

## **MPhil POLIS The Global Governance of Illicit Finance**

Michaelmas 2022

Wednesday 3-5pm, Room S2 Alison Richard Building  
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This paper examines global governance responses to cross-border financial crimes like transnational corruption, money laundering and tax evasion. After the end of the Cold War fears have grown concerning a ‘dark side of globalisation’: criminals and others have been said to exploit the global financial system to evade and undermine state laws and sovereign authority. In response, states, firms, international governmental and non-governmental organisations have jointly constructed a global regime to counter these perceived threats. Though there are many different ways to study these developments, this paper generally does so from the perspective of International Relations. The paper is devoted to analysing questions including: what is the nature of these threats? How new are these sorts of transnational crimes and policy challenges? How did these issues come on to the global policy agenda? Are states losing power to transnational criminals or other non-state actors? Is the ‘dark side of globalisation’ an aberration or an essential feature of globalisation more generally? How is the global governance of illicit finance meant to work and how does it work in practice? To what extent are governance responses to these problems effective? What are the consequences of the global governance of illicit finance for international politics now and in the future?

### Seminars:

The paper is comprised of 7 two-hour seminars. The seminars are designed to elicit your thoughts and reflections on the core readings (positive or negative, critical or laudatory) through discussion and debate. A seminar is thus very different from a lecture, where the lecturer does all the talking. As a condition of attending the seminars, you must come prepared to contribute your ideas on the readings. Seminars will be loosely guided by discussion questions distributed in advance connected with the readings.

### Readings:

The readings are the basis of the paper. They divided into compulsory core readings that must be completed before each seminar, and a longer list of optional further readings, depending on your interests and essay topic. All core readings will be available electronically, usually through the library.

### Assessment:

Assessment for the paper will be a 3000 word essay in response to a question from a list of topics to be provided.

## **SEMINAR 1: Historical Background and Context**

Wednesday 12 October 2022

Peter Andreas (2011) "Illicit Globalization: Myths, Misconceptions and Historical Lessons." *Political Science Quarterly* 126 (3), 403-425.

Peter Andreas and Ethan Nadelman (2008) *Policing the Globe: Criminalization and Crime Control in International Relations* (Oxford: Oxford University Press), 3-45.

Vanessa Ogle (2017) "Archipelago Capitalism: Tax Havens, Offshore Money, and the State 1950s-1970s." *American Historical Review* 122 (5): 1431-1458.

Mark Shirk (2019) "The Universal Eye: Anarchist 'Propaganda of the Deed' and the Modern Surveillance State." *International Studies Quarterly* 63 (2): 334-345.

### **Further Reading:**

R.T. Naylor (2004) *Wages of Crime: Black Markets, Illegal Finance and the Underworld Economy* (Ithaca: Cornell University Press).

Anja Jakobi (2013) *Common Goods and Evils? The Formation of Global Crime Governance*. Oxford: Oxford University Press.

Anja Jakobi (2020) *Crime, Security and Global Governance: An Introduction to Global Crime Governance*. London: Palgrave.

Christine Jojarth (2009) *Crime, War and Global Trafficking: Designing International Co-operation*. Cambridge: Cambridge University Press.

Mark Lewis (2014) *The Birth of the New Justice: The Internationalization of Crime and Punishment 1919-1950*. Oxford: Oxford University Press.

Asif Efrat (2012) *Governing Guns, Preventing Plunder: International Co-operation Against Illicit Trade*. Oxford: Oxford University Press.

Peter Andreas (2004) "Illicit International Political Economy: The Clandestine Side of Globalization." *Review of International Political Economy* 11 (3): 641-652.

Michael Barnett and Liv Coleman (2005) "Designing Police: Interpol and the Study of Change in International Organizations." *International Studies Quarterly* 49 (4): 641-652.

H. Richard Friman (Ed.) (2009) *Crime and the Global Political Economy* Boulder: Lynne Rienner.

Peter Andreas and Kelly M. Greenhill (Eds) (2010) *Sex, Drugs, and Body Counts: The Politics of Numbers in Global Crime and Punishment*. Ithaca: Cornell University Press.

Louise Shelley (2018) *Dark Commerce: How A New Illicit Economy is Threatening Our Future*. Princeton: Princeton University Press.

### **SEMINAR 2: Tax Havens and the Offshore World**

Wednesday 19 October 2022

Ronen Palan (2002) “Tax Havens and the Commercialization of State Sovereignty.” *International Organization* 56 (1): 151-176.

Ronen Palan, Richard Murphy and Christian Chavagneux (2010) *Tax Havens: How Globalization Really Works* (Ithaca: Cornell University Press), 1-45.

Andrew P. Morriss (2008) “The Role of Offshore Centers in Financial Regulatory Competition.” Illinois Law and Economics Research Paper Series LE07 032. [available from Sharman]

Justin Robertson (2020) “Global Networks on the Way Up and the Way Down: Lessons from the Rise and Fall of the Seychelles as an Offshore Centre.” *Global Networks* 21 (4): 1-22.

Kimberly Kay Hoang (2022), *Spiderweb Capitalism: How Global Elites Exploit Frontier Markets*. Princeton: Princeton University Press, 22-53.

### **Further Reading:**

Vanessa Ogle (2020) “‘Funk Money’: The End of Empires, the Expansion of Tax Havens, and Decolonization as an Economic and Financial Event.” *Past & Present* 249 (1): 213-249.

Daniel Haberly and Dariusz Wojcik (2022) *Sticky Power: Global Financial Networks in the World Economy*. Oxford: Oxford University Press.

Ronen Palan (2003) *The Offshore World: Sovereign Markets, Virtual Places and Nomad Millionaires*. Ithaca: Cornell University Press.

Justin Robertson (2022) *The Uneven Offshore World: Mauritius, India and Africa in the Global Economy*. London: Routledge.

Ricardo Soares de Oliveira (2021) Researching Africa and the Offshore World. Oxford Martin School Working Paper. <https://www.oxfordmartin.ox.ac.uk/publications/researching-africa-and-the-offshore-world/>

Nicholas Shaxson (2011) *Treasure Islands: Tax Havens and the Men who Stole the World*. New York: St Martin's.

Gregory Rawlings (2004) “Law, Liquidity and Eurobonds: The Making of the Vanuatu Tax Haven.” *Journal of Pacific History* 39 (3): 325-341.

Caroline Doggart (2002) *Tax Havens and their Uses*. Economist Intelligence Unit. [available from Sharman]

Tony Freyer and Andrew P. Morriss (2013). “Creating Cayman as an Offshore Financial Center: Structure and Strategy Since 1960.” *Arizona State Law Journal* 45: 1297-1398.

J.C. Sharman (2010), “Offshore and the New Political Economy.” *Review of International Political Economy* 17 (1): 1-19.

### **SEMINAR 3: Tax Battles: Tax Evasion and Avoidance**

Wednesday 26 October 2022

Gabriel Zucman (2014) “Taxing Across Borders: Tracking Personal Wealth and Corporate Profits.” *Journal of Economic Perspectives* 28 (4): 121-148.

Brooke Harrington (2016) *Capital Without Borders: Wealth Managers and the One Percent* (Cambridge Mass.: Harvard University Press), 79-173.

Lukas Hanelberg (2020) *Hypocritical Hegemon: How the United States Shapes Global Rules against Tax Evasion and Avoidance*. Ithaca: Cornell University Press, 1-48.

Margarita Gelepithis and Martin Hearson (2022) “The Politics of Taxing Multinationals in a Digital Age.” *Journal of European Public Policy*, 1-20.

#### **Further Reading:**

Patrick Emmenegger and Hanna Lierse (2022). “The Politics of Taxing the Rich: Declining Tax Rates in a Time of Inequality.” *Journal of European Public Policy*, forthcoming

Gabriel Zucman (2013) *The Hidden Wealth of Nations: The Scourge of Tax Havens*. Chicago: University of Chicago Press.

Annette, Alstadsaeter, Niels Johannesen and Gabriel Zucman (2017) “Tax Evasion and Inequality.” NBER Working Paper 23772.  
<https://www.nber.org/papers/w23772>

Rasmus Corlin Christiansen and Martin Hearson (2019) “The New Politics of Global Tax Governance: Taking Stock a Decade After the Financial Crisis.” *Review of International Political Economy* 26 (5): 1068-1088.

Martin Hearson (2021) *Imposing Standards: The North-South Dimension to Global Tax Politics*. Ithaca: Cornell University Press.

Maya Forstater (2015) “Can Stopping ‘Tax Dodging’ by Multinational Enterprises Close the Gap in Finance for Development?” Center for Global Development.  
<https://www.cgdev.org/sites/default/files/Can-stopping-tax-dodging-by-MNEs-close-the-gap-in%20FFD-Consultation-Draft.pdf>

Niels Johannesen and Tim B.M. Stolper. (2017) “The Deterrence Effect of Whistle-blowing–An Event Study of Leaked Customer Information from Banks in Tax Havens.” Max Planck Institute for Tax Law and Public Finance Working Paper.  
<https://www.nielsjohannesen.net/wp-content/uploads/JS2021-JLE-whistleblowing.pdf>

Anonymous, Rasmus Corlin Christensen and Martin Hearson (2022) “The Rise of China and

Contestation in Global Tax Governance.” *Asia-Pacific Business Review* 28 (2): 165-186.

Lukas Hakelberg and Thomas Rixen (2021) “Is Neo-Liberalism Still Spreading? The Impact of International Co-operation on Capital Taxation.” *Review of International Political Economy* 28 (5): 1142-1168.

Reuven Avi-Yonah (2019) “Globalization, Tax Competition and the Fiscal Crisis of the Welfare State: A Twentieth Anniversary Retrospective.” University of Michigan Law and Economics Working Papers. [https://repository.law.umich.edu/law\\_econ\\_current/159/](https://repository.law.umich.edu/law_econ_current/159/)

Leonard Seabrooke and Duncan Wigen (2016) “Powering Ideas through Expertise: Professionals in Global Tax Battles.” *Journal of European Public Policy* 23 (3): 357-374.

#### **SEMINAR 4: Money Laundering**

Wednesday 2 November 2022

Michael Levi and Peter Reuter (2006) “Money Laundering.” In *Crime and Justice: A Review of Research* edited by M. Tony (Chicago: Chicago University Press), 289-375.

Mark Nance (2018) “The Regime that FATF Built: An Introduction to the Financial Action Task Force.” *Crime, Law and Social Change*. 69: 109-129

Terrence Halliday, Michael Levi and Peter Reuter (2019) “Why Do Transnational Legal Orders Persist? The Curious Case of Money Laundering Controls” in Gregory Shaffer and Ely Aaronson *Transnational Legal Ordering of Criminal Justice*. Cambridge: Cambridge University Press, pp.51-82.

Peter Andreas (2010) “The Politics of Measuring Illicit Flows and Policy Effectiveness.” In *Sex, Drugs, and Body Counts: The Politics of Numbers in Global Crime and Punishment* edited by Peter Andreas and Kelly M. Greenhill (Ithaca: Cornell University Press), 23-45.

#### **Further Reading:**

Peter Reuter and Edwin M. Truman (2004) *Chasing Dirty Money: The Fight Against Money Laundering* (Washington DC: Peterson Institute for International Economics)

Louise I. Shelley (2014) *Dirty Entanglements: Corruption, Crime and Terrorism*. Cambridge: Cambridge University Press.

Casey Michel (2021). *American Kleptocracy: How the US Created the World’s Greatest Money Laundering Machine in History*. New York: St Martin’s.

J.C. Sharman (2011) *The Money Laundry: Regulating Criminal Finance in the Global Economy*. Ithaca: Cornell University Press.

J.C. Sharman (2010). “Shopping for Anonymous Shell Companies: An Audit Study of Financial Anonymity and Crime.” *Journal of Economic Perspectives* 24 (Fall), 127-140.

Peter Alldridge (2016) *What Went Wrong with Anti-Money Laundering Law?* (London: Palgrave)

Alex Cobham and Petr Jansky (2019) *Estimating Illicit Financial Flows: A Critical Guide to the Data, Methodologies, and Findings*. Oxford University Press.

Oliver Bullough (2018) *Moneyland: Why Thieves and Crooks Now Rule the World and how to Take it Back*. London: Profile

Global Witness (2009) “Undue Diligence: How Banks do Business with Corrupt Regimes.” London. [available from Sharman]

Global Witness (2016) “Lowering the Bar: How American Lawyers Told us how to Funnel Suspect Funds into the United States.” Washington DC.  
<https://www.globalwitness.org/en/reports/loweringthebar/>

### **SEMINAR 5: Corruption and Kleptocracy**

Wednesday 9 November 2022

Mlada Bukovansky (2006) “The Hollowness of Anti-Corruption Discourse.” *Review of International Political Economy* 13 (2): 181-209.

Kenneth Abbott and Duncan Snidal (2002), “Values and Interests: International Legalization in the Fight against Corruption.” *Journal of Legal Studies* 31: 141-178.

J.C. Sharman (2017) *The Despot’s Guide to Wealth Management: On the International Campaign Against Corruption* (Ithaca: Cornell University Press), 118-149.

John Heathershaw et al. (2021) “The UK’s Kleptocracy Problem: How Servicing Post-Soviet Elites Weakens the Rule of Law.” Chatham House.  
<https://www.chathamhouse.org/sites/default/files/2021-12/2021-12-08-uk-kleptocracy-problem-heathershaw-mayne-et-al.pdf>

### **Further Reading:**

Susan Rose-Ackerman (1999) *Corruption and Government: Causes, Consequences and Reform*. Cambridge: Cambridge University Press.

House of Commons Foreign Affairs Committee (2018) *Moscow’s Gold: Russian Corruption in the UK*.  
<https://publications.parliament.uk/pa/cm201719/cmselect/cmffaff/932/932.pdf>

James Maton and Tim Daniel (2012) “The Kleptocrat’s Portfolio Decisions.” In *Draining Development? Controlling the Flows of Illicit Funds from Developing Countries* edited by Peter Reuter (Washington D.C.: World Bank), 415-443.

Kevin E. Davis (2019) *Between Imperialism and Impunity: The Regulation of Transnational Bribery*. Oxford: Oxford University Press.

Nuhu Ribadu (2010). "Show me the Money: Leveraging Anti-Money Laundering Tools to Fight Corruption in Nigeria." Center for Global Development.  
<https://studylib.net/doc/10974352/show-me-the-money-leveraging-anti%E2%80%93money-laundering-tools-...>

Sarah M. Kaczmarek and Abraham L. Newman (2011) "The Long Arm of the Law: Extraterritoriality and the National Implementation of Foreign Bribery Law." *International Organization* 65 (4): 745-770.

Thomas Wright and Bradley Hope (2018). *Billion Dollar Whale: The Man Who Fooled Wall Street, Hollywood and the World*. New York: Hachette.

People's Bank of China (2008). "A Study on Methods of Transferring Wealth Outside China by Chinese Corruptors and Methods of Monitoring this Problem." [available from Sharman]

Karen Dawisha (2014). *Putin's Kleptocracy: Who Owns Russia?* New York: Simon & Schuster.

Tom Burgis (2020) *Kleptopia: How Dirty Money is Conquering the World*. London: WilliamCollins.

### **SEMINAR 6: State Responses**

Wednesday 16 November 2022

Juan C. Zarate (2013) *Treasury's War: The Unleashing of a New Era of Financial Warfare* (New York: Public Affairs), 1-44.

Daniel W. Drezner (2007) *All Politics is Global: Explaining International Regulatory Regimes* (Princeton: Princeton University Press), 119-148.

Henry Farrell and Abraham Newman. 2019. "Weaponized Interdependence: How Global Economic Networks Shape State Coercion." *International Security* 44 (1): 42-79.

J.C. Sharman (2009) "The Bark is the Bite: International Organizations and Blacklisting." *Review of International Political Economy* 16 (4): 573-596.

### **Further Reading:**

Elise J. Bean (2018). *Financial Exposure: Carl Levin's Senate Investigations into Finance and Tax Abuse*. New York Palgrave.

Tonya Putnam (2016) *Courts without Borders: Law, Politics and US Extraterritoriality*. Cambridge: Cambridge University Press.

Claudio M. Radaelli (1999) "Harmful Tax Competition in the EU: Policy Narratives and Advocacy Coalitions." *Journal of Common Market Studies* 37 (4): 661-82.

William F. Wechsler (2001) "Follow the Money." *Foreign Affairs* 80 (July/August): 40-57.

Rainer Hulsse (2007) “Creating Demand for Global Governance: The Making of a Global Money-Laundering Problem.” *Global Society* 21 (2): 155-78.

Yuliya Zabyelina (2020) “The Long Arm of Anti-Corruption: Extra-territoriality and Anti-Corruption Targeted Sanctions.” *Global Policy Journal* 11 (4): 535-540.

Richard Eccleston (2013) *The Dynamics of Global Economic Governance: The Financial Crisis, the OECD, and the International Politics of Tax Co-operation*. Cheltenham: Edward Elgar.

Peter R. Neumann (2017) “Don’t Follow the Money: The Problem with the War on Terrorist Financing.” *Foreign Affairs* 96 (4): 93-102.

Michael Levi and William Gilmore (2002) “Terrorist Finance, Money Laundering and the Rise and Rise of Mutual Evaluation: A New Paradigm for Crime Control.” *European Journal of Law Reform* 4 (2): 337-364.

Katrin Eggenberger (2018) “When is Blacklisting Effective? Stigma, Sanctions and Legitimacy: The Reputational and Financial Costs of Being Blacklisted.” *Review of International Political Economy* 25 (4): 483-504.

Roland Vogt (2019) “Reputations and the Fight against Tax Evasion: EU Pressure and Asian Financial Centres.” *International Affairs* 95 (2): 365-381.

### **SEMINAR 7: Responses Beyond the State**

Wednesday 23 November 2022

Marieke de Goede (2009) “Governing Finance in the War on Terror.” In *Crime and the Global Political Economy* edited by H. Richard Friman. Boulder: Lynne Rienner, 103-117.

Eleni Tsingou (2018) “New Governors on the Block: The Rise of Anti-Money Laundering Professionals.” *Crime, Law and Social Change* 69: 191-205

Mlada Bukovansky (2015) “Corruption Rankings: Constructing and Contesting the Global Anti-Corruption Agenda” in *Ranking the World* edited by Alexander Cooley and Jack Snyder. Cambridge: Cambridge University Press, 60-84.

Mette Eilstrup-Sangiovanni and J.C. Sharman (2022) *Vigilantes Beyond Borders: NGOs as Enforcers of International Law*. Princeton: Princeton University Press, 124-158.

### **Further Reading:**

Eleni Tsingou (2022) “Effective Horizon Management in Transnational Administration: Bespoke and Box-Ticking Consultancies in Anti-Money Laundering.” *Public Administration*, forthcoming.

Staffan Anderson and Paul M. Heywood (2009) “The Politics of Perception: Use and Abuse



of Transparency International's Approach to Measuring Corruption." *Political Studies* 57 (4): 746-767.

Karin Svedberg Helgesson and Ulrike Morth (2016) "Involuntary Public Policy Making by For-Profit Professions: European Lawyers on Anti-Money Laundering and Terrorism Financing." *Journal of Common Market Studies* 54 (5): 1216-1232.

Julia C. Morse (2022). *The Bankers' Blacklist: Unofficial Market Enforcement in the Global Fight against Illicit Financing*. Ithaca: Cornell University Press.

Bill Browder (2022), *Freezing Order: A True Story of Russian Money Laundering, Murder and Surviving Vladimir Putin's Wrath*. London: Simon & Schuster.

Bastian Obermayer and Frederik Obermaier (2016) *The Panama Papers: Breaking the Story of how the Rich and Powerful Hide their Money*. London: Oneworld.

Leonard Seabrooke and Duncan Wigan (2015) "How Activists Use Benchmarks: Reformist and Revolutionary Benchmarks for Global Economic Justice." *Review of International Studies* 41 (5): 887-904.

Eliot Higgins (2021) *We Are Bellingcat: An Intelligence Agency for the People*. London: Bloomsbury.

Abraham Newman and and Nikhil Kalyanpur (2021) "The Financialization of International Law." *Perspectives on Politics* 19 (3): 773-790.

Daniel Thelesklaf and Pedro Gomes Pereira (Eds) *Non-State Actors and Asset Recovery* (Bern: Peter Lang, 2011).

Frank Vogl (2012) *Waging War on Corruption: Inside the Movement Fighting the Abuse of Power*, Lanham MD: Rowman and Littlefield.

Ellen Gutterman, (2014) "The Legitimacy of Transnational NGOs: Lessons from the Experience of Transparency International in Germany and France." *Review of International Studies* 40 (2): 391-418.