

The four biggest threats to democracy?

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Larry Elliott [noted in the Guardian yesterday](#) when writing about the [Kilkenomics festival](#) that:

Richard Murphy, who has been the source of many of Jeremy Corbyn's economic policies, including "people's QE"— the creation of money to pay for infrastructure projects — is a big draw.

Actually, somehow Larry and I managed to miss each other the whole weekend: we must have been in different pubs.

Someone I did bump into was Louise Cooper who, amongst other things, writes for The Times and she has [a shortish article](#) on my interview on Saturday in that paper today (paywall). This is riddled with errors.

First, Larry got it right when saying that I am a source of Jeremy Corbyn's economic policies but Louise wrote that I was his 'top economic adviser' despite the fact that I made clear all weekend that this is just not true: I have no role at all that I am aware of, a point I also had to make time and again to Liam Halligan of the Telegraph, who insisted to audiences I was now on the Westminster payroll when nothing is further from the truth.

Then Louise said I found the Tax Justice Network when I made very clear I was a co-founder.

But what she also reported was that:

Mr Murphy did not restrict his fire to national governments. He also joked that the biggest threat to democracy in the world came from the four big accounting and tax advisory firms – PwC, Deloitte, EY and KPMG.

Two things about this. The first was I wasn't joking. The second, context is everything. This comment was, of course, made in the context of tax havens and, within that context is, I think, entirely appropriate.

Tax havens have been used to undertake what is best described as a tax war on the right of democratic countries to collect the revenues that are owed to them as a consequence of the laws that they pass. This is not by accident; this is a policy pursued by design, with that design being undertaken by a combination of the lawyers, accountants and bankers who populate such places in combination with the legislatures of those jurisdictions.

As we now well know, very little, if anything, really happens in many tax havens: [the purpose of these places is to record transactions that really take place elsewhere](#). But this legal fiction could not occur without the willing cooperation and enablement of the financial services sector, and most especially the participation of the big four firms of accountants (PWC, KPMG, EY and Deloitte). As [I have shown](#), they are the most persistent, recurrent presence in tax havens worldwide. Bankers and lawyers may always be present, but which of these occurs where does tend to vary: the Big Four accountants are notable by their consistent tax haven activity.

This is not chance: without the presence of these firms it would be impossible for the world's largest corporations to make use of such jurisdictions because the activities that they supposedly undertake in these places must be audited, which is what the Big Four do, giving them a clean bill of health in the process, and therefore the Big Four firms can be quite rightly considered to be critical enablers of offshore tax abuse.

This was precisely the point I was making on Saturday: if these firms have consistently acted to undermine the tax revenues of elected governments, which action has posed a threat to the ability of those governments to fulfil their democratic mandate, and they have done so knowingly, being aware that some say that such undermining action is a necessary condition of constraining the role of government, then I believe it is quite fair to say that they represent the most significant, coordinated threat to the right of democratic governments to act as electors would wish them to do around the world. That the same firms do also, it seems from what I see, take part in the design and implementation of new tax and corporate legislative reforms in tax havens simply adds to the charge sheet.

The fact is that in my opinion if the Big Four were to withdraw from tax haven activity the vast majority of the abuse of these places by the world's multinational corporations would cease. The Times failed to mention that I did make this point clear on Saturday. But as a result they do not make clear why the comment was appropriate. After all, it's hardly radical to say that stopping tax haven abuse is necessary. Why then is it news to name the enablers?