the title “Offshore Financial Centres: Help or Hindrance?”. The timing is staggering. I thought they’d know the answer right now. But the wade on, none the less, saying:

Prominent US economist Professor James R. Hines Jr is the Richard A. Musgrave Collegiate Professor of Economics and the L. Hart Wright Collegiate Professor of Law at the University of Michigan. He recently published a research report commissioned by the Society of Trust and Estate Practitioners highlighting the importance of offshore financial centres, and their contribution to the investment, employment, and the efficient functioning of markets and government policies in other countries.

He has written that:

“Offshore financial centres play a key role in the international financial system, improving the availability of credit and encouraging competition in domestic banking systems. The result is a boost in investment in the major economies, which ultimately support job creation and growth.

The evidence indicates that offshore centres contribute to financial development and stability in neighbouring countries, encouraging investment, employment and other aspects of business development. They have salutary effects on tax competition, promote good government, and enhance economic growth elsewhere in the world.”

I’m attending. I hope to put at least three questions to Prof Hines. The first is:

Offshore financial centres, or secrecy jurisdictions as I prefer to call them, reduce opacity. Anyone who researches this issue knows, and the research of the Tax Justice Network has proven, that it is difficult or nigh on impossible to secure any information on an entity trading from a secrecy jurisdiction. Efficient markets apparently require free flow of information to ensure the efficient allocation of resources. In that case how can it be that creating opacity improves the efficient functioning of markets?

My second question might be:

Domestic banking is, in all major markets and for all practical purposes, closed to new market entrants. There is clear evidence that in very many ways it is oligopolistic and that monopoly pricing occurs, particularly with regard to consumers and small and medium size enterprises. If offshore financial centres enhance domestic banking profits isn't that because that helps them disguise their monopolistic behaviour, undertaken at cost to society as a whole?

A third might be:

There is clear evidence that the most successful offshore financial centres / secrecy jurisdictions exist close to and under the protection of major states. The UK does, of course, play a major role in this activity. You argue that they contribute to financial development and stability in neighbouring countries, encouraging investment, employment and other aspects of business development but haven't you actually got the whole causality of this relationship wrong? Isn't it true that they actually exist to undermine the strong regulation, effective taxation systems and rule of law that create all those outcomes you observe and as such they do not promote the activities you observe but hinder them by encouraging free riding on the system, tax evasion, by undermining the rule of law, attacking the fundamental tenets of democratic government and the right of a government to deliver its electoral mandate without interference whilst diverting profit from productive to unproductive activity because it is artificially declared in tax havens and cannot therefore be remitted for productive use on the places in which it is really earned?

There are, of course, plenty of other possible questions. These will do for now.

I'm not expecting adequate answers.