6. Conclusion

This thesis looks at the roles of power, legitimacy and sovereignty in solving co-operation problems over international taxation. It provides a set of case studies on exercises of power by dominant states and IOs in order to enact change in tax havens, the legitimacy of their approaches, and the limits of sovereignty in a globalized world. Specifically, I have analyzed the surprising demise of Liechtenstein's and Switzerland's banking secrecy regulations, the bringing of tax havens in line with global tax standards and money laundering regulations, and the EU's attempt to stop Ireland from facilitating international tax avoidance by MNCs. This body of work contributes to the field of international political economy in number of ways.

Firstly, I have documented, analyzed, contrasted and compared the various mechanisms and instruments of power available to dominant states and IOs in solving these cooperation problems. That is, promoting fairness-based rules and standards, the logic of appropriateness, extraterritorial assertion of law, blacklisting, restrictions on market access, and economic and legal sanctions. In this way, I have shown that coercion has played an important role in overcoming these cooperation problems, particularly where the scope of the problem was large and/or results were wanted quickly. Secondly, I have shown that contrary to the suggestions of the bulk of the literature on offshore finance, sovereignty and the resulting boundaries of regulatory jurisdiction have not protected the economic models of tax havens. That is, in solving cooperation problems, Westphalian sovereignty has been relaxed in favor of newly legitimized norms, such as transparency, fairness and equality. Lastly, I have shown that many of the instruments and exercises of power used to solve these cooperation problems are of debatable legitimacy. FATCA and the FATF's Recommendations in particular standout for their debatable procedural legitimacy in overriding state consent, even if their intended outcomes were more