

Money Laundering: Is It Really True that Switzerland Is the #1 Most Corrupt Nation, and the U.S. #2?

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The Tax Justice Network produces a Financial Secrecy Index, ranking countries for the assistance their legal systems provide, to money-launderers, and to all people who seek to protect corruptly-obtained wealth. The higher the score, the more corrupt the government is. The last time this Index was published, [in 2015](#), Switzerland was rated the world's most-corrupt country, and Hong Kong was then #2.

But now, in its newly released global rankings, "[Financial Secrecy Index — 2018 Results](#)", though Switzerland still holds its #1 (most-corrupt) spot, the U.S. has become #2, and Hong Kong has now fallen to #4, which is immediately below Cayman Islands (which is #3, and which had been #5 in 2015).

The [detailed report-card for Switzerland](#) says

"the Swiss will exchange information with rich countries if they have to, but will continue offering citizens of poorer countries the opportunity to evade their taxpaying responsibilities. These factors, along with ongoing aggressive pursuit of financial sector whistleblowers (resorting at times to [what appear to be non-legal methods](#)) are ongoing reminders of why Switzerland remains the most important secrecy jurisdiction in the world today."

The [detailed report-card for the United States](#) notes America's rising score, and resulting success in attracting corrupt wealth, as follows:

The rise of the US continues a long term trend, as the country was one of the few to increase their secrecy score in the 2015 index. The continues [intending the word "continued"] rise of the US in the 2018 index comes off the back of a significant change in the US share of the global market for offshore financial services. Between 2015 and 2018 the US increased its market share in offshore financial services by 14%. In total the US accounts for 22.3% of the global market in offshore financial services.

The U.S. report-card asserts that, "Financial secrecy provided by the U.S. has caused untold harm to the ordinary citizens of foreign countries, whose elites have used the United States as a bolt-hole for looted wealth." Of course, this isn't the largest such "bolt-hole" — it's the second-largest. Furthermore, the report-card for Switzerland said:

According to the Swiss Bankers' Association banks in Switzerland hold CHF

6.65 trillion (\$6.5 trillion) in assets under management, of which 48 percent originated from abroad: this made Switzerland the world leader in global cross-border asset management, with a 25 percent share of that market.¹ In terms of the narrower wealth management sector, Deloitte estimated that Switzerland was also the world leader with US\$2.04 trillion in assets under management in 2014, compared to the \$1.65 trillion and \$1.43 trillion for the UK and US respectively.²

The “Secretiveness” scores ranged from “100%” meaning total secrecy, to “Moderately secretive” meaning from 31% to 40% secretive; and, so, among the 112 ranked countries, none were unwelcoming of corruptly obtained wealth; all were at least “moderately” welcoming of it.

Furthermore, other factors than “Secretiveness” were also included in the rankings. The [242-page Methodology document](#) says, for example, that “The secrecy score is cubed and the weighting is cube-rooted before being multiplied to produce a Financial Secrecy Index which ranks secrecy jurisdictions according to their degree of secrecy and the scale of their trade in international financial services.” So, countries such as [Montserrat](#), which ranked at the very bottom, #112, actually had a “Secrecy” score of 77.5% (higher even than Switzerland), but it had extraordinarily good “International Standards and Cooperation” such as with “Anti-Money Laundering” and a 0% score of non-cooperation with “Bilateral Treaties.” Above all: any country, in which only few wealthy foreigners want to park their money, was ranked among the least-corrupt, in Tax Justice Center’s methodology — and “FSI Share,” or the percentage of the global total wealth that’s stashed offshore within the given country, is by far the dominant factor, in their calculations of ‘Financial Secrecy Index’, so that their methodology is simply absurd. The [Methodology](#) document ‘justifies’ this deceptive practice by saying:

The ranking reflects not only information about which are the most secretive jurisdictions, but also the question of scale (i.e. the extent to which a jurisdiction’s secrecy is likely to have global impact). In this way, the Financial Secrecy Index offers an answer to the question: by providing offshore financial services in combination with a lack of transparency, how much damage is each secrecy jurisdiction actually responsible for?

Obviously, any ranking-system that’s ranking countries more according to how big a percentage of the global offshore wealth it’s hosting, than according to how secretive the country is when other countries are seeking its assistance in tracking down assets that are held abroad, is no real ‘Financial Secrecy Index’ at all, and thus should be renamed, perhaps as “International Economic Harm Index” or something else that’s not nearly as misleading as the existing title for it (‘Financial Secrecy Index’) is.

Be that as it may: among the 112 nations that were ranked,

[China](#) was #28 and was 60% secretive (60% “Secrecy Score”).

[Russia](#) ranked #29 and was 64% secretive.

[Ukraine](#) ranked #43, and was 69% secretive.

By contrast, U.S. was ranked as 60% secretive; so, U.S. is actually in their league and is less corrupt than Ukraine, but is ranked as the 2nd-most-‘Secretive’ of all rated countries.

Switzerland was ranked as 76% secretive, which places Switzerland among the 28 most-secretive countries on the list — but it has the highest ‘Financial Secrecy Index’ of any, even though more than two dozen countries received a higher “Secrecy Score.”

The nine highest-scoring nations on their actual “Secrecy Score” were, from the top: (#1) Vanuatu 89%; (#2) Antigua-Barbuda 87%; (tied #s 3-5) UAE, Bahamas, and Brunei, 84%; (tied #s 6-9) Thailand, Kenya, Liberia, and Bolivia, 80%.

So: Those were actually the 9 highest-scored “Secrecy Score” countries.

The 7 lowest-scored “Secrecy Score” ones were: 42% (tied) UK and Slovenia, 44% Belgium, 45% Sweden, 47% Lithuania, 49% Italy, 49% Brazil.

But is Brazil really among the least-corrupt countries? Is it, even, really, among the financially most transparent countries?

Furthermore, the detailed report-card for the U.S. asserts:

A wealthy Ukrainian, say, sets up a Delaware shell company using a local company formation agent. That Delaware agent will provide nominee officers and directors (typically lawyers) to serve as fronts for the real owners, and their details and photocopies of their passports can be made public but that gets you no closer to who the genuine Ukrainian owner of that company is: if the nominees are lawyers they are bound by attorney-client privilege not to reveal the information (if they even have it: the owner of that shell company may be another secretive shell company or trust somewhere else). The company can run millions through its bank account but nobody – whether domestic or foreign law enforcement – can crack through that form of secrecy in any efficient or effective way. In the words of Dennis Lormel, the first chief of the FBI’s Terrorist Financing Operations Section and a retired 28-year Bureau veteran, “Terrorists, organized crime groups, and pariah states need access to the international banking system. Shell firms are how they get it.” ...

Almost two million corporations and limited liability companies (LLCs) are formed in U.S. states each year, many by foreigners, without the states ever asking for the identity of the ultimate beneficial owners. Some serve legitimate purposes but many, in the words of Senator Carl Levin, “function as conduits for organised crime, money laundering, securities fraud, tax evasion, and other misconduct.”

Nonetheless, the U.S. is granted a modest “Secrecy Score” of only 60% — though the process that’s described there is providing 100% secrecy. Nothing is being said, not even in the Methodology document, about how a country which can provide 100% secrecy, deserves a mere 60% “Secrecy Score.”

The detailed report-card on Switzerland likewise includes considerable text describing a country that seems as corrupt as is indicated in the text describing America. Granting the U.S. a “Secrecy Score” of only 60%, while Switzerland receives a much higher 76% such score, is puzzling; and, again, the Methodology document provides no help to understand what the actual methodology that was used is — much less to justify the methodology.

Perhaps the worst score of all should go to the Tax Justice Network itself.

However, maybe the so-called “International Consortium of Investigative Journalists”

deserves an even worse score, because that organization headlined on January 30th, [“US, Switzerland singled out for financial secrecy by new index”](#) and reported favorably about this “new index,” which is actually in at least its second edition, since an earlier one was reported in 2015 — so, this isn’t even a ‘new index’ at all, but is at least a three-year-old index. Isn’t a bit of investigative journalism necessary from a purported professional organization of ‘Investigative Journalists’? Or does mere ‘journalistic’ stenography now qualify, even as ‘investigative’ journalism? Is ‘journalism’ now mere PR, propaganda, public relations? And is ‘investigative’ now mere reading and reciting from a source? What’s the difference between PR versus ‘investigative journalism’?

And: what’s the difference between America’s 60% “Secrecy Score” and Switzerland’s 76% one? Based upon the detailed report-cards, how would it be possible to be ‘more corrupt’ than each of these countries is?

The United States Government routinely characterizes any Government that it seeks to overthrow as being ‘corrupt’. Perhaps that fact, more than any other, shows how corrupt the U.S. Government itself really is. Throwing stones from glass houses does no one any good. But it does prove — and not merely by some organization’s flawed methodology — that hypocrisy can sometimes signal a threat that could turn out to be even worse than “Financial Secrecy” or “Secrecy Score” or even than real corruption. When the United States Government called Saddam Hussein, and Muammar Gaddafi, and [Viktor Yanukovich](#), etc., by such terms as “corrupt,” the invasions and coups which were ‘justified’ by means of that U.S. name-calling, perpetrated vastly more harm than any corruption which was, or might have been, perpetrated by those individually blamed persons. Such “stones from glass houses,” as the U.S. casts, contain bombs; they’re actually warheads; they are weapons of mass destruction, such as extremely corrupt governments employ with the most hypocritical of ‘humanitarian’ ‘concerns’, for the mass-victims, which commonly result from their mass-weapons. Corruption that’s so heavily armed, is the worst sort of corruption there is — regardless of whether it’s associated with an exceptionally high “Financial Secrecy Index,” or any other type of extraordinary corruption. And, certainly, the U.S. far outdoes Switzerland, on this score. So: Trump is right — [“America is Number One”](#), after all.

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Investigative historian Eric Zuesse is the author, most recently, of [They’re Not Even Close: The Democratic vs. Republican Economic Records, 1910-2010](#), and of [CHRIST’S VENTRILOQUISTS: The Event that Created Christianity](#).

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