

The secret power behind the City of London

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Who really governs Britain?

In this video, I explore the hidden political power of the City of London Corporation and the offshore finance network linked to it.

Most people have heard of the City of London, but very few understand that it operates under a unique constitutional structure unlike anything else in the UK.

Businesses vote in its elections. It has its own police force. It enjoys extraordinary political access. And it acts globally on behalf of finance capital.

I argue that the City lies at the centre of the global tax haven system connecting London to Jersey, Guernsey, Cayman, Bermuda, Gibraltar, the British Virgin Islands, and more. Together, these places create a network designed to protect wealth from taxation, regulation, and democratic accountability.

This matters because governments increasingly behave as though the financial sector has veto power over democratic choice. Policies are shaped around “market confidence” rather than public well-being.

I also discuss the reforms required if democracy is to regain control over finance, including transparency, beneficial ownership registers, public reporting, sanctions on secrecy jurisdictions, and the abolition of corporate voting rights within the City itself.

The question is simple: should finance govern democracy, or should democracy govern finance?

https://www.youtube.com/watch?v=PlpcLU7WABk?si=c3-sVxYjaJ_f67Fz

This is the audio version:

https://www.podbean.com/player-v2/?i=wsiu8-1ac7b9c-pb&from=pb6admin&share=1&download=1&rtl=0&font=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

Many people talk about the City of London and the problems it creates for the UK, and they should. Finance is a curse in this country, sucking wealth towards a few and destroying the well-being of many, whilst also deeply undermining British industry, a process that Margaret Thatcher started and which still goes on today.

But there is another issue we need to talk about as well when it comes to the City of London, and that is the existence of the so-called City of London Corporation, which governs the square mile and has a global reach, which drives the anti-democratic attack by the City on the UK itself.

The City of London Corporation is the local government for the City of London. But let's be clear, it's not like any other local government that we have in the UK. For a start, companies can vote in the elections for members of this local government, and that is the sure sign that this is not as such local government, but it is the power of corporate wealth in action, seizing control of the City to be used as a vehicle for the advance of its interests.

Almost a state within a state; this Corporation should not exist in its current form. It is not a harmless historical relic with quaint ceremonies. It is one of the key institutions underpinning the global tax haven system, and that system itself undermines democracy and economic justice. It constrains the ability of elected governments to govern for their people, and its existence raises a serious political-economic question and not a rhetorical one. We should talk about it.

Most people think tax havens are small, tropical islands with brass plate offices. Those places do exist, of course, but they are outposts and not the epicentre of that system. That epicentre exists in London. The City connects outwards through the Crown Dependencies and the so-called British Overseas Territories: Jersey, Guernsey, the Isle of Man, Cayman, Gibraltar, Bermuda, the British Virgin Islands, and more. All are part of this network, and together they form an integrated system built around secrecy and tax abuse intended to undermine governments. And when it comes to government, the City of London Corporation operates as a state within the UK state.

It has its own police force and its own governance structures. Businesses, as I've

already noted, are given votes in its elections, and it has privileged access to ministers and policymakers. The Lord Mayor of London is treated as if they were a Cabinet Minister of the UK when they go abroad, with honours being provided as a consequence, and yet the City of London Corporation is simply a lobbying organisation for finance while pretending to be a civic body. It operates within the UK constitution, and yet is far apart from it.

Let's be clear about why the City of London Corporation still exists. That has an easy and straightforward answer. This organisation exists to protect capital from democratic accountability. Its historic role has always been to protect wealth from democratic control. It was never primarily about serving the broader UK economy. It's always been about protecting capital from the UK state and extending British financial power abroad. It was, and still is, colonisation in action. The empire might have formally ended, but the financial structures it created have not; they have evolved into the offshore network we have today.

That offshore network has three core functions.

The first function is to permit wealth to escape taxation. Let's not beat around the bush here. That's what it's for. That's what it does. It succeeds. We know that. Despite all the efforts I have spent over the years attacking this process, there is still tax leakage out of the UK and into tax havens.

The second function of tax havens is permitting wealth to escape regulation through opaque structures. The shell companies and trusts that are created by tax havens avoid accountability on the part of capital.

And the third most important function is to undermine democratic governments. Let's not beat around the bush here. I have, for a long time, called the offshore world the aircraft carriers of the anti-democracy movement. They exist to undermine democratic choice by you and me. If capital can always threaten to leave, which we hear it do, quite often, elected governments feel constrained, and that is what tax havens exist to facilitate. They are the bolthole to which capital will go when it threatens to undermine the government's choice. Governments fearful of offending the owners of mobile capital are incapacitated as a result, even though they don't need to be.

The work that I have done has shown that tax haven secrecy can be shattered. I did more on this perhaps than anybody else, and I'm not being vain when I say so. I created country-by-country reporting, which is the system by which large multinational corporations now have to report their tax haven operations to their tax authorities. And I was also instrumental in lobbying for the process of automatic information exchange from tax havens, which means that those people from the UK who locate their funds in tax havens do have their affairs in those places reported back to the UK, at least in theory.

Those things have undermined the offshore world. But the threat still exists, and government still believes it, and therefore the power of offshores is still maintained, as is that of the City of London Corporation.

And this tax haven system was not created because governments are weak. It was created because powerful interests wanted governments to be weak. The City has consistently promoted deregulation and financial liberalisation. It has backed offshore structures, banking secrecy, and opaque ownership. It has promoted the ideology that what is good for finance is good for Britain, and that ideology is demonstrably wrong. It is why everything is failing in Britain today.

That dominance of finance has not served the broader UK economy. Productive investment has suffered, and regional inequality has deepened. Housing has become a speculative asset rather than a social good. Industrial policy has been abandoned in favour of investment in the financial sector, and asset bubbles have replaced real economic development. Governments now behave as if City approval matters more than public well-being, and we are seeing that right now.

Keir Starmer and the commentators upon his fate are all talking about the fact that if he goes, the interest rate in the UK will be forced up by the City of London. He is, as I have long argued, the leader of the Labour Party in the interest of bankers and not in the interest of workers, and the evidence is plain to see.

Ordinary people are then told as a consequence of this bias to the City, whether it is true or not, that there is no money to fund public services or social security as a result of the demands of the City of London. And at the same time, enormous wealth is hidden offshore beyond effective scrutiny.

People are noticing that contradiction, even if they do not know the precise mechanisms. They understand that there's one set of rules for mobile capital and the wealthy who own it, and another for everyone else. They are correct in that understanding. This is a major driver of rising anger at politics and democratic institutions, not just in the UK but around the world.

So what can we do then? The City of London Corporation is a constitutional anomaly, not an accident of history. It is preserved because it serves powerful interests and not because it serves the public. No serious democracy should allow medieval governance structures of this sort to have political influence. And no serious democracy should tolerate an offshore network built into its own constitution, and yet that's what we do because the UK political establishment has remained entangled with the interests of the City for far too long. Governments of both main parties have treated the financial sector as untouchable. And that's why we are in the mess we are.

The result is a state that undermines its own authority, and the UK government is increasingly unable to fulfil its core functions because it kowtows to the City of London.

Yet it continues to defend the very structures that undermine its own authority. This is obviously not a sustainable position. It is a structural contradiction.

The assumption that UK prosperity depends on protecting finance is not supported by evidence. The dominance of finance has weakened the UK's productive economy and not strengthened it, and the cost has been paid by the public and not by those who benefit from the system, who have been enriched as a consequence.

The City of London Corporation should then be abolished as a separate political entity. The government of the UK needs to take on the government of the City of London and get rid of it. We need a revolution in this country; it is to get rid of our second government in the City of London. It has existed for too long to support privilege, and that privilege must end, and its corporate voting rights must be removed.

At the same time, the offshore network, which is linked to the UK, must be dismantled through transparency measures. These are long overdue. There must be proper registers of the beneficial ownership of companies that are held offshore, and trusts as well, because they are just as important in this world. And at the same time, full accounts of all companies registered offshore must be placed on public record. There should be no excuses for opacity. And the automatic information exchange system, which has been put in place, should be subject to rigorous monitoring to make sure that it works. We cannot be sure of that when we depend upon local regulators to say so, because they might be captured by the local finance industry.

Secrecy jurisdictions, which is what I call tax havens, that refuse to comply should face sanctions, and that should be by way of tax withholding on money flowing into them, but most of all, elected governments in the UK must govern for the people who elected them and not for the benefit of mobile capital. That is why we need this revolution to suppress the power of the City of London. We must put people first, and we are not doing that right now because of the corruption inherent in the structure of the City of London Corporation. It has to go.

That's what I think. What do you think? There's a poll down below. Please let us have your opinions. Please do share this video. Please do like our channel, and if you're so inclined to make a donation to support our work, we would be very grateful.

Poll

[poll id="398"]