

PPOL5510

Political Economy of Global Offshore Finance and Its Regulation

Instructor:

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(Office hours by appointment)

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Time: Saturdays, 09:30-12:20 & 14:00-16:50

Place: Room 2, 30/F, Tower 1, Millennity



Course Description:

In the last fifty years, the global offshore financial system has grown to such monumental proportions that it has begun to overshadow traditional global finance and even the global economy as such in several respects. This parallel universe of secretive tax havens and unscrupulous intermediaries like accountants, lawyers, bankers, and other professionals that serve the world's wealthiest individuals, multinational enterprises, transnational criminal networks, and rogue states nowadays serves as domicile for millions of shell companies, thousands of banks, funds, and insurers, and over 70% of the world's shipping tonnage. It also functions as either a conduit or a destination to about half of all international banking assets and liabilities, over 40% of all foreign direct investment, and a significant portion of the world's private holdings of art, diamonds, gold bricks, and other valuable commodities. As a result, it is estimated that anywhere between US\$11 to US\$36 trillion of untaxed wealth is stashed offshore, and that this stash continues to grow by anywhere between US\$300 to US\$700 billion every year, disproportionately affecting developing countries. Aside from ravaging tax revenues, the global offshore financial system also weakens macroprudential and microprudential supervision, exacerbates income and wealth inequality, perverts fair market competition, and undermines global security. None of this has gone unnoticed in the global policy arena. Since 2008, the various challenges posed by global offshore finance have been high on the agenda at every G20, OECD, and UN summit, resulting in several new reform initiatives, and the addition of several new targets to the 2015-2030 Sustainable Development Goals. And yet, this is only the beginning. In parallel to these efforts, the global tax justice movement of activists, academics, journalists, civil society organizations, trade unions, and other actors has been calling for the reforms to go even further, and with the leaders of the EU, China, India, and many other economies increasingly echoing these calls, a new wave of reform struggles is brewing. In this course, we will peel back the layers of the insidious yet intriguing world of global offshore finance, explaining how it functions and why it has grown so influential within the global economy, examining its impact on a wide range of global political, economic, social, and security challenges, and exploring the evolving regulatory and legislative landscape designed to curb its worst excesses. The course will be useful to students pursuing careers in national and international public administrations, regulatory agencies, academic institutions, consulting and advisory firms, corporate compliance departments, think tanks, civil society organizations, news media outlets, and other relevant bodies, as well as to anyone wishing to better understand the political economy of global offshore finance and its regulation, and to make a difference.

Course Objectives:

Upon successfully completing the course, students will be able to:

- Explain the key concepts, mechanisms, and structural characteristics relevant to the functioning of the global offshore financial system, as well as the historical, geographical, political, and economic factors that led to its original formation, continuing evolution, and contemporary significance.
- Analyze the impact of the global offshore financial system on a wide range of challenges facing the world, including offshore tax evasion and avoidance, financial instability, income and wealth inequality, persistent underdevelopment, unfair market competition, and continuing volatility of the global security environment.

- Distinguish between the objectives of different state and non-state actors, the diverse reasons behind their objectives, and the various strategies and tools they deploy in their attempts to preserve or change the regulatory and legislative status quo of the global offshore financial system.
- Evaluate the effectiveness of existing policies, frameworks, reforms, initiatives, campaigns, and other efforts aimed at curbing the worst excesses of the global offshore financial system, and the potential effectiveness as well as the technical and political feasibility of more ambitious approaches.
- Develop essential critical thinking, analytical, research, writing, and presentation skills necessary for the creation and implementation of comprehensive policy strategies, informed policy proposals, and effective enforcement mechanisms that adequately address the challenges posed by the global offshore financial system.

Course Structure:

This **3-credit course** combines lectures, documentary films, videos, class and online discussions, and individual and group work to familiarize students with the various multifaceted issues related to the political economy of global offshore finance and its regulation. The approach is multidisciplinary, drawing on insights and methods from public policy, political science, global political economy, international relations, and development studies, and blends theory with practice through exposure to numerous real life case studies. The course is open to PPOL MPhil/PhD, MPP, MPM, and other MPhil/PhD/PG/UG students.

Overview of Assessment Tasks:

Assessment Task	Weight	Date
Attendance and Active Participation (Discussions of lectures, documentary films, videos, required readings, and other course materials.)	20%	Throughout
Four Mini Quizzes (A series of multiple-choice questions based on material from the whole course up to that point, with only the two best Mini Quizzes being counted.)	10%	19 September 2026 17 October 2026 31 October 2026 28 November 2026
Group Presentation (Mandatory for passing the course) (A 25-minute group presentation on a pre-assigned topic followed by a 5–10-minute Q&A session.)	20%	Depends on the topic
Final Quiz (Mandatory for passing the course) (A combination of multiple choice, short-answer, and long-answer questions based on material from the whole course.)	25%	19 December 2026 (09:30-12:30)
Final Research Paper – Regulatory or Legislative Impact Analysis (Mandatory for passing the course) (A 1,800–2,000-word research paper in the form of an analysis of the real or potential impact of a specific regulatory or legislative policy related to some aspect of global offshore finance.)	25%	22 December 2026

Explanation of Assessment Tasks:

(1) ATTENDANCE AND ACTIVE PARTICIPATION (20%)

Attendance is mandatory, but it will not be graded, so there is no direct penalty for missing one or more of the classes. However, missing any class means missing vital context and information needed to fully understand the course material and properly participate in the course as intended, and as such it is highly inadvisable.

Lectures will frequently be interspersed with and followed by class discussions, and the Open Discussion Boards on Canvas will be available to contribute to on a regular basis as well. In addition, each Group Presentation will include a Q&A session, with pertinent questions likewise counting toward Active Participation.

There is a substantial amount of required workload to be done individually by each student in this course (on average around 35-40 pages of readings and 18 minutes of documentary films or videos for each of the 13 normal course meetings). Students are expected to set aside sufficient time to complete this required workload before each meeting, using the class discussions, the regular Open Discussion Boards on Canvas, and the Group Presentation Q&A sessions to demonstrate that they have done so. Only students that actively participate on a regular basis through clear, concise, and insightful comments, and by asking pertinent questions that enhance the discourse will be able to receive full credit

for this part of the assessment. The quantity of engagement matters, but so does its quality, so while any and all eligible participation is welcome and will be counted, not all of it will necessarily be of equal worth.

(2) FOUR MINI QUIZZES (10%)

On 19 September 2026 (Meeting 4), 17 October 2026 (Meeting 7), 31 October 2026 (Meeting 10), and 28 November 2026 (Meeting 13), an 8-minute closed book Mini Quiz will be administered in class. Each of the Mini Quizzes will consist of 5 multiple-choice questions (4 choices and 1 correct answer each) based on material from the lectures and the required workload from the whole course up to that point (the lecture and the required workload for the meeting of a given Mini Quiz will not be covered by that Mini Quiz). There will be no alternative dates for the Mini Quizzes. If a student is absent on the day of a Mini Quiz for any reason whatsoever, they forfeit the right to take that Mini Quiz. However, students will only be graded on their two best Mini Quizzes, so technically, it is possible to miss or completely fail two of the Mini Quizzes and still earn full points for this assessment task.

(3) GROUP PRESENTATION (20%)

Every student is required to give a presentation on a pre-assigned topic related to global offshore finance. Each topic will be covered by a group of about four students. Each presentation should last about 25 minutes for groups of four and proportionally less for smaller groups. Each presentation will be followed by a 5–10-minute Q&A session. The Group Presentation grade will have an individual component (10/20) as well as a group component (10/20). The presentation slides should be provided to me and the TA one day before the class, and the final slide should contain the full list of references that were used to research the topic. During your research, make sure to use mostly academic sources, and only the most reputable institutional, policy, think tank, and media sources. The groups will be formed by the students themselves or otherwise randomly assigned by me, and **the topics will be randomly assigned by 3 October 2026 (Meeting 6).**

(4) FINAL QUIZ (25%)

On Saturday, 19 December 2026 from 09:30 to 12:30, a 3-hour closed book Final Quiz will be administered in class (**Room 4, 30/F, Tower 1, Millennity**). It will consist of 10 multiple-choice questions (4 choices and 1 correct answer each), 4 short-answer questions (around 200-word answers each), and 2 long-answer questions (around 400-word answers each), all based on material from the lectures and the required workload from the whole course. Each student is allowed to bring a single A4-sized sheet of personally handwritten (not typed on a device and printed) notes (both sides of the sheet can be used).

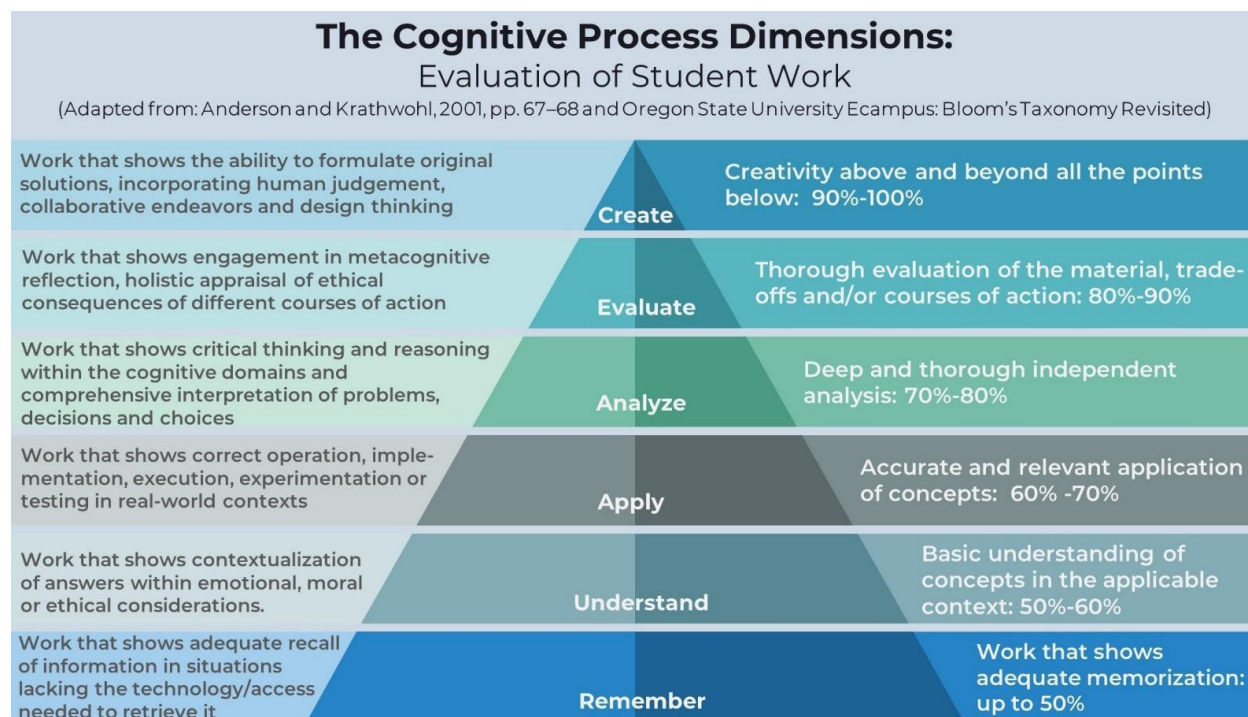
(5) FINAL RESEARCH PAPER – REGULATORY OR LEGISLATIVE IMPACT ANALYSIS (25%)

By 23:59 on Tuesday, 22 December 2026, every student is required to write and submit to Canvas a 1,800–2,000-word (not inclusive of references) research paper in the form of an analysis of the real or potential impact of a specific regulatory or legislative initiative related to some aspect of global offshore finance. The chosen regulatory or legislative initiative can be either one that has already come into force, or one that has been proposed and is being seriously considered by one or more jurisdictions. The content should be similar to that of a real world regulatory or legislative impact analysis, but the format should be that of a regular research paper, which also means that students should mostly use academic sources. Reputable institutional, policy, think tank, and media sources are permitted as well, but they should not

constitute a majority of the sources used. Overall, students must meaningfully use at least 20 English language sources (including a minimum of 12 academic sources). **The use of non-English language sources is strictly prohibited.**

Grading:

The course is based on criterion-referenced assessment (CRA). It also utilizes Bloom's Taxonomy, a widely used educational framework which categorizes thinking skills into six levels, from basic recall to complex creativity. While it does not apply to all of the assessment tasks, students would do well to keep it in mind whenever they are working on anything that requires research, analysis, evaluation, or creativity.



Grade	Level of Student Achievement
A+/A	Students who are exceptionally active and engaged throughout the entirety of the course, who demonstrate an excellent level of comprehension of the course material, and who are able to apply it with a very high degree of sophistication and professionalism.
A-/B+	Students who are very active and engaged throughout most of the course, who demonstrate a good level of comprehension of the course material, and who are able to apply it with an above average degree of sophistication and professionalism.
B/B-	Students who are somewhat active and engaged throughout at least some parts of the course, who demonstrate a satisfactory level of comprehension of the course material, and who are able to apply it with an average degree of sophistication and professionalism.
C+/C	Students who are not very active and engaged throughout most of the course, who demonstrate only a marginal level of comprehension of the course material, and who are able to apply it with only a low degree of sophistication and professionalism.
F	Students who are not active and engaged in the course at all or nearly at all, who demonstrate an insufficient level of comprehension of the course material, and who are thus not able to apply it with a sufficient degree of sophistication and professionalism.

Policy on the Use of Artificial Intelligence (AI):

In this course, the policy on the use of artificial intelligence (AI) depends on the specific assessment task in question.

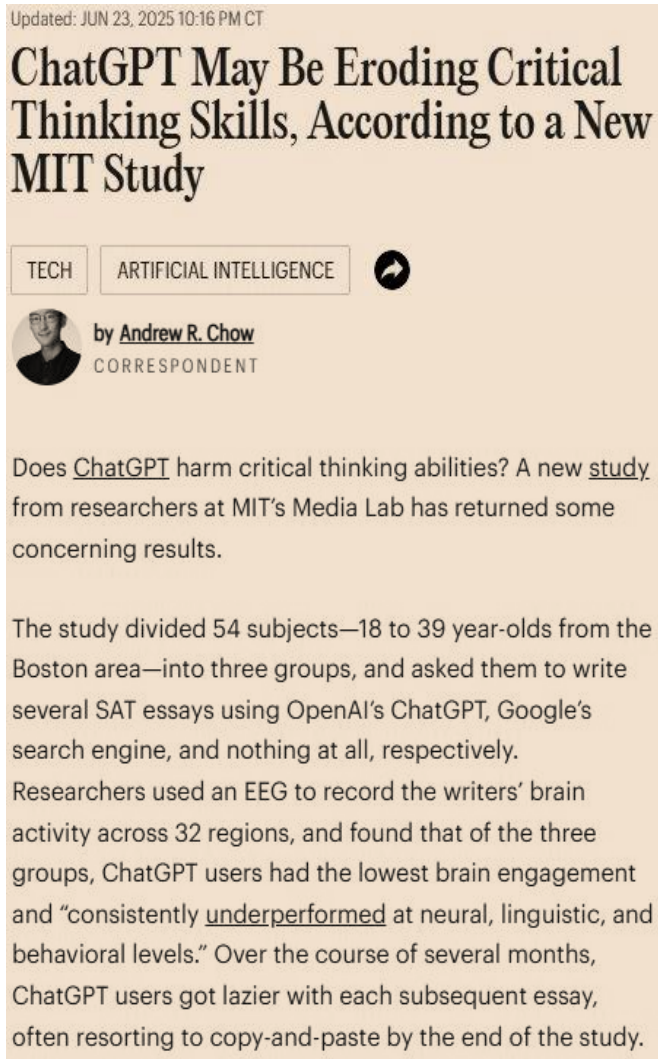
(1) ACTIVE PARTICIPATION – The use of AI of any kind whatsoever is **strictly prohibited**.

(2) FOUR MINI QUIZZES – The use of AI of any kind whatsoever is **strictly prohibited**.

(3) GROUP PRESENTATION – The use of AI is permitted, but only for certain tasks and with certain restrictions, and only provided that it is used responsibly and with an abundance of caution. To be specific, the use of AI is permitted and even encouraged for: (a) planning (e.g., brainstorming topics and ideas, searching for basic background information, clarifying challenging material, drafting initial outlines); (b) polishing and editing (e.g., spelling and grammar checking, improving structure and logical flow, fine tuning style); and (c) self-testing and feedback (e.g., asking for critical feedback on the student's work). However, due to its inherent biases, the relatively high degree of inaccuracy and outright hallucination, and the importance of learning how to conduct rigorous research independently, **the use of AI is strictly prohibited for: (d) research (e.g., using AI as a search engine for literature, summarizing literature, etc.); and (e) content creation and analysis (e.g., creating the first draft of the output, generating significant chunks of the output or supplanting your own analysis with generated content, generating data, generating references, or any tampering with properly identified and gathered data and references without rigorous verification of the output, etc.).**

(4) FINAL QUIZ – The use of AI of any kind whatsoever is **strictly prohibited**.

(5) FINAL RESEARCH PAPER – REGULATORY OR LEGISLATIVE IMPACT ANALYSIS – The use of AI is permitted, but only for certain tasks and with certain restrictions, and only provided that it is used responsibly and with an abundance of caution. To be specific, the use of AI is permitted and even encouraged for: (a) planning (e.g., brainstorming topics and ideas, searching for basic background information, clarifying challenging material, drafting initial outlines); (b) polishing and editing (e.g., spelling and grammar checking, improving structure and logical flow, fine tuning style); and (c) self-testing and feedback (e.g., asking for critical feedback on the student's work). However, due to its



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Academic Misconduct:

Academic misconduct pertains to a variety of both intentional and unintentional breaches of academic integrity that can haunt a student or professional long after it has been committed. For students, it frequently results in disciplinary proceedings and severe penalties impacting their assignments, their grades, their ability to continue their studies and finishing on time, and even the awarding of their degrees as such. For professionals in the real world, the consequences can be even more serious, including but not limited to journal article retractions, job losses, reputational losses, and in extreme cases even lawsuits.

On their website (<https://registry.hkust.edu.hk/resource-library/what-academic-misconduct>), the Academic Registry (ARO) of the Hong Kong University of Science and Technology (HKUST) lists the following as prominent examples of academic misconduct:

- **Getting hold of examination or test questions without the instructor's permission, or giving other students questions without permission;**
- **Giving or receiving unauthorized information or help to answer questions during examinations or tests;**
- **Having someone else take a test or examination for you, or taking an examination or test for someone else;**
- **Handing in assignments on which you received help from fellow students or others that went beyond what was approved by the instructor, or giving such help;**
- **Making up facts or references and using them in assignments;**
- **Using other people's work in an assignment and presenting it as your own;**

University of Hong Kong professor steps down from associate deanship after AI-generated references scandal

An internal probe by the University of Hong Kong confirmed that a paper – which listed Professor Paul Yip as corresponding author and was published in an academic journal – used non-existent publications generated by AI in its references.



by KELLY HO

14:44, 18 DECEMBER 2025



Why you can trust Hong Kong Free Press

A University of Hong Kong (HKU) professor has stepped down from his position as associate dean after a paper that listed him as a corresponding author was found to contain non-existent references generated by artificial intelligence (AI).

- **Helping a fellow student to cheat; and**
- **Incomplete or no referencing of the work of others, which can result in plagiarism.**

However, as the Academic Registry itself rightly points out, “this list is by no means exhaustive”. Indeed, with the advent and now widespread use of AI, several of the examples above have evolved in a particularly worrisome way, giving rise to the following new forms of academic misconduct:

- **Using AI to produce the entire submitted output, the entire first draft of the output, or significant chunks of the output** – this constitutes plagiarism and is thus unacceptable (in this course for certain, in other courses it may depend on the specific assignment and the applicable policy on the use of AI, but please note that even when the applicable policy explicitly allows the use of AI in this way, AI frequently makes mistakes or outright hallucinates when generating facts, data, and references, so the submitted output may still end up constituting misrepresentation and other forms of plagiarism);
- **Using AI to populate the output with references you are not personally familiar with** – this subverts the entirety of the research process and by itself constitutes deception and fraud but it may easily also result in misrepresentation and other forms of plagiarism if AI fails to place the references where they belong in the text, or simply generates non-existent references or mashups of existing references (as it frequently does); and
- **Using AI to populate the output with references that you genuinely did read and did use to produce your output, or to simply produce the final list of references in the requested referencing format** – this may seem benign and if done diligently, it may not constitute academic misconduct, but please note that if not done diligently, same as above, it may easily result in misrepresentation and other forms of plagiarism if AI fails to place the references where they belong in the text, or simply generates non-existent references or mashups of existing references (as it frequently does).

Remember that academic misconduct need not be intentional for it to qualify as academic misconduct. As such, especially when using AI, be exceptionally vigilant, and keep in mind that ultimately, it is you and not AI that will be held accountable should your unsanctioned or irresponsible use of it result in any form of academic misconduct, such as but not limited to the examples listed above. **Unfortunately, the incidence of improper placement of references in the text, non-existent references, or mashups of existing references have become such commonplace forms of academic misconduct in the written assignments of students, that as of Spring Term 2025-2026, it is now the official policy of the Division of Public Policy (PPOL) that the use of AI for any task having to do with referencing is now strictly prohibited, with all instructors and all teaching assistants in all PPOL courses explicitly charged with verifying that all of the references used by students in their written assignments are real and used properly.** To avoid these serious forms of academic misconduct, make sure to approach your research in a responsible and organized way, and familiarize yourself with at least the simplest of proper referencing tools like **ZoteroBib** (<https://zbib.org/>), which are nearly as fast as AI and far more reliable. You can find more sophisticated referencing tools on the website of the HKUST Library as well (<https://libguides.hkust.edu.hk/referencing/tools>).

As students, it is your duty to observe and uphold the highest standards of academic integrity and honesty, and as instructors and teaching assistants, it is our duty to not only observe and uphold them but also to

enforce them. As such, in what is the most unpleasant part of our work, we are obligated to report any form of academic misconduct to the PPOL Disciplinary Committee, which upon meeting and considering all of the relevant facts may choose to impose penalties on the offending student, including severe ones such as the possibility of zero points for the affected assignment, a grade of “F” for the course, or a permanent note about the incident on the student’s Transcript of Records, with repeat offenses possibly even resulting in expulsion from the whole program.

Importance of Maintaining Proper Communication:

All too often, when students encounter any difficulties with the course or outside circumstances that are out of their control but undermine their ability to perform as well as they could, for one reason or another, they keep it to themselves and try to handle the matter on their own. The result is often a combination of avoidable underperformance, unexcused absences, missed assignments, late or no submission of assignments, and in the worst cases assignments involving some form of academic misconduct. If students do eventually reach out at all, it is often only after a significant amount of time has passed, which usually means that many of the better ways of addressing whatever the situation may be are already out of my hands or no longer on the table at all, leaving only a more limited set of bad and worse options.

To avoid this, **I encourage you to maintain proper communication throughout the course.** If you need additional support with understanding some of the course content, do let me know. I am always happy to stay behind after class for as long as you need, and should some scheduling conflict emerge, or you have another class right after, we can always arrange a Zoom meeting. If you need a deadline extension because you are facing some extenuating circumstances, do let me know. I cannot promise that properly communicating your issues or needs will ALWAYS result in you getting what you want when you want it, but it is ALWAYS worth a try. On the one hand, due to the task being relatively easy and the time for it quite sufficient, I will usually not entertain submitting Open Discussion Board contributions past their deadline. The four Mini Quizzes likewise have set dates that will not change, and allowing students to make up for the ones they missed is logistically impossible (but only your two best Mini Quizzes count, so quite a bit of leeway is already built into this assignment). As for the Final Quiz, due to it taking place in the classroom and needing 3 hours to invigilate, I am also very set on the date specified in the syllabus, aside from genuinely special cases or emergencies, which, like everything else, should be communicated as far in advance as possible. On the other hand, take-home assignments like papers are generally more flexible and extensions thus quite feasible.

None of this is meant as an invitation for you to seek out robust preferential arrangements or to abuse my goodwill. Your studies should remain your absolute number one priority, and you should aim to meet all your deadlines. **However, if you do find yourself overwhelmed, properly communicate your situation, where applicable provide evidence, and I will do my best to help you succeed. I would rather receive good work that only needed a few extra days than extremely rushed work that was submitted on time, or worse yet, work that was submitted on time but only because its completion involved some form of academic misconduct (that is always unacceptable and there is never any excuse for it).**

Course Schedule:

LECTURES	
Time: Saturdays, 09:30-12:20 & 14:00-16:50 Place: Room 2, 30/F, Tower 1, Millennity	
MEETING 1	(5 September 2026): Course introduction – Syllabus walkthrough and documentary film screening.
PART I: INTRODUCING AND CONTEXTUALIZING GLOBAL OFFSHORE FINANCE	
MEETING 2	(5 September 2026): Introducing and contextualizing taxation and the global offshore financial system historically, geographically, politically, and economically – What is the role of taxation in modern societies, how fair are modern tax systems, what is the difference between tax evasion and tax avoidance, what is the meaning of the term offshore, and what are the main characteristics and impacts of the global offshore financial system?
MEETING 3	(19 September 2026): The origins and rise of the global offshore financial system – How did the international tax system, colonialism, globalization, and neoliberalism contribute to the rise of the global offshore financial system?
MEETING 4	(19 September 2026): The supply side of the global offshore financial system – What is the role of tax havens, flags of convenience, special economic zones, and intermediaries like accountants, lawyers, bankers, and other professionals in the functioning of the global offshore financial system? + Mini Quiz [1]
MEETING 5	(3 October 2026): The demand side of the global offshore financial system – What is the role of high-net-worth individuals and multinational enterprises in the functioning of the global offshore financial system, and how do the most common offshore tax evasion and avoidance schemes work?
PART II: THE IMPACTS OF GLOBAL OFFSHORE FINANCE ON KEY ISSUE AREAS	
MEETING 6	(3 October 2026): The global offshore financial system and its impact on global financial stability – What do Keynesianism and neoliberalism have to do with global financial stability and the rise of the global offshore financial system, and how has the global offshore financial system impacted major financial crises like the 1980s Third World debt crises, the 1990s Latin American banking crises, the 1997 Asian financial crisis, and the 2007/2008 global financial crisis, as well as China's own financial and economic development?

MEETING 7	(17 October 2026): The global offshore financial system and its impact on global development – How has the global offshore financial system impacted poverty, inequality, and underdevelopment? + Mini Quiz [2]
MEETING 8	(17 October 2026): The global offshore financial system and its impact on global security – How has the global offshore financial system impacted the global fight against money laundering and financing of terrorism, and how has it impacted the effectiveness of sanctions and export controls?
PART III: REGULATING GLOBAL OFFSHORE FINANCE AND STRENGTHENING GLOBAL TAX GOVERNANCE	
MEETING 9	(31 October 2026): Key considerations and concepts relevant to the regulation of the global offshore financial system and the strengthening of global tax governance – What are some legitimate uses of tax havens, what is global tax governance and how does tax and regulatory competition impact it, and what did earlier regulatory efforts consist of and why did they fail?
MEETING 10	(31 October 2026): Alternative approaches to the regulation of the global offshore financial system and the strengthening of global tax governance – What is the global tax justice movement, and how are its various ambitious proposals like automatic exchange of financial and tax information, public beneficial ownership registers, public country-by-country reporting, worldwide unitary taxation with formulary apportionment, and others supposed to address the worst excesses of the global offshore financial system and strengthen global tax governance? + Mini Quiz [3]
MEETING 11	(14 November 2026): Mainstream approaches to the regulation of the global offshore financial system and the strengthening of global tax governance – What factors and circumstances contributed to the historic reform momentum that led to the recent adoption and continued refining of the Common Reporting Standard (CRS), the Base Erosion and Profit Shifting (BEPS) project, and BEPS 2.0, and how are these efforts supposed to address the worst excesses of the global offshore financial system and strengthen global tax governance?
MEETING 12	(14 November 2026): The state of play in 2026 – What progress has been achieved thus far, what challenges lie ahead, and what implications does all this have for the global offshore financial system, global tax governance, and the global economy as a whole?
MEETING 13	(28 November 2026): Course wrap-up + Mini Quiz [4]
FINAL QUIZ	(19 December 2026): Room 4, 30/F, Tower 1, Millennity