

# The Guardian

## Jersey Finance paid IEA to rubbish 'hotbeds of tax evasion' claims

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A report by the Institute of Economic Affairs (IEA) rubbishing the idea that offshore financial centres were “hotbeds of tax evasion” was paid for by the Jersey financial services sector.

Jersey Finance, which represents banks, law firms and accountants in the Channel Islands crown dependency, gave an undisclosed sum to support the publication. It claimed tax havens boosted the wider economy and that they did not diminish tax revenues in other countries. It also called for their status to be protected.

The IEA, which faces a Charity Commission investigation into its political independence and charitable status, did not disclose the support in what it billed as an IEA discussion paper.

The IEA’s director, Mark Littlewood, told an undercover investigator for Greenpeace how the report, published in June, would be used to “frame every debate and discussion we go to, about why we shouldn’t be shutting down Jersey and Guernsey as offshore centres”.

The paper was written by Diego Zuluaga, an economist at the rightwing Cato Institute in Washington DC. He said “an ominous alliance of revenue-greedy politicians, ideological campaigners and rent-seekers ... aim to dismantle the liberal financial order ... eliminate tax competition and constrain the movement of capital in order to bring it under their control”.

He argued against undermining the existence of offshore financial centres and claimed that reducing tax avoidance – “a legitimate activity among rational people” – would reduce productive investment.

The financial services industry in neighbouring Guernsey, another tax haven, funded a separate report about financial services regulation and hosted its author, Shanker Singham, for an event at a hotel in St Peter Port, which billed him as “the Brexiters’ brain”.

This was published as an IEA paper, but had been written when Singham was working at the Legatum Institute, a rival free-market thinktank. Legatum confirmed it was paid by Guernsey to produce the report and host the event.

The IEA said: “Any received funding does not, under any circumstances, influence the conclusions of reports and our rigorous peer-review process means we are confident that our output is independent and free from conflict of interest.”

Jersey and Guernsey have been facing pressure from Westminster to reveal the beneficial owners of companies registered in their territories. It follows international tax scandals emanating from offshore havens such as Panama and Luxembourg. British overseas territories, including the British Virgin Islands and the Cayman Islands, will have to implement public registers by 2020 and MPs have said they could face legislation if they do not act.

Jersey alone is home to wealth worth more than £1.3tn in trusts, corporate structures and funds, according to a previous report published by Jersey Finance. About 22% of the country’s jobs were – as of December 2017 – in the financial and legal sector according to government figures.

A spokesman for Jersey Finance confirmed it had paid the IEA and said it believed “it is vital that this kind of research exists to clarify the significant and positive role international finance centres like Jersey play in the modern global economy”. It said it checked the paper for factual accuracy where Jersey was referenced, but did not have any editing rights.

The donations emerged after the Guardian reported that the IEA accepted a £8,000 donation from the casino industry after it published a paper arguing for more casinos to be allowed in Britain’s towns and cities. Again the research paper did not disclose the casinos had any role, but they fact-checked the report and the Guardian understands senior casino industry figures met the author before publication.

The rightwing thinktank was established as an educational charity and has not routinely disclosed its donors, but it was known to have been also funded by the oil company BP, tobacco and alcohol companies.

The IEA also faces an investigation by the government’s lobbying watchdog, Alison White, to determine whether it should be registered as a lobbyist and be obliged to disclose its financial donors.

Greenpeace’s undercover investigation this week revealed how the IEA offered potential donors the ability to shape “substantial content” in its research reports. It arranged for two US donors with interests in US farming who had pledged £35,000 to meet the MP Steve Baker, then Brexit minister, and had promised introductions to an investigator posing as a potential donor to other ministers.

A spokesperson for Baker said any suggestion he would attend meetings because “access” to him was being sold was entirely false.