

# Capital Without Borders: Wealth Managers and the One Percent, by Brooke Harrington

Richard Murphy is enthralled by an insider's story of a secretive profession that intensifies inequality

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Source: Alamy

Trust in me: the laws of the British Virgin Islands helped to create the situation where wealth in trusts can now be held in perpetuity out of reach even of beneficiaries

Brooke Harrington's study of wealth management is one of those rare books where you just have to stand back in awe and wonder at the author's achievement. In this intensely readable study, she offers a first-ever scholarly insight into a profession that was almost unknown a little over two decades ago.

It has to be said that Harrington's choice of subject matter helps her. Researching a profession that, as she puts it, is dedicated to increasing inequality, undermining the rule of law, opposing the democratic will of governments, capturing states to further its purposes and subverting most accepted views on the workings of capitalism, would lend any good author the opportunity for a narrative that reads as much like a thriller as a scholarly monograph. Harrington is a good author. But it's how she conducted her study that makes this book stand out.

In a profession where trust is everything – in more ways than one, as she explains – Harrington secured access to those she wished to interview by choosing to become a member of the wealth management profession herself. It's possible that other academics have put themselves through professional exams for this sole purpose before now; if so, they share with Harrington an extraordinary dedication to their subject.

The result justifies the effort. Harrington offers profound insights into the world of the professional people who dedicate their lives to meeting the perceived needs of the world's ultra-wealthy. And, as she makes clear, the most apparently compelling of those needs is to avoid the rule of law.

Harrington suggests that “much of what wealth managers do...occurs in an ‘ethical gray area’ – a realm of activity that is formally legal but socially illegitimate”. And maybe it was ever thus: tracing the history of trusts from the Middle Ages, she concludes that “the impact, then as now, was to assert the property rights of elites against governing authorities”, to the point that landowners “became more powerful than any central institution”.

What has changed since the Middle Ages? Not much, Harrington would suggest, apart from the addition of foundations and offshore companies to the wealth manager's armoury, which was once solely dependent upon trust. Using those tools, the role of the wealth professional is, she says, to secure the freedom, mobility and privacy that the ultra-wealthy crave. A life without obligation, in other words.

Who are these professionals? Harrington thinks most are members of the UK-based Society of Trust and Estate Practitioners (STEP), which was the body whose exams she took to undertake her study. This is no ordinary professional body, though. As Harrington notes, the work of its members in creating the abusive trust laws of the British Virgin Islands helped to create the situation where wealth in trusts can now be held in perpetuity out of the reach even of those who are meant to inherit it. The dissemination and dissipation of wealth that has always been at the core of the capitalist cycle is broken in this way.

As a result, the new concentrations of wealth that are now the focus of so much popular political concern may be at least a partial consequence of STEP's work. In that case, don't doubt the importance of this book's messages: this is a significant and valuable case study at the current frontier of political economy.

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