

The Establishment's blind eye on the British Virgin Isl...

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As [the Guardian notes this morning](#), the British Virgin Islands are a land of sand, sea and secrecy. That's because the microstate is now the world's biggest provider of offshore entities. It is, to those of us in the Tax Justice Network, [a familiar tale and one we have long documented](#). Its arrival in the Guardian is all the more welcome though, just because of that.

And yet, as the Guardian notes, the UK refuses to step in and force it to reform. Why? This is their suggestion:

One reason was candidly spelled out by Michael Foot, a former Bank of England official and Financial Services Authority managing director. He reported to the then Labour chancellor, Alistair Darling, in a Treasury paper published in 2009, saying that to abolish the BVI's secrecy regime "would be likely to result in a loss of business".

Despite the protests of concerned NGOs that corporate secrecy could lead to crime and tax evasion, he rejected transparency, although he conceded it was "attractive in principle". He said the UK should merely "press for improvements" in disclosure by all overseas tax havens simultaneously, at unspecified future international discussions. This was seen by critics as a classic recipe for inaction.

The diplomat Sir Edward Clay, who won plaudits for crusading against corruption in Kenya, gave his opinion to the Times in September about the BVI's secrecy jurisdiction: "The money held in such places comes from all over the world and probably doesn't bear examination— which is why it doesn't get much.

"But it conveniently looks after our payments deficit, and saves us the cost of running our small dependencies ... The cost and damage inflicted on other countries by our louche regime at home and abroad makes us vulnerable to charges of hypocrisy and worse."

To put it another way, there is a corruption at the heart of the UK establishment that lets this happen. And that is the establishment of the City, of banking, of the Foreign Office and the old boy network.

And it has to change, because its complicity is criminal.