

The Independent on Treasure Islands

Published: January 15, 2026, 7:12 pm

The economics editor of the Independent [has written a review of](#) Nick Shaxson's book, [Treasure Islands](#). To be candid, it's easily the most cynical to date.

As he concludes:

[A]part from new potatoes, gold-top milk and some tourism, Jersey has little going for it economically. Nor do most of the British overseas territories fingered by Shaxson - which are only nominally under UK jurisdiction, a point he neglects or misunderstands. Most are too small and poor to be independent states, even with their financial income. As a second-best they have been granted self-government and they are, uncomfortably for the rest of us, entitled to levy tax as they wish as of democratic, sovereign right - though their self-government sometimes leaves much to be desired. Why should the UK bully them?

Besides, it is an ugly but unavoidable truth that if Jersey or the Caymans didn't do it, then someone else would. At least in "our" havens, we have a chance of keeping an eye on things. In tax, the one great wearisome certainty is that someone, somewhere, in some other obscure treasure island with an even more relaxed attitude to dirty money, will always undercut you in the great race to the bottom.

With the greatest pf respect for Sean O'Grady who wrote this he's wrong. It's obvious he knows he is too. These places - all part of the UK and issuing UK passports - are not self governing any more than the Isle of Wight is. So long as they tow the line they can create their own laws, but all their laws are scrutinised in London, are subject to UK approval and we have the right to legislate for them and take them over when need be - as we have with the Turks & Caicos Islands right now. So much for self government. That's the convenient charade that suits the City, Westminster and these places and the financial services industry rather well. Implicitly he recognises this in his comment on being 'second best'. This shows he knows the charade is a simple game of legislatures for hire.

And again, with the greatest of respect to Sean O'Grady the logic inherent in this

analysis is only becoming of an economist, and a poor one at that. His argument on the race to the bottom is akin to saying ‘let’s not bother about crime as it will always be with us’. Or ‘let’s ignore the drugs problem as there will always be addicts’.

We don’t say that of crime, and for good reason. Nor do we say it of drugs, although the reality is that the statements I have made are true.

The difference in this case is that these statement he makes is simply not true of tax haven behaviour. As is being shown time and again, action is working. Under pressure tax information exchange agreements are being signed. As experience of them increases people are demanding that they be made to deliver. India’s is the latest voice at the table. And as the [EU has shown this week](#), contrary to all that Sean O’Grady says the EU and the UK have real power to impose change on the Crown Dependencies and demand real change, whether they like it or not.

O’Grady is wrong. There is no need for a race to the bottom. There are extremely effective weapons that can be used to tackle tax haven abuse. Automatic information exchange is one, and [a simple mechanism for achieving this goal](#) that makes tax information exchange agreements worth having is available. [So](#) we would know what profits are recorded by multinational corporations in tax havens, and what tax is not paid as a result. Registers of beneficial ownership of trusts and corporations would transform tax haven secrecy. And the use of a genuine unitary basis of taxation would almost eliminate the allocation of tax haven profits by multinational corporations at least.

The argument that the race to the bottom is inevitable is not in fact an argument at all. It is a statement of political wish, that the status quo be preserved and that as a result the abuse continue. But that is not necessary, at all. The members of the [Task Force on Financial Integrity and Economic Development](#) have shown that there is a viable alternative to this abuse. Apologists need to smell the coffee: we’re not going to let them get away with saying the abuse of the world’s tax systems is inevitable and nothing can be done about it because that’s just not true any more.