

Abstract

Globalization has produced a near borderless economic system that clashes with nationally orientated tax systems. Sovereign states can create preferential tax regimes to compete over internationally mobile capital and poach other states' tax bases. This creates conflict and cooperation problems in the international political economy and the financial crisis raised the salience of solving them. This thesis looks at the nature of these problems, the initiatives being used to solve them, their efficacy and impact. I present four case studies that look at the surprising demise of banking secrecy, extraterritorial application of US law, the bringing of tax havens in line with global tax standards and money laundering regulations, and the EU's attempts to stop states from facilitating tax avoidance by multinationals. I combine existing literature from the fields of political economy, international relations, economics and sociology with hundreds of interviews and exchanges with the experts leading these initiatives whose insights were previously undocumented. I show how dominant states and International Organizations have used various instruments of power, some of debatable legitimacy, to enact change in tax havens that violated their sovereignty. I highlight the important role that coercion has played in solving cooperation problems, how sovereignty has not protected the economic models of tax havens, and how sovereignty has been overridden in favor of newly legitimized norms such as transparency, fairness and equality. This body of work makes many significant contributions to the literature and helps us to understand how and why these cooperation problems exist, how they are being solved, who the actors are, what their roles have been, the instruments of power at their disposal, the legitimacy of their approaches, what the outcomes have been, and the limits of sovereignty in a globalized world. It calls for more research on the social implications of these initiatives and suggests that political scholars need to pay close attention to the motives and incentives of rule-implementing agencies.