

## The elephant in the middle of the Bank of England's rep...

Published: January 14, 2026, 3:52 am

---

The Bank of England has [issued an important paper today](#). In summary it says:

*The paper sets out three objectives for a well-functioning International Monetary and Financial Systems (IMFS): i) internal balance, ii) allocative efficiency and iii) financial stability. The IMFS has functioned under a number of different regimes over the past 150 years and each has placed different weights on these three objectives. Overall, the evidence is that today's system has performed poorly against each of its three objectives, at least compared with the Bretton Woods System, with the key failure being the system's inability to maintain financial stability and minimise the incidence of disruptive sudden changes in global capital flows.*

It is quite literally impossible to argue with that: that's why the paper is important.

But when it goes on to consider causes and solutions although it considers opacity and although it considers imperfect markets and asymmetry not one does it mention the fact that the offshore world - of which in so many ways London is the hub - is a prime cause of all these things.

And for that reason the paper fails, badly. The BoE has acknowledged a problem. I cannot believe it does not know the solution. It must know to whom the capital controls to which it refers are a threat and yet it cannot say that tax havens are the problem creating this mess in the world's systems - at massive cost to many countries, as it rightly points out. We have a way to go yet.