British Virgin Islands premier's arrest exposes Britain's central role in global corruption and criminality

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On Thursday, the US Drug Enforcement Agency arrested Andrew Fahie, prime minister of the British Virgin Islands (BVI), in Florida charging him with drug trafficking and money laundering after undercover agents caught him in a sting operation set in motion last October. Also arrested were BVI port authority director Oleanvine Maynard, and his son Kadeem in a separate operation.

The arrests expose the financial skullduggery of not only the BVI, one of the world's premier tax havens, but Britain, which retains overall control of the islands. Far from serving as a check on criminal activities, Britain stands exposed as the ringleader.

US law enforcement officials lured the pair into Miami's Opa-Locka Executive Airport with the promise of $700,000 in cash in designer shopping bags in return for help in enabling drug shipments. Earlier this month, Fahie had agreed a 12 percent commission on a three-ton shipment for cocaine smuggled via the BVI. According to court filings, Fahie had complained that "the British did not pay him much."

British Foreign Secretary Liz Truss struck an outraged pose, saying she was "appalled" by the arrest and associated revelations. The BVI has long been known to be the centre of a major drug trafficking route, with shipments of cocaine routed from Colombia to the US through the islands. In November 2020, the authorities seized more than two tons of cocaine at a property on the islands belonging to a serving police officer. Truss immediately dispatched Amanda Milling, the minister for overseas territories, to the British Virgin Islands for talks.

Fahie, widely described as a flamboyant character, was first investigated in 2003 in relation to money laundering, allegations he denied as 'outdated, unproven, and unsubstantiated,' but the investigation resulted in no action being taken against him.

So rife were the allegations of drug smuggling, corruption, nepotism, jury intimidation and the misuse of public funds that in January 2021 Britain's then governor of the islands, Gus Jaspert, who once served as private secretary to former Prime Minister David Cameron—himself a beneficiary of BVI's tax haven status, was forced to set up a Commission of Inquiry into mis-governance in the British overseas territory.

However, as the present governor John Rankin pointed out, "The remit of the Commission of Inquiry focused on governance and corruption and was not a criminal investigation into the illegal drug trade." He failed to explain why it did not deal with the serious claims of high-level collusion with drug trafficking.

The Commission, due to report last January, conveniently published its 943-page long report the day after Fahie's arrest. Headed by retired judge Sir Gary Hickinbottom, it found that "almost everywhere the principles of good governance… are ignored" but concluded it was "highly likely" that serious dishonesty had taken place. It recommended imposing direct rule from London by the BVI's governor, tantamount to putting the mafia boss in direct charge.

The recommendation to suspend the elected government and impose direct rule comes just months after Barbados dumped the Queen as head of state and Prince William and Kate's visit to Jamaica prompted similar calls, amid protests calling for apologies and reparations over slavery and historical mistreatment.

The lawyer hired to defend Fahie's administration is former attorney-general, Sir Geoffrey Cox, widely criticized for taking on highly lucrative legal work when being a Conservative MP is supposed to be a full-time job. He earned more than £1 million in 2021 from his non-parliamentary work for the international law firm Withers. During his visits to the BVI, he stayed in a luxury villa that costs $7,100 a week to rent during the low season, paid for by the BVI government.

The 50 or more islands that comprise the British Virgin Islands are situated to the east of Puerto Rico and the US Virgin Islands and have a population of just 30,000. After capturing the islands in 1672, the British introduced sugar cane production and brought slaves from Africa to work on the plantations. In the years that followed the Abolition of Slavery in the British Empire in 1833, the BVI, like its counterparts throughout the Caribbean, was never able to overcome British imperialism's legacy of underdevelopment, dependency and economic hardship.

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On gaining notional independence from Britain in 1960, when few people had access to electricity, the BVI diversified away from its traditionally agriculture-based economy in favour of tourism and financial services for the world's corporations and kleptocrats that use the islands as a tax haven. Since the 1980s, the BVI has become synonymous with the tax avoidance industry, hosting the brass plates of 370,000 companies that control an estimated $1.5 trillion of assets, and is now one of the wealthiest areas in the Caribbean.

The scale of its transactions is enormous. By 2012, according to the *Financial Times*, the British Virgin Islands was the fifth largest recipient of foreign direct investment globally, "with inflows at $72 billion, higher than those of the UK, which has an economy almost 3,000 times larger." Despite the enormous wealth controlled by BVI's corporations, little remains in the BVI, with BVI's entire banking system holding just $2.5 billion.

The money, often of dubious origin, and the financial services industry that provides the necessary legal cover is channeled through these tax havens that offer their owners both anonymity and tax-free status. The money is then funneled through to businesses and banks in the City of London that then pay little or no tax on their operations, while at the same time underpinning London's position as a major financial centre as it laundered the world's dirty money. Such is the sordid status today of what was the world's first major capitalist state.

This is likely why the US launched the sting operation: to undermine London's position and shore up New York's. It comes as the City of London is still reeling from sanctions imposed in the wake of the US/NATO provoked war in Ukraine on Russian oligarchs who have parked their money in Britain's capital.

The latest scandal follows the release of the Panama papers in 2016, and later the Paradise Papers in 2017 and the Pandora Papers in 2021, by International Consortium of Investigative Journalists (ICIJ). The Pandora Papers' analysis identified 956 companies specializing in offshore tax havens with ties to 336 "high-level politicians and public officials, including country leaders, cabinet ministers, ambassadors and others." "More than two-thirds" of the companies identified were "set up in the British Virgin Islands."

The BVI is one of the 15 British Overseas Territories, a collection of islands strategically located around the world. Most of them function as tax havens and military bases for British imperialism, with Britain responsible for their criminal justice system, defence and foreign relations. To put it another way, their governments have no more powers than local authorities in Britain. The British government can issue instructions to the BVI, declare a state of emergency as the previous governor Jaspert did after Hurricane Irma caused devastation on the islands in 2017, and even assume overall control of the islands.

Thus, Britain plays a crucial role in enabling the tax havens that protect the wealth of the world's kleptocrats and depriving the world's governments of nearly half a trillion dollars through tax abuse by multinationals and the super-rich, according to the *State of Tax Justice 2021* published jointly by the Tax Justice Network (TJN), the Global Alliance for Tax Justice and the global union federation Public Services International last November. It found that estimated tax losses had risen from $427 billion in 2020 to $483 billion in 2021, although these figures were likely "the tip of the iceberg", with the UK alone responsible for almost 40 percent of the total. These losses must be recouped through savage cuts and ramping up the taxation and, above all, exploitation of the working class.

For decades successive British Chancellors of the Exchequer have lyingly protested their helplessness in the face of tax havens, even as the governor of the BVI, and the governors of Britain's other tax havens, has for decades and by right attended and presided over the BVI's cabinet, and is thus intimately involved in the formulation and implementation of its financial policy.

Fahie's arrest come as British politicians, many of whom benefit from Britain's offshore tax havens, insist there is no money to pay for the most essential social services. They allow the world's financial elite and its bribed political stooges to dodge taxes by stashing their wealth in secretive locations right under the noses of the so-called "financial regulators," while the working class is told it must accept ever worsening poverty and deprivation.

The whole disgusting episode illustrates the basic reality that criminality, corruption and misrule are not the result of a few "bad apples" but flow inexorably from the essential nature of the capitalist system. Clearing out the billionaire oligarchs, corrupt politicians and criminal CEOs who are today plotting wars of plunder requires the building of a socialist movement of the working class in opposition to the present social order.

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