

law, related US sanctioning mechanisms give it hard power in solving international cooperation problems and thus a unique and unusual role in global governance. Paper *three* goes further than paper *two* in that it shows what can happen to a state that fights back against overwhelming US pressure. Through the FATF's Recommendations, Nauru presented an early opportunity for the US to test the extraterritoriality of the USA PATRIOT Act, and its sanctioning mechanisms, which was enacted in the wake of 9/11. This approach made an example of Nauru to the international community and economically isolated the tiny Pacific island from international markets.

Whilst these sanctions have been lifted, the persistent reputational damage inflicted on Nauru through its association with money laundering and international sanctions is one of the most significant issues facing the 'failed state' today (Connell 2006). In this way, paper *three* raises serious questions about the legitimacy of the FATF's approach, concerns shared by the International Monetary Fund (IMF) who argued that it abused norms around legitimacy and state consent. The IMF forced its suspension in November 2002 for a year whilst the IMF piloted a more cooperative approach, that did not succeed (IMF 2002). Vlcek (2012) further argues that the FATF's Recommendations are produced by a limited subset of developed states and their imposition has limited the choices available to developing states.

Also in line with paper *two*, paper *three* complements power-based approaches that emphasize control over market access to solving cooperation problems. Both papers highlight how the threat of legal action against a state's banking system forced the hand of the government to comply with international demands as banks can be prosecuted more easily than states. As such, paper *three* reinforces the role that powerful states play in economic and political governance in a globalized world. Rather than undermining their state capacity, growing economic interdependence endows the most powerful states with additional means to exercise