



# Simple, clear and wrong

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**I**n last month's column (**March: the month of expectation**) I finished by mentioning the inter-governmental body known as the Financial Action Task Force (FATF) that, *inter alia*, scrutinises any threats to the integrity of the international financial system. Bearing in mind the past and painful banking implosion in the West, brought on by the American mortgage market, with big banks' wobbly balance sheets holding inadequate amounts of capital, I am reminded of the 1960s hit record by The Grass Roots: "Where Were You When I Needed You".

The lists of offending countries produced by the FATF raise questions about objectivity and subjectivity. Friedrich Nietzsche went as far as to assert "There are no facts, only interpretations". And speaking of bias, I remember the plight of former President Lyndon Johnson in America who said that if one morning he walked on top of the water across the Potomac river, the newspaper headline that afternoon would read: "President Can't Swim".

Let's try, despite the German philosopher's contention, to find some facts behind governmental or inter-governmental bodies' guides and reports, both being frequently condensed into indices. Are they solid or merely a front propped up by wooden beams? A façade, much like the Russian ruse attributed to Count Potemkin who created false villages to impress Catherine the Great as she travelled by train across Russia.

The performance index is especially vulnerable to manipulation when it is tracking data to produce international rankings, whether they relate to social or business issues, and are widely used, covering almost every subject, including happiness; gender inequality; and corruption. They are poured over by governments, think-tanks and campaigners, all of whom might just be tempted to tweak the particular index in favour of their point of view.

The straightforward format of the index is concise and clear, thus from an analysis standpoint it becomes visually very attractive. But as a devotee of H. L. Mencken I adhere to his belief that for every complex problem there is a solution that is "simple, clear and wrong". So it all boils down to measured judgement; don't become a slave (more later) to every index published. Ignore catchy titles and look for a hidden agenda.

Latin America has often been unfairly treated in the perception stakes, although I don't for one minute believe that the World Economic Forum massaged the data to place Panama in the number seven slot when it was ranking the soundness of banks worldwide (see last November's column, *Crumbling Empires and Dreams*, Issue 251). I'm more inclined, being the cynic which I am, to believe that the World Economic Forum would have willingly told everyone Panama can't swim.

The Trafficking in Persons (TIP) report compiled annually by the United States of America's State Department ranks governments on their perceived (there's that word again – one of the most dangerous in the English language) willingness to combat trafficking. A poor ranking not only affects a country's reputation, it could also impact on aid grants and investment.

TIP began life in 2001 and included 79 countries; today the total is 190. The index has been instrumental in highlighting an evil and has been a force for good – provided the information upon which it is based is good, too. Neil Howard of the European University Institute in Florence says, however, that the raw figures are second-hand, unreliable and not comparable from country to country. Worryingly, he goes on to say that in his opinion the influence which TIP enjoys "is out of all proportion to the quality of the data it is based on".

Today the Global Slavery Index (GSI) monitors over 160 countries and when it estimated that almost 30 million people in the world were enslaved, it made global headlines. But the data has been questioned; when no information for either Ireland or Iceland was available, the prevalence rates for Britain were applied and those for America were used for several European

