

Curious work at the City of London's local government

The United Kingdom's current role in the world seems paradoxical, even contradictory. On one hand the government is committed to spending 0.7 per cent of gross national income on foreign aid, despite the most severe budget cuts. Only spending on health care is similarly protected.

On the other hand Britain remains at the heart of the neo-liberal revolution. When I studied at IDS in the mid-1980s this was understood there to be wholly damaging to development. Although little recognised at that time, it is now clear that this movement – at least in the UK – has banks and finance at the core.

The ground was laid by the City of London itself in the 1950s, when the Bank of England facilitated the emergence both of tax havens and international lending in the eurocurrency markets.[1] These – the beginnings of globalisation – revived London's position as the centre of world banking.

Then in the 1980s Britain pioneered free capital flows, the privatisation of state-owned industries and public services, plus the flattening of income and corporate tax rates.

Mention of 'the City' – the oldest and smallest piece of London – is not accidental. This ancient area holds a strange place in the unwritten constitution. Since Europe's Middle Ages, the City has remained at arm's length from full control by the English – later British – state. As national government moved towards democracy, its institutions always held the power to resist. Thus, its local council (which goes by the archaic name of 'Corporation') remains separate from the 32 boroughs of Greater London

that surround it, with an anachronistic franchise which gives more votes to companies than residents.[2]

On this elective base, the City of London Corporation lobbies actively on the financial sector's behalf. Financed by its own assets worth over £1 billion, it is host to a lobbying organisation, TheCityUK, with offices in the Corporation's own Guildhall and Brussels. TheCityUK has two influential committees, the London Trade in Services Committee, on international trade issues, and the International Regulatory Strategy Group, which works on financial regulations.

Officially described as 'practitioner-led', the IRSG is overseen by a 51-member [council](#) representing everyone in finance from Goldman Sachs to the Bank of China and the Wealth Management Association. In its chair sits Rachel Lomax, formerly deputy governor of the Bank of England, and her deputy is Mark Boleat, who is Chairman of the Corporation's Policy and Resources Committee – elsewhere described as its 'de facto prime minister'. There are named observers from the Bank of England, three departments of government including the Treasury and Foreign Office, and all three financial regulation bodies.

This tie-up of public and private interests undertakes detailed policy analysis and high-level political lobbying. IRSG's briefings go to the European Commission, the European Parliament's committees, the Bank for International Settlements (which coordinates the world's central banks), among many other powerful institutions. That is curious work for a local government (), at a time when other local authorities are facing the most severe of all budget cuts for their essential tasks.

It seems to me that a high priority of the next government should be to remove the City's constitutional privileges. It must do what no previous government has achieved by placing the City under the ordinary rules of local government, on the normal democratic basis. Financial lobbying should be left entirely to the private sector, which does plenty of it already

from bases in the City, without the Corporation's additional help.

[1] Shaxson, N. (2010), *Treasure Islands: Tax Havens and the Men who Stole the World*.

[2] See the film [Secret City](#) by Lee Salter of Brighton University.

Listen to Thomas Lines on Radio Free Brighton



RFB: United Nations Association - ...
by RadioFreeBrighton [FOLLOW](#)

00:00  -1:02:14

89 0

[RFB: United Nations Association – "City of Power" lecture by Tom Lines](#) by [Radiofreebrighton](#) on [Mixcloud](#)