Funding the Future

The Missing Wealth of Nations: Evidence From Switzerlan...

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A paper with the above title has been written by Gabriel Zucman of the Paris School of Economics. As the abstract of the pretty technical paper says:

This paper draws on direct evidence from Swiss banks and on systematic inconsistencies in international accounts across countries to document the level of unrecorded wealth in tax havens, its nature and its evolution. I find that 8% of global household net financial wealth is held in tax havens, of which one third is in Switzerland. The bulk of offshore assets are invested in equities, in particular mutual fund shares. For this reason, 20% of all cross-border equities have no identifiable owner in international statistics across the world. Taking into account tax havens alters dramatically the picture of global imbalances: with minimal assumptions, it is possible to turn the world's second largest debtor, the eurozone, into a net creditor. With stronger assumptions, the largest debtor, the U. S., can be made a balanced economy. Europeans are richer than we think, because a significant part of their wealth has historically been held where domestic national accountants and tax authorities cannot see it.

20% of cross border equity trades have no identifiable owner.

And I'm assured that there is sound regulation in place?

I don't believe it.

8% of world household wealth is in tax havens?

I do believe it.

In 2000 an academic study suggested that wealth totalled $125 trillion. It's clearly going up since then. That would suggest $10 trillion in tax havens.

In 2005 John Christensen and I suggested $11.5 trillion. And we allowed for intangibles.

Looks like this paper adds more support to our argument.

Except we now believe we understated.

But however looked at - this figure is enormous and a blot on humanity and its compassion, and is resounding indication of its greed.