Funding the Future

If markets are to survive those who believe in them nee...

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The political dimension of the report by major NGOs that the tax havens amongst the UK's Overseas Territories are not doing enough to tackle corruption that the secrecy they legally tolerate permits is brought into sharp focus by this report in the Financial Times this morning:

David Cameron has been urged to intensify efforts to prise open offshore companies by campaigners who say the resistance of Britain's overseas territories to his transparency drive is a "national embarrassment".

But Westminster's latest demands have been flatly rejected by the Cayman Islands, which said last week that no country in the world gave unfettered access to the information Britain was asking for.

According to the FT:

Alden McLaughlin, the premier of the Cayman Islands, told its legislative assembly on November 26 that he had turned down the latest request of the UK government to give law enforcement agencies direct access to beneficial ownership information. "To do otherwise would place the Cayman Islands at a competitive disadvantage with other jurisdictions that do not permit unfettered access to beneficial ownership," he said.

So, there is a stand off: commitments made to the UK government are not going to be honoured because the race to the bottom in regulatory abuse is too important, and feeding the demand from international crime is too lucrative.

I get the feeling we are coming to crunch time on the issues surrounding tax justice. I wrote yesterday on how this appears to be happening in the case of country-by-country reporting, where the US is the front line.

Now it appears that the past warm words on tax haven reform are now disappearing as we reach the point where reality is biting and the kick-back (I choose my words carefully) has begun.

Both battles need to be won or all the words and actions of the last few years are meaningless and unfettered tax abuse will continue.

And let's have no doubt what this is about: this fight is about saving markets from the abuse that will destroy them and any concept of economic freedom. This is not about asserting grand libertarian ideals, this is about ending the corruption that follows from the unlevel playing fields tax havens create and which will destroy any free-market concept from within.

I have argued for more than a decade that the tax justice movement may be the most pro-fair market movement there is in the world because only by delivery of openness and transparency can market logic survive as the mechanism to allocate capital for best use in society. It's time for all those who believe that markets have a role to play in society to stand up to the abuse promoted by places like Cayman and say just that. Or markets may be destroyed from within.