




Amid Criticism, Switzerland Overtakes US as Most Competitive Economy

Switzerland overtook the United States as  the most competitive economy in the world, according to the global competitiveness index released this week by the World Economic Forum (WEF).

The announcement comes after the nation's oldest bank blasted American policies and called on its clients to completely divest from U.S. capital markets, following other banks that have recently announced that they will also cease doing business in the United States and with Americans in general.

The economic study was compiled using growth data, surveys of business executives, and indicators like labor-market flexibility, among other indices. Some of the factors that led to the United States losing its position include the crisis in financial markets, government intrusion into the private sector, and doubts about auditing standards. Singapore ranked third, with Finland, Japan, and the Netherlands all among the top 10.

On a ranking of the soundness of nations' banks, the United States came in below 100th place, with Tanzania just above it. British banks fared even worse, ranking 126th. In terms of economic stability, the United States slipped to 93rd — mainly due to the out-of-control budget deficits.

"We have been expecting for some time that it may lose its top-position," explained the head of the WEF's global competitiveness network, Jennifer Blanke. "There are a number of imbalances that have been building up," she added, highlighting problems in financial markets as one of the primary causes for the United States being "penalized."

She noted that Switzerland has some problems right now as well, "but Switzerland's macroeconomic environment, although weakening somewhat since last year, continues to be assessed as stable compared in particular with the United States and many European neighbors." The report noted that the small alpine country has an excellent capacity for innovation, well-functioning goods markets, and a sophisticated business culture. It also has comparatively low taxes and a much simpler tax structure.

"Amid the present crisis, it is critical that policy-makers not lose sight of long-term competitiveness fundamentals amid short-term urgencies. Competitive economies are those that have in place factors driving the productivity enhancements on which their present and future prosperity is built," said a co-author of the study, Columbia economics professor Xavier Sala-i-Martin. "A competitiveness-supporting economic environment can help national economies to weather business cycle downturns and ensure that the mechanisms enabling solid economic performance going into the future are in place."

The report noted that the United States "has built up large macroeconomic imbalances" and "burgeoning levels of public indebtedness, which are presently being exacerbated by significant stimulus spending." Among the most problematic factors for doing business in the United States were tax rates and regulations, inefficient government bureaucracy, and inflation.

The bad news for the United States also comes amid strong criticism of economic policies — and taxation issues in particular — from Switzerland's oldest bank, Wegelin & Co., established in 1741. [As reported previously](#), the Internal Revenue Service is turning Americans into international pariahs, with



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a growing number of banks refusing to serve U.S. clients.

Wegelin railed against new American tax policies and the idea that anyone who owns U.S. securities could have them possibly subjected to a variety of taxation schemes, including the infamous “death tax.” It said the IRS was trying to turn banks into extensions of the tax collectors, and that regulations were so cloudy and complex that it was not willing to run the risk of dealing with it.

“The moralizers provide intellectual support for a country that allows its infrastructure to collapse, and then stuffs convicts into hopelessly overfilled jails, after what are not infrequently dubious proceedings,” the bank’s regular investment newsletter charged. “We are well advised to take a general farewell of America. This will be painful, for the USA was once the most vital market economy in the world. But for now, it’s time to say goodbye.”

In other damning news for U.S. tax policies, the *Wealth Bulletin* reports that “a growing number of ultra-wealthy Americans are handing back their passports” to avoid being subject to American taxes. “Private client lawyers and relocation specialists are reporting a surge in wealthy Americans living abroad who are prepared to give up their citizenship to avoid the scrutiny of US tax authorities,” it reported in an article entitled “More US wealthy opt to surrender their citizenship.” The United States is the only country in the world that forces its citizens to pay American taxes no matter where they live.

This is all clearly bad news for Americans. The U.S. economy will continue to suffer more and more as the government continues expanding and usurping unconstitutional powers. And if the country hopes to maintain its standard of living and its standing in the world, a return to the free market and constitutional principles is absolutely crucial. Government economic control has been tested over and over again — and it has consistently failed. The world is taking notice. Free people must have free markets, for the alternative is eventual serfdom and poverty for all.



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