

An Analysis of Oliver Bullough's Moneyland and its Sustainability

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### **Abstract**

The following essay will describe a fictitious and abstract place called Moneyland. The origin, its current influence, and possible future will be discussed. Throughout the paper, examples of the rich and powerful and their quest to be free from the constraints of law will be given. Many references will be made to the man the popularized the term *Moneyland*, Oliver Bullough and his book *Moneyland: The Inside Story of the Crooks and Kleptocrats Who Rules the World*. My personal take on the moral ambiguity of such a place will be expressed.

## **Moneyland: The Inside Story of the Crooks and Kleptocrats Who Rule the World**

### **Moneyland**

Moneyland is the story about how an impossible trilemma became possible. People have always found ways to use exploitation to obtain money, hide money, and spend money. But it wasn't always possible to do all three. In the past, there were not quite as many sophisticated methods to spend illegally obtained, untaxed, or unaccounted for money without raising red flags. The movement of this wealth was more tangible, labor intensive, time consuming, and personal. Spending this money now without raising suspicion is no simple task either in today's technological world of computers and social media. But for those with enough capital or power, the challenges of today can be overcome through complex schemes and loopholes. This can be attributed to globalization—the result of technological innovations and the end of the cold war that opened up trade to countries like never before. So, what is Moneyland? It can be thought of as a country with no borders, transparency, or regulation. A country that's only citizenship requirement is that you be extremely wealthy or politically powerful. A country that can interact financially with all other countries freely. Pinpointing the exact date of globalization is difficult. However, Oliver Bullough, the author of this book, pinpoints Moneyland around a particular event.

### **The Origin of Moneyland**

Some of the first clients of Moneyland were Nazi war criminals, fallen South American dictators, and a migration of Jewish wartime survivors during the 1960's. They needed a way to move money across borders freely and anonymously as to not attract attention. Making this possible required some financial ingenuity from a German banker in the city of London, a bank that offered protection and secrecy, and European jurisdictional

gymnastics. The banker was Siegmund Warburg. And the banks were Swiss, famously housing assets from tax dodgers as early as the 1920's. The final piece of the puzzle was to take advantage of the varying tax and financial systems throughout European countries in order to legally withdraw and spend their Swiss bank money. The result was the Eurobond, which were essentially \$1,000 travel checks issued anonymously, could be used and redeemed for cash anywhere, dodged taxes, and paid interest towards its owners. To give you a deeper look into how far people will go to experience Moneyland, let's look at how they took advantage of this ununified financial system.

*"If the bonds had been issued in Britain, there would have been a 4 per cent tax on them, so Fraser formally issued them at Schiphol airport in the Netherlands. If the interest were to be paid in Britain, it would have attracted another tax, so Fraser arranged for it to be paid in Luxembourg. He managed to persuade the London Stock Exchange to list the bonds, despite their not being issued or redeemed in Britain, and talked around the central banks of France, the Netherlands, Sweden, Denmark and Britain, all of whom were rightly concerned about the eurobonds' impact on currency controls. The final trick was to pretend the borrower was Autostrade – the Italian state motorway company – when really it was IRI, a state holding company. If IRI had been the borrower, it would have had to deduct tax at source, while Autostrade did not have to."* (Bullough. O, 2019).

Although Jewish people were among the first to utilize Moneyland to protect themselves against the Nazis, the benefits attracted other high-earning professionals. And once they found Moneyland, there was no going back.

### **Moneyland Today**

"The International Monetary Fund estimates that between two and five cents out of every dollar earned worldwide is illegal, which could come to as much as \$2.6 trillion annually" (Bullough. O, 2019). The economic size of Moneyland is larger than most countries. And Moneyland grows every year. There are several ways that Moneylanders

obtain, hide, and spend their money today, as new attempts to bring them to justice only creates more clever workarounds.

One way to hide assets is to conceal to true owner of assets. Nevis, part of a dual island nation with Saint Kitts, is like the Swiss bank of the Caribbean. It attracts businessmen, money launderers, and government officials with its zero tax, zero record keeping requirements, and zero cooperation with foreign investigators. Nevis brings in several millions of dollars each year and associated with nearly 20,000 companies. In 2014, it was discovered that the Ukrainian ex-president Viktor Yanukovich hid his ownership of coal mines behind fake Nevis companies. These fake companies, or shell companies, are the bread and butter of wealth concealment. "These types of corporations are not all necessarily illegal, but they are sometimes used illegitimately, such as to disguise business ownership from law enforcement or the public" (Investopedia, 2019). If one path to a shell company gets shut down, another one opens. In the US state of Delaware, over 20% of its revenue comes from the company formation business (Why, 2011). Companies from all over the world can benefit from Delaware's relaxed regulations, allowing countries like Russia to steal \$15 million for nuclear infrastructure (Bullough, O, 2019).

Another method of asset concealment is through real estate. London requires you to disclose the true owner of property. That is, unless you have sufficient money and tailor the purchase, so it comes from an offshore holding. The prestigious address of Eaton Square contains 86 multi-million dollar homes all owned by unknown foreigners.

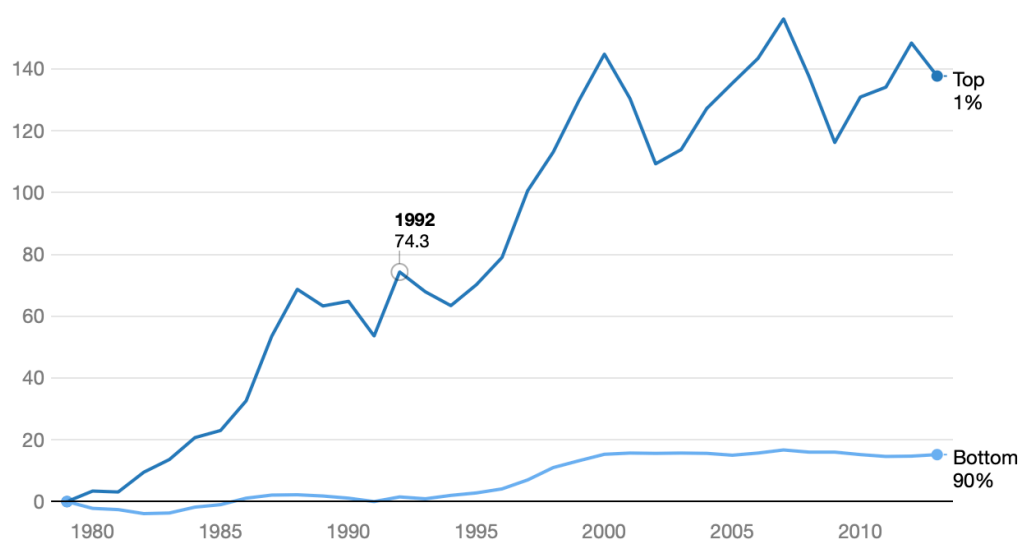
In China, they are perhaps using those most unique method of entering Moneyland that I have personally seen. Japanese law had not regulated surrogacy in 2016 and lists the surrogate mother on the birth certificate while allowing the child to have citizenship there.

So wealthy Chinese officials could implant their wife's fertilized egg in Japanese women and then transfer wealth to these secret children in another country. The benefits of having access to multiple citizenships is valuable for Moneylanders. Of course, they would eventually find a way to commoditize nationality. Businessmen were making millions creating programs for countries like Malta, Cyprus, Montenegro, and countries in South America to sell passports to the rich.

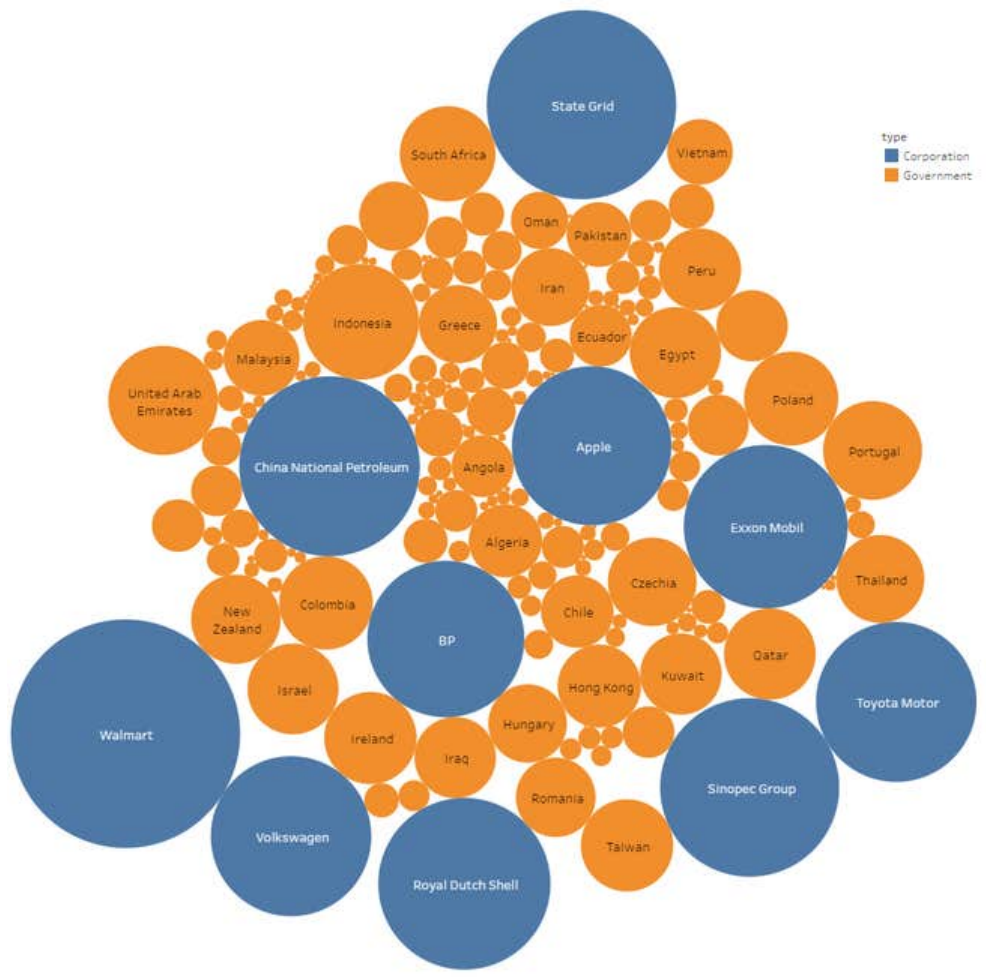
This is just a small taste of the ways Moneylanders hide wealth. Although complex and risky, the rewards are high. It is clear who the winners are in this story. But, where there are winners, there are always losers.

### Negative Impact of Moneyland

Extreme wealth inequality is growing. And Moneylanders prefer to keep it that way. Online British news publisher The Independent (2017) has collected data on this inequality and has made some startling comparisons in the global environment. Since 1978, The top 1% saw their wages increase by 140% on average, while for the bottom 90% the increase was just 15.2% over the same period.



They also make note that the 8 richest individuals own more wealth than half of the world's population combined. Making references to those like Bill Gates, Mark Zuckerberg, and Jeff Bezos worth hundreds of billions of dollars. And in the graphic below, you will see the 10 largest global corporations whose revenues exceed the combination of 180 country's governments.



Jeff Bezos, mentioned above, is the founder of Amazon. He has paid \$0 in Federal US taxes. He is just one of many that utilize any system in place that favors the rich that the average person cannot.

It will come to no surprise that when it comes to those with money and power, they are less susceptible to the laws of the land. Countless examples can be found where the

rich, with access to the best lawyers, a business connection with members of the jury, or a bribe to the judge or police, escape justice. Conversely, there are few examples where someone successfully enacts justice. One example of this involves a wealthy Saudi Arabian man named al-Juffali and his wife Estrada who demanded a divorce. Before agreeing, al-Juffali flew to St. Lucia to strike a deal that allowed him to become the ambassador to the International Maritime Organization headquartered in London. A month later, he agreed to the divorce as he was now protected by diplomatic immunity from Estrada's lawyers. He had found a loophole in the divorce settlement. But Estrada was eventually able to find a loophole of her own, stating that due to al-Juffali's lack of duties undertaken in the new position, he was not protected. Estrada was successful in one of the biggest divorce settlements in Britain. Estrada was able to just barely receive a fair settlement. And that was only because she had the money and influence to get as far as she did. Many are not so lucky. "World Bank figures suggest that the wealthiest countries returned only \$423.5 million in the six years to 2012. Even if the smallest estimate for the amount of money stolen and stashed in Moneyland is correct – i.e. \$20 billion a year – that means less than a half a cent for every stolen dollar was recovered and returned to its original owners" (Bullough. O, 2019). Recovering money owed to you is becoming increasingly more difficult.

### **A Defense of Moneyland**

As mentioned in the story about Moneyland's origins, the people that utilize this fictitious land are not all evil. Many citizens are still ruled by corrupt, oppressive, and unstable governments. Sometimes hiding your money is the only option if you wish to keep what you earned. This gives some power to the people when governments are unreliable. If you must flee a violent country, then purchasing a new passport could be lifesaving. Estrada



could have perhaps utilized some of these secrecy tools to secure a fair settlement in the face of an unfair and powerful husband. Famous artists or government officials may wish to live more normal lives without the curious eyes of the public watching their every move. It could even protect them from stalkers and assassins.

If the government is failing the people, rich or poor, then it is only natural for people to look for alternative solutions. Because of this, Moneyland can be seen as the result of failing governments. The failure to implement safe and confidential financial systems. Failure to close loopholes within its own system. Failure to negotiate agreements with other countries to close their loopholes. And it is only natural to use your wealth to defend yourself from law enforcement and court summons when it was the governments fault you were in Moneyland in the first place.

Moneyland is full of innocent victims, businessmen simply trying to stay competitive or hide a little money from colleagues and romantic partners, and corrupt government officials. It is difficult to generalize all Moneylanders as greedy and unethical. Any one of us could find ourselves in Moneyland, given the right circumstances.

### **Moneyland Sustainability**

How far will wealth inequality go until it has reached a tipping point? How long until a country's citizens no longer put up with government oppression or lack of support? In 2019, the world has seen protests and revolts all over the world. In Iran, at least hundreds have died, and thousands have been arrested during protests for fuel price increases. In Lebanon, a protest triggered by a 20 cent WhatsApp call tax and fueled by poor infrastructure and economic prospects sent over a million to streets. In South America, Bolivians and Chileans are protesting over corruption and rising costs. Hong Kong continues

to protest for over half a year to combat mainland China's oppressive government. 150 have died in Iraq due to protests about corruption and economic stagnation. In Catalonia, tens of thousands have raised their voice in reaction to the jailing of Catalan separatist leaders. And all over Europe and North America, thousands protest over climate change.

When faced with an opponent who holds most of the power, protests and revolutions tend to occur when its citizens experience a loss of quality of life. To prevent this, the powerful must either provide at least a minimum level of safety and economic satisfaction to the rest of the population. Or, they must hold absolute power, so the population is too afraid to speak up. This can be seen in Oliver Bullough's story about Ukrainian doctors, who not only exploited medication costs and doses, but demanded bribes. Parents of children undergoing cancer treatments were too afraid to speak out. At any point, the doctors could simply turn them away, leaving their children to die.

Moneyland is clearly unsustainable in many countries across the world. And time will tell if countries like China and North Korea will eventually be taken back from its currently silenced population.

### **The Future of Moneyland**

Moneyland isn't a problem for most because it is morally wrong. The main problem people have with Moneyland, whether they admit it or not, is that not everyone can join. It is a problem because they cannot benefit from it too. Rich people are not inherently different from everyone else. They are human. Many of which started out as the little guy. Simply allowing everyone in the schemes, however, would crumble social programs and society as we know it. Therefore, if everyone cannot join, *and* it negatively affects the general population, then Moneyland must be stopped. Yet Moneyland is intangible and ever

evolving and can slink away in whichever country offers the most protection at the time. If one loophole remains, that is where the money will go. The only solution then would be a united global effort with clear goals in mind: Make ownership of assets easily traceable, financial institutions must follow the same regulations, investigatory matters must be easily conducted across borders, and banks must freely share its foreign client's information to its respective governments. It is unlikely that the world will be governed fully by one entity anytime soon. However, we do see systems similar to this in the UN and EU, where policies have been put in place to promote consistency and compliance. Countries that disagree with these new hypothetical Moneyland deterring initiatives, would be removed from global trade and financial markets. If the government cannot determine who owns a piece of real estate, then it is auctioned off. If a bank cannot determine where the money came from, the accounts are frozen.

As for the general population, *the little guy*, they need to find better ways to unify and communicate. As well as clearly declaring rights for this communication and organization that cannot be violated by any government. Such as internet censorship or communication app spying. These rights should be put in place before it is taken away. As can be seen in China's free speech stance or the ToTok app controversy that is used as a spying tool in the UAE (The Verge, 2019).

There is no guarantee these methods will be able to outpace corruption and Moneylanders creativity. Meaningful global cooperation such as this may be pure fantasy when compared to human history. But unless there are more bold changes by the little guy and good people with political power, Moneyland will continue to grow. And in the future, it will be too big to stop.

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