

## 1. Introduction

This thesis looks at various elements of the distributional conflict, discord, and cooperation problems that arise over international taxation. At its core is the fact that globalization has produced a near borderless economic system that is constrained by nationally orientated tax and legal systems. That is, whilst taxation is national in jurisdiction, capital is internationally mobile (Palan et al. 2010). The cooperation problem that links all the papers and contributions of this body of work is that sovereign states can use differences in legislation and regulation to undercut and poach other state's tax bases. According to Rixen (2008), there is an "asymmetrical prisoner's dilemma" in the international tax system whereby strong financial incentives lead individual states to create favourable and preferential tax systems that result in suboptimal competition or a 'race to the bottom' in tax levels and regulatory standards (Stiglitz and Pieth 2016). That is, each state creates and defends its tax strategy, but overall outcomes are worse if they fail to cooperate (Wagner 1983). In this setting, the optimal solution is cooperation between states, yet as sovereign entities they often have competing interests and agendas. The resulting lack of cooperation has produced an uneven playing field of tax winners and losers in the international political economy (Emmenegger 2017; Sharman 2005).

There are two main systems of taxation. The 'territorial' system, although rare, is where only income from a source inside of the state is subject to taxation. The more common 'residential' system is where residents are taxed on their worldwide income, irrespective of where it originates. Residents are expected to declare their offshore assets and income to local tax authorities, and 'double taxation' is avoided through bilateral tax treaties. But the extent to which countries sign tax treaties, and also their contents can vary widely, and so the international tax system is based on a series of inconsistent bilateral agreements that can be exploited for the purposes of tax avoidance and evasion. Such problems have been compounded by the