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LEADING DEVELOPMENT ECONOMIST SAYS BRITAIN, SWITZERLAND, USA, SHOULD RANK AMONGST MOST CORRUPT COUNTRIES, NOT JUST AFRICAN NATIONS

International rankings of corruption should be radically overhauled, with major Western countries ranking amongst the most corrupt rather than just African and other developing countries, a leading UK development economist has said this week.

John Christensen, a former advisor to the UK and Jersey governments, and director of the Tax Justice Network, was speaking to the annual conference of the **Royal Geographical Society** in London. He told the conference that widely-cited measures of corruption - like **Transparency International's Corruption Perceptions Index** (CPI) - currently rank African countries amongst the most corrupt, but ignore Western tax havens, offshore banks and the 'pinstripe infrastructure' of wealthy countries, which enable and profit from illicit capital flight and tax evasion around the world. These are located in countries like the UK and Switzerland, which Transparency International ranks amongst the least corrupt countries.

In his paper, *'Follow the Money'*, Christensen criticised the role that Transparency International's Corruption Perceptions Index has played in reinforcing stereotypical perceptions of the geography of corruption. Africa is consistently identified by the CPI as a nexus of corruption, accounting for 12 of the 20 most corrupt countries in the 2005 index. [1] Only one African country, Botswana, features amongst the least corrupt 20% of countries. But closer examination reveals that about 40% of the countries identified by Transparency International's Index as least corrupt are offshore tax havens, including major centres such as Singapore (ranked 5th least corrupt overall), Switzerland (7th), United Kingdom (11th), Luxembourg (13th), Hong Kong (15th), Germany (16th), USA (17th), and Belgium and Ireland (jointly 19th).[2]

John Christensen said:

"What do these rankings tell us about the current politics of corruption? In focusing on the activities of corruption within the public sector, and in largely basing its index on the perceptions of actors with conflicting

interests, Transparency International has evaded the issue of how the 'supply side' incentivises and protects high level corruption. In doing so, it has turned the focus onto bribe-takers in Africa and the developing world, and not on the Western banks and accountants who enable such corruption, and the Western governments who sustain the infrastructure of financial secrecy and tax havens in which they operate."

Citing the massive embezzlement of public funds that occurred in Nigeria during the 1990s, Christensen argued:

"It is time to turn the current focus on corruption and development on its head. The looting...happened with the active connivance of an extensive infrastructure of banks, lawyers and accountants who provided the means for tens of billions to be shifted offshore. Some of these aiders and abettors came from Jersey (a tax haven). They would have been aware of the source of the funds and must have profited magnificently from handling stolen property."

A Tax Justice Network for Africa is being launched in Nairobi in January 2007, bringing together African civil society, economists and activists to campaign against the role of tax havens and tax avoidance in increasing inequality and poverty.

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Follow the Money is available for free download at:
http://www.taxjustice.net/cms/upload/pdf/Follow_the_Money_-_RGS-IBG_final_31-AUG-2006.pdf

The Tax Justice Network is a civil society organisation with members and supporters on five continents campaigning for taxation justice around the world.

John Christensen is a development economist and an expert on tax havens. From 1987 to 1998 he was economic adviser to the Government of Jersey, British Channel Islands, and he has been a consistent critic of Jersey's role as a tax haven. Based in London, he is director of the International Secretariat of the Tax Justice Network.

[1] African countries listed amongst the 'most corrupt', according to the Transparency International 2005 Corruption Perception Index
(http://www.transparency.org/policy_research/surveys_indices/cpi/2005)

Chad (158th most corrupt country)
Cote d'Ivoire / Eq. Guinea / Nigeria (155th)
Angola (151)
DRC / Kenya / Somalia / Sudan (144)
Cameroon / Ethiopia / Liberia (137)
Burundi / Republic of Congo (130)

Sierra Leone (126)

[2] Tax Haven Countries listed amongst the 'least corrupt', according to Transparency International 2005 Corruption Perception Index
(http://www.transparency.org/policy_research/surveys_indices/cpi/2005)

Singapore (5th least corrupt country)

Switzerland (7th)

Netherlands / United Kingdom (11)

Luxembourg (13)

Hong Kong (15)

Germany (16)

USA (17)

Belgium / Ireland (19)

Barbados (24)

Malta (25)

Israel (28)