

## Tax evasion happens because powerful people permit it. ...

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I [have already referred](#) to the new report from the OECD, published today, in which that agency says that action to tackle tax evasion is far too weak to stop illicit financial flows within and between nations - especially, but not solely, from developing countries.

This is a theme I have long worked on. My first contribution to debate on this issue was the first version of [The Price of Offshore](#) back in 2005 and I have since written about it for the World Bank and others. The fact that the scale of the issue (long, [incidentally challenged by the likes of the Oxford Centre for Business Taxation, much to their discredit, and also factually incorrectly](#)) has now been acknowledged is welcome. So too is the fact that action being taken to tackle this issue is stated to be inadequate is welcome. But, that still leaves an important question, which is why has this inaction been tolerated?

The argument on the scale of tax evasion is vibrant. I have contributed figures for the UK and EU. I have in the past contributed to research on losses to developing countries. I think such figures help. The OECD is not endorsing any today. They do not need to do so: [I am happy that the loss to the world that I have estimated](#) of \$3.1 trillion is indication enough of the seriousness of the issue. And yet as the OECD notes, prosecutions are rare, and non-existent in a great many countries. The question is, why is that?

The answer has, I am afraid, to be a simple one. It is 'because there are powerful people who want it that way'. To put it another way, organised crime on this scale cannot happen without consent. So the question has to be whose consent has been given, and the answer to that is the bankers.

We know banks money launder. [HSBC has been fined at least \\$1.9 billion for doing so.](#) And despite this [those responsible for the bank at the time it was undertaking this criminal activity have flourished](#). One, indeed, became a UK trade minister. Better example of turning a blind eye could not be found.

Can that be chance?

Can the fact that a major academic institution, [heavily funded by major multinational corporations](#), appeared to undermine the NGO campaign by a tiny number of us to draw attention to this issue be chance?

Is the fact that the government is refusing to take any really effective steps to tackle this problem in the UK (its proposals on tackling the problem of disclosure of beneficial ownership in the UK rely on self certification by criminals and so are as likely to be as effective as a chocolate radiator) chance?

I personally do not think so. I think there remains a massive desire on the part of the financial elite to support tax evasion activity because it hides their own wealth from tax. The mechanisms used are, after all, identical.

And in this regard the fact that the Big 4 firms of accountants are in all the major tax havens is not chance. Of course they may not be engaged in any way with tax evasion, but what they do by being there is lend their credibility and support to these places, and help write the rules of secrecy which are of massive profit to them. In the process they may serve a legitimate clientele but coincidentally provide the mechanisms and architecture for abuse.

This is not by chance. This is deliberate.

Tax evasion happens by consent. And bankers and accountants are high on the list of those who are consenting.