

Oliver Bullough

In conversation with Andrew Kelly

Andrew Kelly: Hello, and welcome to Bristol Ideas. I'm Andrew Kelly and I'm talking to Oliver Bullough about his new book, *Butler to the Word: How Britain Became the Servant of Tycoons, Tax Dodgers, Kleptocrats and Criminals*. Oliver is a journalist and writer, author of two books about the former Soviet Union, *The Last Man in Russia* and *Let Our Fame Be Great*, and *Moneyland: Why Thieves and Crooks Now Rule the World and How to Take it Back*. This event is part of our ongoing work on the future of democracy. Thank you for joining us, Oliver.

Oliver Bullough: It's my pleasure. Thanks for having me.

Andrew: It's said by many reviewers, and as I was reading this it occurred to me as well, that this is an incredibly timely book for reasons we'll be discussing. But you've been pursuing these stories and these ideas and these issues for a while, even running special tours in London. What might you see on a kleptocracy tour in London?

Oliver: Well, the kleptocracy tour was not my idea – I wish it was – it was the idea of my friend, Roman Borisovich. He was a Russian-born former banker turned anti-corruption activist. The idea is modelled on the Hollywood celebrity tour. I think the problem that you have in Hollywood and the problem you have in London is essentially the same in that you can drive around the Hollywood Hills and see all of these mansions and one mansion kind of looks quite a lot like another mansion, just like one luxury, beautiful, detached house in Highgate or a townhouse on Eaton Square looks much like another one. How do you know which ones belong to Scarlett Johansson in Hollywood or to Oleg Deripaska or another oligarch in London?

So essentially what we do is we put people on a bus – we normally pick people up on the Embankment, just near Portcullis House, the sort of annex

of Parliament, because the Russian former deputy prime minister has a really lovely duplex apartment overlooking the River Thames, just looking south. There's a nice garden in front of it and then the Thames and then you look down towards Vauxhall. We pick people up there and normally pile into the bus, and then, essentially, where we go next slightly depends on the whims of the guides. There are about five or six of us who act as guides and normally we take in a Tube station that belongs to a Ukrainian oligarch, Dmitry Firtash, just because I like the fact that he owns a tube station. I say 'like' – appalled by, but you know what I mean. And then we might go up through St John's Wood where there's a big house that belongs to the former head of Russian Railways. And if the traffic isn't too bad, we'll go to Highgate where Witanhurst, the second biggest house in London after Buckingham Palace, belongs to a Russian fertiliser magnate.

We don't only do Russians. If we have the guides available, we might do Nigerians, Egyptians, Malaysians... London is famously the home of the Russian billionaires but we're equal opportunity when it comes to taking money. We're not just 'butler' to the Russians, we're butler to the world. So essentially, anyone who's anyone and has enough money will buy property in London and we like to show that, the idea being to try and cut through the webs of shell companies and so on that disguise ownership of top-end property and just say, look who owns our capital city. Normally, I think, after an afternoon or morning in a bus – we can show five or six properties – normally people are pretty appalled. And I think we've had a small but not insignificant amount of success in trying to change the conversation about foreign direct investment in Britain, and whether perhaps we should be a bit more discriminating about who we take money from.

Andrew: Certainly, it's an important book that you've written, and one that we can all learn so much from. I want to come back to the Tube station, actually, because I think that's really a critical part of the book. But let's talk about 'butlering' just for a moment, because you have some fun in the book

– P G Wodehouse, Jeeves – but I thought it was a very apt analogy, in fact, the way you used it.

Oliver: Yes, I did actually try to, as it were, embed myself with real butlers. I had this sort of idea that I could write about butlers and maybe perhaps go through butler training myself. But they rumbled me quite quickly, that I wasn't a would-be butler but was in fact a journalist who writes about financial crime, and the invitations just dried up. I wasn't able to do that. But I wanted to structure the book around examples of butlering. And so, obviously, I turned to Jeeves, though people regularly point out that he was in fact a valet, rather than a butler. But it's just a different word for the same thing, really. And what was interesting about reading the P G Wodehouse books again – I've read them many times and loved them – is that I'd never really realised quite how dark a character Jeeves is. If you cut past the humour and the amazing way that P G Woodhouse writes, he is essentially prepared to do anything for money. He bribes a policeman at one point, or he gives him 'a little present', as he puts it. He knocks a policeman unconscious, he sets up an illegal bookmaking ring, he uses inside information for political advantage. He's a really amoral human being. And actually, all of those things are essentially kind of what Britain does on behalf of its oligarchic clients.

Jeeves turned out to be a really useful guide through the enabling of financial crime. That essentially, if you cut past the immaculate tailoring and the cut-glass accents, the British elite behaves in exactly the same way as Jeeves does, and just takes money from anyone in order to help them get away with anything. And that goes right back to the early post-Empire days, right up to the present. And it involves the use of shell companies to disguise property, the use of lawyers to help people obfuscate their crimes, get away with their crimes, intimidate journalists, buy top-end property. And it's a deeply troubling industry, that I think in the same way that Jeeves' actions are when you read the P G Wodehouse books, you just don't notice how dark they are because of the Marcus Aurelius quotes and so on that surround them. If you

look at what Britain does, and strip away the old Etonian charm, it's just being a conciliary to a mafia Don, really, but just with better tailoring.

Andrew: At the end of the book, you even give us the prices for what we might pay to learn certain butlering skills which I thought was a wonderful moment.

Let's talk about Suez where your argument starts, and the national disaster and embarrassment that was. You mention Dean Acheson and his famous early 1960s statement about Britain's lost empire.

Oliver: Yes, it's a really interesting, in a way, thought experiment, because obviously Britain didn't used to be a butler. Britain used to be the oligarchy, right? What Vladimir Putin is doing to Ukraine now, that's kind of what we used to do to places. In the Boer War, we wanted to sell Africa's gold so we attacked them and took it. If we didn't like a country's trade policy, we would just bombard them with battleships until they changed their mind. That's what Britain used to do.

We don't do that anymore. When did we stop? And when did we instead start helping other people do those things? That's the question. And there is this really fascinating moment which slightly predates the Suez Crisis but sets up the context of when butlering begins, which is in 1955, when the Soviet Union decided that they didn't want to keep their dollars in New York. Dollars were crucial if you wanted to trade with the international currency as established by the sort of United Nations at the end of the Second World War – you had to have dollars. But they didn't want to put them in New York because they were worried they would be frozen by the US authorities in the event of a crisis. So instead, they put them in London. They owned a bank in London, the Moscow Narodny bank, and they kept them there. But what were they to do with them? Well, they lent them to a British bank. And in this one trade, both banks made this astonishing discovery. The British bank realised that they could have capital, which they couldn't otherwise get

because everyone was starved for capital in the days after the Second World War because there was so much destruction and so much rebuilding that was required. And the Russian bank realised it could charge a higher rate of interest than it could in America, where there were strict limits on how much interest you could charge in the sort of post-war New Deal settlement in the US. So, they discovered this loophole, which is if you use dollars, the international currency, which was super useful because you could do everything with dollars outside the US, you essentially had all the benefits of the dollars and none of the downsides. And essentially, they'd created a law-free space.

And they needed a word for this – what do you call a law-free space? Well, we have a concept of a law-free space, that's what it is on the high seas. If you are outside the reach of land, you are outside the reach of terrestrial law, and we call that offshore – literally off shore, you are away from shore. So this is where 'offshore' comes from.

But this could have been just an oddity, one single trade, two banks make a little bit of money and everyone forgets all about it. But then the next year, the Suez Crisis happens, Britain attempts to assert itself as a vibrant imperial power in an age when it no longer was, is utterly humiliated in its attempts to regain control of the Suez Canal, is forced by the Americans who froze our assets in the way that the Russians were worried, they essentially forced us to back down because otherwise we were going to go bankrupt. And in an attempt to limp on while this crisis was going on, the British Treasury imposed very strict restrictions on what could be done with pounds. And all the remaining merchant banks in the City of London who were already kind of down to their last few pennies were suddenly cut off from financing altogether. They were going to go bust. What were they going to do? Well, they discovered, as the Midland Bank had the year before, that if they just used dollars, they could do what they liked. Not only could they do what they like, but all the restrictions imposed by the British Treasury fell away. And all the restrictions imposed by the Federal Reserve fell away. And suddenly they

had strings-free, totally marvellous offshore capital that they could do what they liked with. No taxes, no restrictions, no regulations at all, no capital reserve requirements, nothing. Do what you like.

And this is the moment that the City of London is reborn. It goes from being the engine of the British Empire to being the engine of the financial elite – whoever they are, wherever they're from, whatever their wealth is, we will help you do what you like with it. This is when butlering is born. It radically changed the way the world works. It's quite hard to get your head around how this works now, because there are no restrictions and interest rates when you use dollars, you can charge whatever interest rate you like. There are no restrictions on where you can move pounds or dollars, you can move from wherever you like. The reason why this is, is because all of those restrictions became defunct because of what London did. So the City of London radically reengineered the financial architecture of the entire world, and in whose interests? In the interests of people who own capital – rich people. Essentially, rich people had a problem, they came to Butler Britain and said, 'We want to be able to move our money without restrictions, what can you do for us?', and Britain said, 'Very good, Sir,' and sorted that out. And that's the model for everything that came subsequently. Rich clients had problems – journalists were writing about them, people could see what they owned, and so on – and we found a solution and helped them at the expense of everyone else.

Andrew: One of the things which I found of great value in the book was making the complex understandable, even to the extent that I think I understand what Eurodollars are now, which is one of the things that we've been talking about. Let's talk about some of the cases that you cover in the book. Another thing that really interests me is that it's not just in the UK, but also the overseas territories where these things were taking place. And often at the instigation of an individual who had an idea that something could be pursued here. You talk, for example, about Gibraltar, and its move to being a major centre for online gambling. And it started with one betting shop and a

couple of people answering the phone. What happened there and why did they move that way?

Oliver: It's a really important point that we're not just talking about the UK here. Butler Britain is the whole British archipelago, and there are these little leftover bits of empire scattered not quite all over the world but very widely. And they tend to be the bits that were too poor or too small or too remote to become independent. So the British Virgin Islands, the Turks and Caicos Islands, the Cayman Islands, Gibraltar, and so on. And these places were very, very small, as a rule very, very poor, and very, very desperate for business, for some form of revenue. And that's a killer combination if you are a lawyer looking for a way to help your client get away with something, and Gibraltar's transformation is a fascinating one. And actually fascinating to me, because I didn't go to Gibraltar to write this story I wanted to write about a different story. And I went there and realised that Gibraltar is essentially the world's leading jurisdiction for offshore gambling, and its impact on the world of offshore gambling is immeasurable.

When I was a kid, and I'm sure many of the people watching this can remember this, betting shops were totally different to what they are now. They were these very gloomy places with whited-out windows. If you went in there, there was no advertising. It was a bit like visiting a prison in a way, it was so unattractive. And that was how gambling was. It was very, very closely regulated, and also very highly taxed. Every single bet you made was taxed in the same way that if you buy alcohol, every pint of beer you buy is taxed, which made it very difficult for betting shops to offer attractive rates, which really restricted how much people gambled. And what happened was that, essentially, one guy initially in Gibraltar realised that because money flowed freely between Britain and Gibraltar, that if Gibraltar had no taxes on gambling, then people from the UK could call up Gibraltar, bet in Gibraltar and essentially on events which are happening in the UK, and undercut bookies in Britain. And this was only a small little idea and never really amounted to very much apart from this very small chain of betting shops in

Gibraltar. But then big British-based bookies realised that if they put their telephone betting operation in Gibraltar too, they could do the same trick. And that essentially, within six months, the entire British telephone gambling operations of everyone, all the big bookies, William Hill, Ladbrokes, everyone, they all moved to Gibraltar, which caused a huge hole to appear in the British government balance sheet. They needed all these taxes that these people had been paying. And it made it incredibly easy and profitable for betting companies who didn't really have to pay tax anymore. It's a big problem for the British government. So in an attempt to get them to come back, the British government totally changes how betting is taxed, how betting is regulated. So the reason why we have this massive explosion of online gambling now, where you practically can't turn on a TV without being offered a free introductory offer for a bet or whatever, this is all due to Gibraltar.

And this is what I mean by the butlering industry. Gibraltar offered this service to wealthy companies, betting companies who had a problem, they were being forced to pay these high rates of tax and faced these high rates of regulation, and by moving to Gibraltar, they could sidestep all these regulations, and it offered them a regulation-free space from which they could then impose their will back on the UK, and win all these concessions from the British government, that no-one outside the betting industry was demanding. There weren't demonstrations on the street saying give us lower taxes on betting, give us regulation-free gambling, allow a massive explosion of fixed odds betting terminals or online roulette or whatever. It was only in the interests of the big companies, and they made an absolute fortune out of it. It has been transformational for Gibraltar. Gibraltar is now a very wealthy place. But it's been disastrous for the UK, because we now have these very high rates of gambling addiction, far higher than we used to have. And the entire debate is framed around problem gamblers, when actually what we're really talking about is problem companies, right? The companies who moved to Gibraltar, they're the ones to blame for what happened. And yet, essentially, in order to try and accommodate their will to try and gain some

form of tax revenue out of the gambling operations, this was allowed to happen.

Now, it didn't need to happen this way. This is just in the weird structure of what's left of the British Empire, whereby these sorts of overseas territories – they're colonies, really – but overseas territories, they get to opt into which bits of British they want to be. They say, yes, we want to be British when it comes to being defended by the Royal Navy. But we don't want to be British when it comes to having the same tax rates as you or the same transparency requirements as you or the same police services as you. They get all the good bits about being British with none of the downsides. And that dynamic repeats itself in the British Virgin Islands who have these notoriously opaque shell companies, or in the Cayman Islands who have this huge fund management industry. It could theoretically repeat itself in the Falkland Islands, it just hasn't happened there yet, but there's no reason why it wouldn't.

And it's a real problem. It means that unlike, say, France, which still has remnants of an empire too, but which all the bits of empire are essentially parts of France, we have multiple different bits of Britain, all of which can play off against each other, to the benefits of the wealthy people and the harm of the rest of us. It should be said, this isn't really a new thing. Two, three hundred years ago, you used to get slavery in the Caribbean colonies when you weren't allowed it in the UK. There have always been differences in legislation between the colonies and the metropolis, but you really would have hoped we'd moved on from that these days.

Andrew: Even if you go to Jersey, you realise how financial services are so much more important to a place like that than they have been for many years.

Oliver: Absolutely. Jersey is a fascinating example of a place that until the 1960s, late 1950s, was dependent on agriculture, because it's warmer than

the UK, and tourism, sort of. But essentially it wasn't a wealthy place, it got along OK. But then it realised that because it shared a financial space with the UK, money could flow backwards and forwards freely, but didn't share a tax regime with the UK, it could just position as a tax alternative to the UK – stick your money there and dodge taxes. If you can afford the fees, you don't have to pay the taxes. And that's that the thing that Butler Britain offers, right? It makes regulations or taxes essentially voluntary – if you can afford the fees, you can opt out of them. And then in order to chase those taxes, you have the government tying itself in all sorts of strange knots, like the non-dom tax status that we've been hearing about recently because of Rishi Sunak's wife. But there are an awful lot of other people who are also non-doms who, because they would be able to afford to opt out of taxes anyway, we've offered them this really unconscionable loophole that is very unfair, and really puts them at an advantage to ordinary people. But essentially the government's calculation is it's better to have some money than no money, so let's just let them do that.

Andrew: I want to come back to that particular point, but first some other case studies. One that you've mentioned already, but perhaps we could go into a little bit more detail about it, because this is about an American investment haven, is about the British Virgin Islands (BVI). Tell us about that.

Oliver: So the BVI is a gorgeous place. There was a lot more travel that I wanted to do for this book that I couldn't do because of lockdown. But I did get to go to the BVI and I met the man, Michael Riegels, who essentially invented the British Virgin Islands shell company. What was fascinating about the BVI is that until the 1970s, it was an irrelevance. It was by far the poorest British colony, it was unknown, it was never discussed in the UK, it only features in Hansard, the record of parliamentary proceedings, in the context of a joke – anytime it was mentioned in a list, some would make the same joke, which was 'Where's the British Virgin Islands? I don't know, but it must be far from the Isle of Man, ha ha ha, isn't it hilarious.' And that would be the joke. And it comes up again and again, well, half a dozen times. But that's the

only time it's ever mentioned at all. But then, American lawyers, fresh from having essentially moved their financial operations to London to take advantage of the Eurodollar market, were looking for other loopholes that the British remnants of the British Empire could offer. And they realised that if they owned assets via a shell company in the British Virgin Islands, it would help them dodge American taxes because they could take advantage of a treaty with the remnants of the British Empire, which essentially turned American investors into foreign investors so they could gain rights that foreigners had. This didn't last very long, because the US Treasury got fed up and cancelled the treaty. But then the same US lawyers, in coordination with this very small number of lawyers who were working in the BVI, realised that though they couldn't do this trick on the Americans anymore, because the Americans wouldn't put up with it, they could still do it on the rest of the world. So they wrote this law. You hear about lobbying. This is taking lobbying to a new degree. The law was written in total lockstep between BVI-based lawyers, US lawyers and the government lawyer, the Attorney General, in the BVI. They wrote this law which created this utterly opaque shell company, which then was used by anyone to do anything that they wanted to hide.

The Panamanian drug smugglers who had been kicked out of Panama ended up using these companies. Ethnic Chinese businesspeople from Hong Kong who were scared about the handover back to Chinese control that was coming up, they moved to the BVI. Politicians from Sub Saharan Africa or South America who wanted to hide the assets they've stolen from their people, they use the BVI. It's a totally equal opportunity approach – anyone gets to buy these companies. But what's really interesting is all the BVI is doing is offering a legal structure. It isn't doing anything else. And yet it's brought in huge wealth. The BVI has gone from being a place that was reliant on subsistence agriculture 45 years ago to a place that has a living standard that's now the equal of the average in Europe. And that's only from selling legal protection for foreigners who could afford our services. It's a fascinating place.

This was essentially a discovery of American lawyers who realised they could do something, and then when that loophole was closed, the realisation and the initiative that, well, that loophole has closed, but look, we can create our own loophole, and that loophole can be far bigger. And through that loophole, anyone can come and hide their wealth free from the scrutiny. To the great detriment of, for example, the people of Angola, whose governments have hidden all this money that they've stolen from them in BVI companies. Or Tanzania. And one of the great ironies is that the man who invented the BVI company, Michael Riegels, was from Tanzania. A Brit who grew up in Tanganyika, as it was then called, didn't like the post-colonial government, ended up living in Britain for a while, didn't like it here, moved to the BVI, and then his invention – obviously, it's not his fault that this happened – but his invention was then used by politicians in Tanzania to defraud their own government. So it is a great irony and a great sadness, to be honest.

Andrew: And coming to the UK, there are two things I wanted to talk about. The first is the Scottish limited partnerships, and this was a quite a remarkable little case study, I thought.

Oliver: Yes, I mean, the Scottish limited partnership is this awesomely obscure wrinkle in British legislation. One of the weird things about Britain is that we just keep adding layers of legislation to things. We don't really get rid of the old things. Things will exist as a kind of zombie, a legal zombie out there somewhere. And one of the most profitable aspects of butlering is people essentially digging through this sort of muck heap of British legislation and finding things that still function but are essentially defunct.

Scottish limited partnerships throughout the twentieth century were largely used, in as far as they were used at all, to regulate Scottish agricultural tenancies. Maybe half a dozen of them created a year. And they're a form of partnership, like a doctor's partnership or whatever, but they give you a bit

of limited liability. And because they're Scottish, as opposed to English or Welsh, they can own property. It's a legal irrelevance until it's discovered in the 1990s by some genius Eastern European money launderer who realised that these things are totally opaque, totally tax free and can own property and move money out of the former Soviet Union by the billion. And they do. They are used to defraud Moldova of 15 per cent of its GDP, probably the biggest bank heist relative to the size of the country where it took place, ever. They're used to move hundreds of billions of dollars via banks in the Baltic states – Danske Bank and Swedbank and ABLV and so on – huge money laundering scandals on behalf of the elite in Moscow.

But what's particularly disturbing about this story is that after the scandals were exposed, there was a sustained campaign by Scottish politicians – particularly Roger Mullin, who was an MP from the Scottish National Party, because it was a real stain on Scotland's reputation that Scottish limited partnerships were being used in this way – there was a real campaign in Parliament at Westminster to have this loophole closed. And it failed. His campaign failed. And the reason it failed is that it wasn't just money launderers who were using Scottish limited partnerships. They were also a preferred vehicle for private equity to hold their assets within. And private equity liked them for the same reason that money launderers did – they were opaque, they were very cheap to set up, and they were very, very tax light, shall we say, euphemistically.

And so essentially, out of concern for maintaining business in the City of London, private equity business, the Treasury refused to put fresh regulations on SLPs. In fact, they deregulated them further in response to the scandal. And so what we see is that the government was putting the interests of the people who move money in the City of London ahead of the interests of the victims of corruption in Moldova, Russia, Ukraine and elsewhere. People who were having their entire livelihood stolen from them were of no consequence at all when set against a very small increase in regulation for private equity companies in the City of London. And that is

kind of a dark calculation in and of itself, this sort of amorality of it, but also, as it turned out, incredibly short-sighted.

What we're seeing now in Ukraine is the consequence of having empowered that corruption for so long. The regime that has been created in the Kremlin is a kleptocracy that has essentially become so voracious in its disregard for any kind of international rules, and so enriched by all the money that this very small number of people has been able to steal from Russia and neighbouring countries, that it's just totally unwilling to abide by any rules at all. And so the invasion of Ukraine, this sort of insistence that they're above and beyond any conceivable law, has been enabled by Britain.

These kleptocrats, the oligarchs in Russia, what are they good at? Well, they're good at killing people, stealing stuff, invading countries. They're not good at integrating wealth into a globalised financial economy. That's what we've done for them. We've sold them the shell companies, we've sold them the legal services, we've sold them the wealth management solutions, the reputation management solutions, all of the corruption solutions which are required if you've got stolen money and you want to be able to behave like an aristocrat instead of an oligarchy. We've done that for them.

Obviously the decision to invade Ukraine is on Putin and his close advisers, and on them alone. And obviously, the war crimes and the blame for that is only on the people who committed those war crimes. But the system that was able to do that, that's on us. And I don't think in all the discussion about Ukraine that there has been sufficient recognition of our role in that, and the urgency of closing the loopholes and ending the systems that allowed that to happen.

Andrew: And there's a strong Ukraine connection with the final area that I want to discuss with you that you cover in the book, which is what you talked about earlier, about the sale of the Brompton Road former Tube station to

Dmitry Firtash, who has been called Putin's man in Ukraine. Take us through that.

Oliver: The key lever that Russia has used to control and corrupt Ukraine since the end of the Soviet Union has been its control of the gas trade. The Soviet economy, of which Ukraine was of course a part, was very dependent on cheap gas. That gas comes primarily from Russia, or if not from Russia, through Russia. And therefore, Ukraine, post-independence, needed gas from Russia if it was to keep its heavy industry going. That lever was something that Russia, particularly once Vladimir Putin became in charge, was very willing to pull in order to make changes happen in Ukraine. He needed a local business partner to work with, to make that happen, and the man he chose was Dmitry Firtash, who became a key ally, and a billionaire. He became extremely rich from essentially becoming Putin's business partner, Gazprom's business partner in Ukraine. And what did he do with the money? Well, he could have spent it in Ukraine, but there isn't very much to buy. It isn't a particularly developed economy. So he brought it to the UK.

It is astonishing, the extent of his social rise from so obscure no one even knew what he looked like in 2006, to by 2011, he has given a lot of money to Cambridge University, he's hanging out with the Duke of Edinburgh, he got to meet him and was welcomed into the Guild of Benefactors of Cambridge University. He set up a British Ukrainian society with members of the House of Lords and Commons on the board to promote Ukrainian history and ideas and so on in Britain, but essentially largely to be able to promote himself. He bought himself a mansion in Knightsbridge about, I suppose, three minutes' walk from Harrods, up for about £60million. He got to open trading on the London Stock Exchange. He had an event in parliament where he met the speaker of parliament, John Bercow. And then the culmination of his social rise – when the crisis in Ukraine broke out in 2014, and kind of what we have now is a continuation of it, he goes into the Foreign Office to advise them on what to do about Putin. This is Putin's business partner advising the Foreign Office on what to do about Putin, which is kind of extraordinary.

But then in February 2014, he closes the deal, the real summit of his achievement in the UK – he bought a Tube station from the Ministry of Defence. It was a closed Tube station, but it's still got all the platforms and the shafts and everything. It still looks like a Tube station. You can see it, it's actually right next door to his mansion. Again, just down the road from Harrods. It's got all that kind of slightly weird burgundy, glazed tiles that you get on Tube stations. He is, as far as I know, the only private owner of a Tube station in London.

We were so keen that he bought it that actually he got a special deal. He only had to pay a third of the price up front. It's a deal that's normally designed to encourage social housing. But he was allowed to take advantage of it to essentially get a mortgage from the British government to buy property from the British government.

But then, two weeks after he bought the Tube station, his world comes crashing down. Because there is another approach to extremely wealthy billionaires who have made vast quantities of money from working with Vladimir Putin, which is the American approach. The FBI became concerned by the origin of his fortune, concerned particularly with a business deal he had done in India to try and get hold of titanium, and investigated him and indicted him on corruption charges. He has been in Vienna ever since battling extradition to the United States. So he has never done anything with the Tube station. The Tube station remains unaltered now to how it was in 2014. He's not able to occupy that beautiful mansion in Knightsbridge. He's just sitting there in Vienna battling extradition to the US.

And I think that is the distinction, the crucial distinction between the US approach – I'm not saying the US is perfect in its approach to billionaires; I don't think anyone would argue that - but there is an approach where you have law enforcement who proactively investigates the origins of wealth, and they say, 'Hang on, there's something off here,' and they investigate it and

they do work to try and expose it, as opposed to what we do, which is to say, 'Yep, yeah, money, yep, bring it in. What would you like to buy? Here you go, here's the bill of fare. Here's the list of services we can offer to you.'

What I would like above all – there are many things I would like to happen – but above all, I would like our law enforcement agencies to be resourced and empowered to operate like the FBI did in relation to Dmitry Firtash. Instead of just bringing money here, we investigate where it comes from, and if it's corrupt – and he hasn't been convicted, perhaps he'll never be extradited, perhaps he will be acquitted – but if it's corrupt, that money is investigated and confiscated and returned to the people who it was stolen from.

Andrew: Just coming on to some of the solutions to these issues, you've talked about one there which is about the need to resource properly those who investigate and those who prosecute these activities. And I think it was remarkable reading in the book how poorly resourced they are here, compared to the United States.

Oliver: It's extraordinary, to be honest. There are many disturbing lines in the 2020 reports from the Intelligence and Security Committee of Parliament into Russian interference in the UK, particularly in the light of what's since happened in Ukraine. And particularly in the knowledge that at the time, Boris Johnson, our prime minister, tried to suppress the report and when it was published, dismissed it as some kind of anti-Brexit thing, which is absurd, it really wasn't.

But one of the most disturbing lines comes from the director of the National Crime Agency. When asked why the National Crime Agency doesn't go after oligarchs she replied, 'Well, we are bluntly concerned about the impact on our budget.' That is absurd, right? We are a G7 country. Yes, we have many problems, but the idea that our law enforcement agencies are having to look down the back of the sofa to try and dig up the pennies they can find to take on oligarchs... Oligarchs are going to defend their wealth with everything

they've got. And if you don't take investigating it as seriously as they're going to take defending it, you're never going to win. And that is a real problem that we have, and it's chronic.

National Crime Agency officers are paid less – significantly less – than their colleagues in the Metropolitan Police. This is supposed to be the elite. This is supposed to be Britain's FBI and yet it's not being funded like that. The Serious Fraud Office is the same. It always struggles to win cases because it doesn't have the resourcing it needs. And the same is true all the way down. This isn't just a question of battling top-ranked kleptocrats, billionaires. This is about ordinary fraudsters, common or garden fraudsters who are taking 30 grand, 40 grand from a pensioner in a push payment fraud, one of the really awful crimes which just ruin someone's life but the police don't have the time or resources to investigate. They happen all the time and they're just ignored it. All down the scale, from the very top to the very bottom, financial crime is under-resourced, under-investigated. And that's a political decision, because we have made a decision as a country that there is more money to be made by having an unregulated or deregulated financial services industry than there is to be made in investigating financial crime properly. And it's presented, or has been presented for a long time, as all upside. Yes, the City of London is booming. But there is a significant downside. There are victims in this country, the victims of fraud, and above all, there are victims overseas, and they are the victims of corruption in Russia or in Angola, Malaysia, you name it. Those people, their politicians bring their money here and they buy property here. And that's really not a good way of making a living.

Andrew: You talked about the Scottish journalist who had done work to expose that the Scottish problem that we talked about earlier, and yet he isn't a journalist now... Well, he's certainly not employed full time on the newspaper, because newspaper journalism is in decline.

Oliver: It's a real issue. I mean, obviously journalism is in decline everywhere because of the changing business model and so on, and that's something that

we need to find a way of solving. But there is also a separate problem, which is that because of the way British defamation law works and, increasingly worryingly, British data protection law works, it's incredibly hard to write about wealthy and powerful people, because they have this full arsenal of weaponry to, if not defeat journalists in defamation or data protection cases, tie them up in these legal costs, which go into the tens of thousands or hundreds of thousands. My friend, Catherine Belton, who is a good friend from when I lived in Moscow, wrote this brilliant book, *Putin's People*. She was sued by five oligarchs simultaneously. And eventually her publishers had to settle because they were already £2.5million in the hole and they were looking at potential legal costs of £10million if they carried on. HarperCollins can't deal with it. Imagine what that does for the *Glasgow Herald*, which is the employers of David Leask, who did so much brilliant work to expose Scottish limited partnerships. They can't afford that kind of cost. The *Western Mail* here in Wales or the *Yorkshire Evening Post* in Yorkshire, once sort of mighty regional or local newspapers, they don't have a chance taking on these people. It's a real problem, because without good journalistic work, law enforcement don't have the raw material that they need to have suspicions to open investigations. And then without those law enforcement investigations, journalists in turn don't have stuff that they can write about. So you end up with this vicious circle, where, because it's so easy for oligarchs to suppress publications about them, no information comes out. Because no information comes out, there are no investigations. Because there are no investigations, no information comes out. And we need to try and change that round.

Another change, another reform I would really like to see is what's called an anti-SLAPP law. A SLAPP is an American concept, strategic litigation against public participation, which is essentially an abuse of the legal process to shut down civil society or shut down journalism or whatever, not because you expect that you can win but because you want to tie them up in legal knots so they go away. And it would be really transformational if we could have a rule that essentially said that early on in any defamation case or data

protection case, the judge could just say, 'No, this is of public importance. And this stops now.'

By all means, if two footballers' wives want to sue each other about what someone did or did not say on Instagram, by all means spend tens of millions if that's what you want to do. But if a journalist or civil society organisation is revealing information about grand corruption and it's so important that it gets exposed, they need to have protection from these incredible costs that can be dumped on them by the very wealthy. For the very wealthy these costs are a rounding error in their fortunes, but for a media organisation scraping by it's existential.

Andrew: And action needs to be, very clearly from your book, at the government level, at the legal level, as you've said. I also think there's a responsibility on the part of organisations to question more. You mentioned Cambridge University and the donation that they were given, a very substantial donation, and you look at the kind of mess now, although it's being resolved slowly, that a lot of cultural organisations got into over taking the Sackler money, and now rapidly removing the name Sackler from a lot of the galleries.

Oliver: Absolutely. There is, obviously, a duty on all of us to have this sort of moral compass about where money comes from. But I think, for too long, the government has put all the weight on the private sector to police itself. And to be fair, there are some organisations that are doing a very good job of policing themselves and are turning away this money. I know universities who have been offered substantial grants by Russian oligarchs and have said, 'No, we won't take that kind of money.' But the problem is that for them at the moment, it's all... yes, they can feel warm and virtuous about how good they are, but it must be incredibly frustrating, right? If you're trying to run a university or a cultural institution, and you turn away the money, and then the organisation just over the street takes the money and they then get the fancy new laboratory or the wonderful new gallery or whatever, because,

essentially, there's no downside to taking the money, right? I mean, eventually, you might get exposed and told off about it. But let's face it, more often than not, that doesn't happen. So the pressure is always to loosen the restrictions, because there's no upside to not loosening them.

We need the private sector and academia and cultural organisations and so on to have really strong moral values about taking this money. But that needs to be policed as well, because we need to have a system whereby if you transgress those moral values, you need to be picked up on and prosecuted and investigated for doing that. And that's what's currently not happening. At the moment, all the big banks, or the big law firms or whoever, are expected to have these strong compliance departments and to spend all this money on compliance. But if they don't, does anyone really notice? Honestly, not really. So the bad guys need to be disciplined, and that will reward the good guys for doing the right thing.

Andrew: Just finally on that, the role of the Bank of England. You talk in the book about a lack of intellectual curiosity in the Bank. Do you think that's changing?

Oliver: That has changed. The Bank of England is a far more professional and mighty organisation than it used to be? It is. But reading about what it was like at the beginning is fascinating, absolutely fascinating. The idea that this organisation that was central to the financial architecture not just to Britain but, to be honest, of the world – it was then and it remains one of the great central banks. And yet it was run by this tiny elite from the City of London, all of them male, all of them privately educated, none of them university educated. They all knew each other – they often came from the same families. And yet they had this total control and oversight over financial industry up into the 1980s. And that was the problem.

If I had a time machine, right, and I could go back in time and do things – I mean, you know, there's a lot that you could do – but the thing I would

probably do most of all would be to go back to the Labour government when it nationalised the Bank of England and say, it isn't enough to nationalise the Bank of England – you need to totally change everyone who runs the Bank of England. Because had they done that, had they brought in a new kind of people to run the Bank of England – intellectually curious, outward looking, reflective of the whole of Britain, rather than just the tiny elite of the City of London – then offshore never would have happened. And if offshore never would have happened, Britain never would have become a butler in the first place. And the world would be so different to how it is now. And so the original sin is the Bank of England. It's changed, and yes, it's a different place, but that problem persists, and solving it is now the challenge that we have ahead of us.

Andrew: And one thing that I was very taken by as well was the call at the end – in your notes of the book, in fact – about having a much more critical approach to empire and learning about empire.

Oliver: Yes, it's been really interesting how there is now more discussion of empire than there certainly has ever been that I remember. A lot of that is full credit to Sathnam Sanghera and William Dalrymple, who have written these really excellent books. Sathnam Sanghera's, obviously, *Empireland*, and William Dalrymple, a number of books but his one particularly on the East India Company is extraordinary.

But the response to them I find very dispiriting, to be honest. The Empire was many, many things, obviously, but above all it was a business, right? People didn't travel halfway around the world in order to conquer some territory just for the sake of conquering the territory. They went there in order to make money. And Britain made a huge amount of money out of the rest of the world by essentially acting as an oligarch and we need to recognise that. We need to recognise what we did, where our wealth comes from. And the fact that this has become distilled to – I mean, you're in Bristol, you know this more than anyone – it's been distilled to a debate around statues is so

frustrating because the statues are just an expression of something. It's like talking about it only by talking about statues is like some cargo cult behaviour. It's very weird. That's just an expression of something else.

And the lack of debate around empire in the curriculum. I studied history, obviously, at school, at secondary school, and I did a history degree at university. The only time I studied the Empire was at A-Level because I had an Irish teacher and we had a module on the late nineteenth-century history of Ireland. The Parnell period of the Irish nationalist campaign for a free state. That was it. Because we had an Irish teacher and he was interested in that, and he was inspirational. I never studied India, I never studied Kenya, I never studied Hong Kong, never studied the Opium Wars, none of it. Instead, we studied Henry VIII and the Second World War.

Nothing Britain ever does will be as interesting as the fact that it used to rule a quarter of the world's population. They used to own India. That's extraordinary. And it's not wrong to look into that, to investigate it. That's what all sensible countries should be doing. And there is a weird – I've always felt this actually, I lived in Moscow for many years – and I've always felt there's a slightly strange parallel between the Russian failure to confront its own history and Britain's failure to confront its own history. It is, I think, far less pernicious in this country, in that we're not doing what Russia does. But there is still a kind of willful amnesia about empire. And the butlering industry that I write about grows directly out of empire. There's this quote, you referenced it at the very beginning of our chat, from Dean Acheson, the former Secretary of State in the United States, who said in 1962, 'Britain has lost an empire and not yet found a role.' And it was it was a comment that really stung and it had a huge resonance in the UK, and people became very angry about it. But Britain had already found a role. Britain was already by that point the offshore services centre, it had become a butler already. Britain lost an empire and became a butler. And there's been very little debate about the butlering role, and very little debate about the Empire. And then I think there should be more debate about both.

Andrew: I would certainly agree with all of that. Just finishing off, one of the reasons that this book is timely is because of the invasion of Ukraine. Do you think this is going to be the wake-up call that will make change happen? Are you confident?

Oliver: There will be change as a result. I've had a lot of contacts with officials about, for example, better protections for journalists who write about corruption, and I'm really confident that something will come of that. There has been already an Economic Crime Act. It's very weak and insubstantial, but still it exists since the invasion of Ukraine. We are promised another one, and hopefully that will happen, let's see. But I don't really think of this as a problem that can be solved just like that.

I have a very good friend in Ukraine. She's actually currently in Warsaw but she's Ukrainian, called Darya Kalanick, who is an incredibly brave anti-corruption activist. You may have seen when Boris Johnson did a press conference in Warsaw, he got harangued by a Ukrainian woman – that's Darya, she is fearless. And I once asked her how she didn't get dispirited in investigating and exposing corruption, because she'd been doing it for so long and so little changed. And she said that she doesn't think about it like that at all. She says, 'In Ukraine, we're at four per cent of where we need to be. And my job is to get us to five. If I can get us to five, I'll look around and decide whether I carry on.' And I think thinking about trying to get to 10 per cent is so dispiriting and so overwhelming. But if you break the task down into little chunks then it's much less daunting.

So there has already been a degree of positive change because of what's happened in Ukraine. It seems weird to look for silver linings in such a horrible dark cloud. But there has been a recognition of our role in moving this wealth. The sanctions have been good, and it's good that that's happened. It's good that there's been the Economic Crime Act with a bit of exposure of offshore-owned property. It is good that there is now debate

about helping journalists expose corruption. And it's good that they're talking about a much better economic crime bill which will regulate Companies House, for example, which is a massive problem. And all of these steps taken together, we might be at four per cent, we might be at ten per cent. But if all those come together, maybe we'll get to 20. And that's good. And then we need to talk about resourcing the police and so on, and that will make the big difference.

So I sort of think about it more incrementally, because otherwise you just get dispirited. I did a talk in a school a few years ago. I often reference this because it remains the best question I've ever been asked. There was a kid who'd been sitting at the back when I was talking to this classroom, staring at me suspiciously and slumped in his chair. And at the end, the teacher was like, 'So that's it,' and I thought, 'Good, I can escape. Speaking at schools is terrifying.' And eventually, this kid very slowly put his hand up and was, like, 'Here, mister, if you know all this about money laundering. Why don't you just go and do it?' And I've thought about that question ever since, like, why not, right? I think the reason is because I'm an optimist. And I think the world would be better without money laundering. And if I engage in money laundering that will mean there will be more money laundering, so if I don't, and instead use my knowledge of money laundering to expose it and hopefully persuade other people not to engage in it, then the world will be a better place. So that's the way I look at it. Be an optimist and try and expose what's happening and hopefully that means there'll be less of it, and the world will tomorrow be better than it is today.

Andrew: Well, really important points to finish on. Thank you very much, Oliver, for joining us today. *Butler to the World* is published by Profile Books and is available in all bookshops now. We do urge you to read it – it's an important book with lots of lessons and is critical to all our futures. Thank you very much for watching and thank you very much again, Oliver. Thank you.

Oliver: Thank you very much for having me. It's been a joy.

This interview has been lightly edited for length and clarity. The full version of the interview is in the recording.