The Big 4 in the firing line

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The Guardian reported last night that:

Labour has said that if it was in government the Department for International Development would stop using the services of the "big four" accountancy firms to deliver aid projects if they or their clients continued to use tax havens.

The party said the Luxleaks scandal demonstrated how the firms promoted international tax avoidance, which costs developing nations $200bn (£140bn) a year, 50% more than the total amount they receive in aid from rich countries.

Diane Abbott, the shadow secretary for international development, said: "There is a clear conflict of interest in Dfid spending aid through these firms to reduce global poverty because these companies are themselves fuelling legal theft of the developing world's public finances. This practice undermines development work.

I would stress that I am aware of the debate about the scale of cost to developing nations from international tax abuse: I would add that work I did for the World Bank as long ago as 2010 suggested the number quoted is plausible.

That though is not the key issue here. The focus on the Big 4 is. They are, as my 2010 work on their locations (also originally prepared for the World Bank) showed, the one continual ever present certainty within tax havens. Without them the world's offshore architecture would be very different indeed. The focus on them is, then, appropriate. That is because the one thing that could most certainly bring tax haven abuse to an end, virtually overnight, is the withdrawal of these firms from those places, which would then mean that no bank and many firms of lawyers and almost no multinational company could then make use of them.

If anyone wanted to pick an appropriate target on which toi bring pressure to bear they are, then, the right one to choose.