THE CLUELESS NAGS OF FOGGY BOTTOM

Why do non-Americans so dislike Americans or, at least, the American government? Could part of the reason be because the U.S. State Department appears to think its mission is to be rude, insulting and condescending?

This month, the State Department has set a new record by managing to insult the citizens of 123 different lands at one time in the International Narcotics Control Strategy Report: Volume II, Money Laundering and Financial Crimes.

The 450-page report discusses what other countries are doing to reduce money laundering and financial crimes, which is fine. But then the authors go on gratuitously lecturing each of the countries by name about how they could do things "better."

To understand the total hypocrisy of the State Department nags, it is important to remember that *more money laundering goes on in the United States than anywhere else,* and that *the U.S. is the world's biggest market for illegal drugs*.

The Report, produced by the global nannies and nags at State, is filled with endless demands that other countries do a better job enforcing their laws, pass more laws, sign more international treaties and engage in some practices that would be illegal and unconstitutional in the U.S. Many of the demands would not meet a reasonable cost-benefit test, and are superfluous and banal - i.e., "be less corrupt."

The authors attack friend and foe alike, as if corruption and incompetence did not exist in Washington and at the FBI, CIA, etc. Could this be a reason many of those at State are considered bullies, hypocrites, and financial imperialists?

Some examples:

The Belgians "should strengthen the adherence to reporting requirements by some nonfinancial entities, such as lawyers and notaries," so says State, while completely ignoring the importance of lawyer-client confidentiality.

State says, "The U.K. should develop legislation and implement regulations to ensure that the gaming and betting industries are completely covered in the same manner as the financial and designated nonfinancial businesses and professions."

It perhaps did not occur to the folks at State that the British have a longstanding democracy and can figure out perfectly well which laws and regulations they would like to live under.

"China should provide for criminal penalties for noncompliance with the requirements that financial

institutions perform customer identification, due diligence and recordkeeping."

So here we have people in the U.S. government saying a police state needs to have more "criminal" penalties for crimes many legal experts believe should only be civil offenses in the U.S. and elsewhere.

To the Germans they say, "Amend legislation to waive the asset-freezing restrictions in the EU Clearinghouse for financial crime and terrorism financing, so that the freezing process does not require a criminal investigation."

Perhaps, the folks at State Department forgot there are certain historical reasons why the Germans now insist on strong legal protections against a potentially abusive state.

The Greeks (and others) are told, "Abolish company-issued bearer shares, so that all bearer shares are legally prohibited."

Maybe the State Department gurus were unaware that bearer shares are perfectly legal in some states in the U.S., such as Nevada, and can serve a sound economic and personal privacy purpose.

The authors say the government of Dominica "should eliminate its program of economic citizenship."

But then again, maybe they were unaware that many, if not most, countries allow permanent residency and/or citizenship (including the U.S.) to noncitizens who invest a certain amount in their adopted homeland. Perhaps, these folks at State feel the poor people of Dominica offer too much price competition.

The Guatemalan government is told to "focus its efforts on boosting its ability to successfully investigate and successfully prosecute money laundering cases, and distributing seized assets to law enforcement agencies to assist in the fight against money laundering and other financial crime."

As a result of many abuses and excess seizures, it is now considered best practice in the U.S. and elsewhere not to give the assets to the agencies that seize them -- but I suppose those at State have been too busy to be aware of such information.

Singapore is told that it "should add tax and fiscal offenses to its schedule of serious offenses."

Perhaps again, it did not occur to the folks in State that the highly educated and prosperous citizens of Singapore are quite capable of figuring out for themselves which laws ought to be "serious offenses."

I did find, however, several items in the report I agreed with. For instance: "Iran should not support terrorism or the funding of terrorism." I am sure the mullahs in Tehran will read that sentence and take it to heart.

Rumor has it that next year's report will demand that Africa farmers stop producing cocoa for chocolate and Brazilians stop producing sugar because they are making Americans obese. That should even get us more friends.

Richard W. Rahn serves as a director and board member of several economic policy organizations, including the European Center for Economic Growth.