

Rich Russians and Tax Havens: The Moscow Times Sits Down With Oliver Bullough

Oliver Bullough is a journalist and the author of the acclaimed book 'Moneyland'.

By [Pjotr Sauer](#)

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Oliver Bullough / Personal Archive

Where, or what, is Moneyland?

The thing about the way the financial system works is that there is a very significant amount of money that we know exists but we don't know where it is, or who owns it. It exists as anomalies in statistical tables and is essentially money that is owned offshore by very wealthy people who disguise their ownership to avoid scrutiny or taxes. I invented Moneyland to try and explain this anomaly.

Between 8 and 10 percent of all the money in the world is in Moneyland, which makes it approximately the third richest country in the world.

What part does Russia play in Moneyland?

Moneyland's system was actually created by the United Kingdom during the Cold War, when the city of London was looking for a new role and invented offshores, in cooperation with the banks in Switzerland.

But it was then very quickly discovered by the Soviet Union and later by Russians. They are among the most enthusiastic money launderers and users of this system. Russia is also one of the countries that is most affected by Moneyland.

You have argued that corruption is transnational. What is specific about Russian corruption?

Russians and, in fact citizens of former Soviet Union countries in general, are quite useful from a journalist's perspective because they tend to spend their money ostentatiously. They buy houses, yachts, things like that. That makes them quite easy to track. They also have children who like Instagram, again, making them easier targets to study.

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Russian oligarch Dmitry Rybolovlev is facing a corruption probe in Monaco, and Roman Abramovich was recently reportedly denied a British entry visa and Swiss citizenship. Is Europe getting more serious about clamping down on Russian money?

Yes, I think it shows that European countries are more aware of or interested in the origins of this money than they used to be.

If you compare the actions of European governments to those of the U.S., they're pretty nominal. However, from a very low threshold, Europe is finally doing something.

Essentially, Europe remains wide open to this kind of money, and not least because of the willingness of places like Cyprus, Malta, Latvia, Estonia, and Lithuania to launder it and send it into the European financial system. As long as these countries are refusing to clean up, it's very difficult for anyone else to do anything about it.

In a recent interview, you rephrased a famous quote by Lenin, saying: "We are selling Putin a rope with which he'll hang us." What did you mean by that?

What I mean is that this offshore system, this Moneyland, is entirely a system that we created. It was originally intended to allow Westerners to dodge tax. Now it's being used by people who are opposed to the very essence of the basis of Western civilization, people like Putin. Money is being smuggled into our economies and societies without us really having any idea of what's happening.

Essentially, if enough of this money builds up in the West then the West will no longer be the West, it will be something else. I don't know exactly what it will be, but it will be a far more corrupt place than it is at the moment.

Despite international sanctions, the 10 wealthiest Russian billionaires made more money combined in 2018 than all their international counterparts according to Bloomberg. Does this show that rich Russians are very good at navigating Moneyland?

Yes, they are very good at it. Also this is a function of the way that Moneyland has infested Russia in general. Russia is by far the least equal major society. It's an astonishingly unequal place. Money multiplies. Once you've got money, it makes more money. It's very difficult to do anything about that. Particularly if the government is controlled by those very rich people.

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Does it also show that international sanctions against Russian businessmen just don't work?

No, I don't think it has shown that. One of the reasons there is comparatively less Russian money going into British real estate at the moment is because the ruble is so much weaker. That's a consequence of sanctions.

They have worked to a certain extent, probably not as well as people hoped they would. American sanctions are clearly much more potent than European sanctions because of the role of the dollar as the international currency. The U.S. law enforcement system is much more powerful.

A recent study by the Russian consultancy Frank RG claims that two-thirds of Russian millionaires keep their money abroad.

Most of the Russian money that's abroad, or certainly a lot of it, is then immediately invested back in Russia again under the guise of foreign investment. If you look at Russian investment statistics, you'll see that the biggest investors in Russia are Cyprus, the Bahamas, and the British Virgin Islands. These places are not actually investing in Russia, it's just Russians hiding their money and then sending it back to Russia. Some offshore Russian money is also used to buy houses or yachts, but certainly not the majority of it.

Given the massive inequality in Russia, could corruption be a unifying cause for the political opposition?

I think it should be, as it should be in lots of countries. Vladimir Putin and the group around him talk about defending conservative values but it's just a smokescreen. They're just stealing money and hiding it offshore. It's all hypocrisy. The best way to undermine that is to expose their hypocrisy by exposing their corruption.

Can you imagine rich Russians moving on to say, China, or will Russia's elite continue to spend its money in the West?

It's difficult to say what will happen in the long term. The thing is that Europe and the U.S. are just really nice places. They have very good universities. They're very safe, the air quality and the maintenance is very good, the shops are very good, the restaurants are good, the schools are good, and so on. These are places where you want to go and hang out. I don't see that China at the moment can rival that. It would take something quite major, quite a major upheaval, for that trend to be disrupted.

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