

PPOL5510

Political Economy of Global Offshore Finance and its Regulation

Instructor:

Dr. Michael TYRALA

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(Office hours by appointment)

Teaching Assistant:

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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 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 the global offshore financial system 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 into 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 others 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 already brewing. In this course, we will peel back the layers of the insidious yet intriguing world of global offshore finance, explaining how it operates 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 appeal to students pursuing careers in international institutions, national regulatory agencies, consulting and advisory firms, corporate compliance departments, think tanks, civil society organizations, news media outlets, and other relevant bodies, as well as to those simply 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 course combines lectures, documentary films, videos, class and online discussions, expert guest speakers, 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, etc.)	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%	20 September 2025 18 October 2025 1 November 2025 29 November 2025
Group Presentation (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 (A combination of multiple choice, short-answer, and long-answer questions based on material from the whole course)	25%	6 December 2025
Final Research Paper – Regulatory or Legislative Impact Analysis (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%	12 December 2025

Explanation of Assessment Tasks:

(1) ATTENDANCE AND ACTIVE PARTICIPATION (20%)

Attendance is mandatory, unless the student in question has a very good and ideally properly-documented reason, which should be provided to me (**Dr. Michael TYRALA**) at mtyrala@ust.hk, either as soon as you know before the missed class, or in cases of emergency as soon as possible after the missed class.

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 be followed by a Q&A session, with pertinent questions likewise counting toward active participation.

There is a substantial amount of required readings to be done individually by each student in this course (on average around 40–45 pages per week). Students are expected to set aside sufficient time to complete this required reading load before each meeting, using the class discussions, the weekly 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 20 September 2025 (Meeting 4), 18 October 2025 (Meeting 7), 1 November 2025 (Meeting 10), and 29 November 2025 (Meeting 13), an 8-minute 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 required readings/videos and the lectures from the whole course up to that point (required readings 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 2 best Mini Quizzes, so technically, it is possible to miss or completely fail 2 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 presentation topic will be covered by a group of about four students. Each Group Presentation should last about 25 minutes and 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 Group Presentation slides should be provided to me 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 academic sources, and only the most credible institutional, policy, think tank, and media sources. The groups will be formed by the students themselves (or otherwise randomly assigned), and **the topics will be randomly assigned by 21 September 2025 (so one day after Meeting 4).**

(4) FINAL QUIZ (25%)

On 6 December 2025 (Meeting 14), a 3-hour open book Final Quiz will be administered in class. Required readings, lectures, and personal notes are allowed, but access to the internet or to any generative artificial intelligence (AI) tools is not, and students are required to answer the questions using their own words, as opposed to copying and pasting their answers from the required readings or the lectures. It will consist of 5 multiple choice questions (4 choices and 1 correct answer each), 5 short-answer questions (around 200-word answers each), and 2 long-answer questions (around 600-word answers each), all based on material from the required readings/videos and the lectures from the whole course.

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

By 23:59 on 12 December 2025, every student is required to write and submit to Canvas 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 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 format should be similar to that of a real world regulatory or legislative impact analysis, but since this is still a research paper, students should mostly use

academic sources. Credible 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.**

Policy on the Use of Generative Artificial Intelligence (AI):

In this course, the policy on the use of generative AI depends on the specific assessment task in question.

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

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

(3) GROUP PRESENTATION – The use of generative 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 generative 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 generative AI is strictly prohibited for (d) research (e.g., discovering literature, summarizing literature, using generative AI as a search engine for literature) 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 generative AI of any kind whatsoever is **strictly prohibited**.

(5) FINAL RESEARCH PAPER – REGULATORY OR LEGISLATIVE IMPACT ANALYSIS – The use of generative AI is **permitted, but only for certain tasks and with certain restrictions, and only provided that**

Updated: JUN 23, 2025 10:16 PM CT

ChatGPT May Be Eroding Critical Thinking Skills, According to a New MIT Study

TECH

ARTIFICIAL INTELLIGENCE



by [Andrew R. Chow](#)
CORRESPONDENT

Does [ChatGPT](#) harm critical thinking abilities? A new [study](#) from researchers at MIT's Media Lab has returned some concerning results.

The study divided 54 subjects—18 to 39 year-olds from the Boston area—into three groups, and asked them to write several SAT essays using OpenAI's ChatGPT, Google's search engine, and nothing at all, respectively.

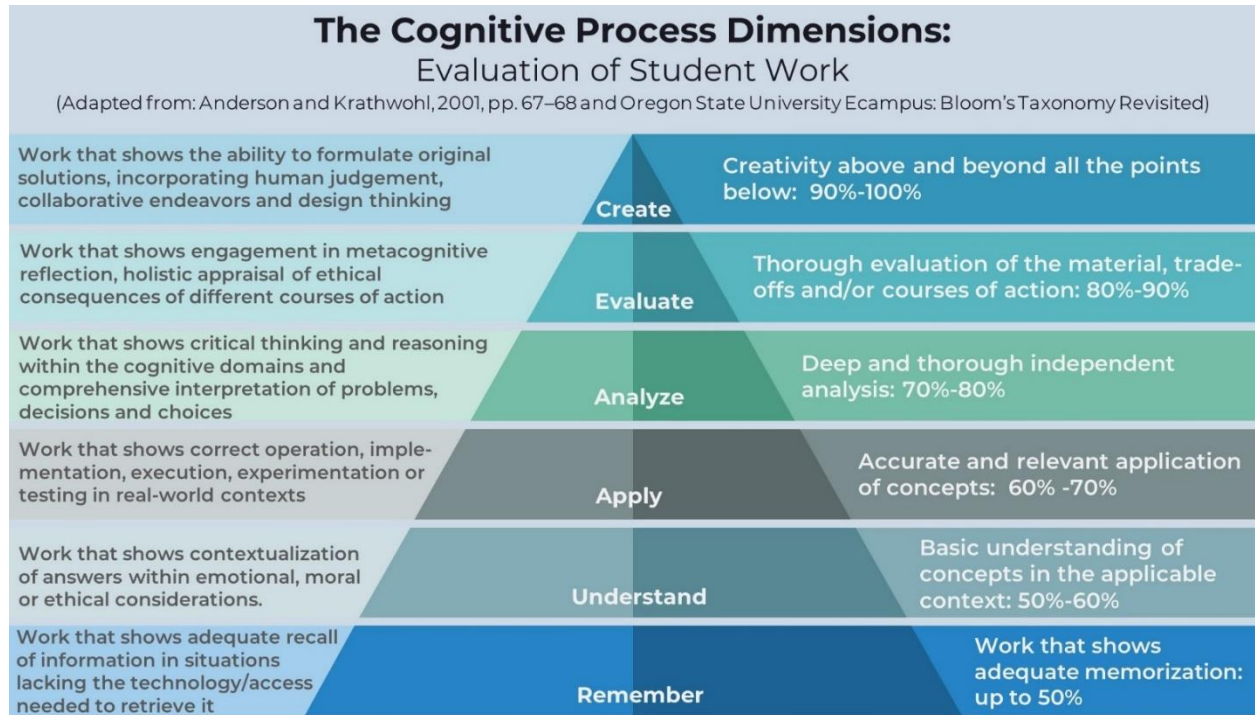
Researchers used an EEG to record the writers' brain activity across 32 regions, and found that of the three groups, ChatGPT users had the lowest brain engagement and "consistently [underperformed](#) at neural, linguistic, and behavioral levels." Over the course of several months, ChatGPT users got lazier with each subsequent essay, often resorting to copy-and-paste by the end of the study.

it is used responsibly and with an abundance of caution. To be specific, **the use of generative 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 generative AI is strictly prohibited for (d) research (e.g., discovering literature, summarizing literature, using generative AI as a search engine for literature) 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.).**

When using generative AI, do keep in mind that ultimately, it is you and not generative AI that will be held accountable should your irresponsible use of it result in any breaches of academic integrity, such as but not limited to various forms of plagiarism, misrepresentation, deception, or fraud.

In particular, the use of generative AI to create the first draft of the output or to generate significant chunks of the output constitutes plagiarism, and to base your output on generated data or references (especially if it turns out that they do not actually exist) constitutes misrepresentation, deception, or fraud (depending on the degree). **Each of these represents an egregious breach of academic integrity that will be reported to the PPOL Disciplinary Committee and will incur severe punishment, including the possibility of zero points for the affected assignment, a grade of "F" for the course, a permanent note about the incident in the student's Transcript of Records, with repeat offences possibly even resulting in expulsion from the whole program.**

Course Grading:



Course Schedule:

LECTURES	
Time: Saturdays, 09:30-12:20 & 14:00-16:50 Place: Room 2, 30/F, Tower 1, Millennity	
MEETING 1	(6 September 2025): Course introduction + Documentary film screening of: Crooks, Harold. (2014). <i>"The Price We Pay"</i> . https://www.imdb.com/title/tt3921454/
PART I: INTRODUCING AND CONTEXTUALIZING GLOBAL OFFSHORE FINANCE	
MEETING 2	(6 September 2025): Introducing and contextualizing the global offshore financial system historically, geographically, politically, and economically – the role of taxation in modern societies, offshore tax evasion and avoidance, and the main characteristics, actors, scale, and impacts of the global offshore financial system
MEETING 3	(20 September 2025): The basic architecture of the international tax system, the colonial origins of the global offshore financial system, and the role of the global offshore financial system in the rise of neoliberalism and vice versa – the primacy of residence over source in taxation, the separate entity principle, the arm's length principle, and the sprawling tax treaty network
MEETING 4	(20 September 2025): The supply side of the global offshore financial system – tax havens, flags of convenience, special economic zones, and professional intermediaries like accountants, lawyers, bankers, and others + Mini Quiz [1]
MEETING 5	(4 October 2025): The demand side of the global offshore financial system – high net worth individuals, multinational enterprises, transnational criminal networks, rogue states, and others + Group Presentation [1]
PART II: IMPACTS OF GLOBAL OFFSHORE FINANCE ON KEY ISSUE AREAS	
MEETING 6	(4 October 2025): The global offshore financial system and its impact on global financial stability – the 1980s "Third World" debt crises, the 1990s Latin American banking crises, the 1997 Asian financial crisis, the 2007/2008 global financial crisis, and China's offshore exposure + Group Presentation [2]
MEETING 7	(18 October 2025): The global offshore financial system and its impact on global development – poverty, inequality, neocolonialism, and persistent underdevelopment + Mini Quiz [2] + Group Presentation [3]

MEETING 8	(18 October 2025): The global offshore financial system and its impact on global security – money laundering, financing of terrorism, and sanctions and export controls busting + Group Presentation [4]
PART III: REGULATING GLOBAL OFFSHORE FINANCE AND STRENGTHENING GLOBAL TAX GOVERNANCE	
MEETING 9	(1 November 2025): Key considerations and concepts relevant to the regulation of the global offshore financial system and the strengthening of global tax governance – legitimate uses of tax havens, tax competition, and earlier regulatory efforts + Group Presentation [5]
MEETING 10	(1 November 2025): Alternative approaches to the regulation of the global offshore financial system and the strengthening of global tax governance – the growing influence of the global tax justice movement, automatic exchange of financial and tax information, beneficial ownership registers, country-by-country reporting, worldwide unitary taxation with formulary apportionment, and more + Mini Quiz [3] + Group Presentation [6]
MEETING 11	(15 November 2025): Mainstream approaches to the regulation of the global offshore financial system and the strengthening of global tax governance – the increasing pressure from the EU, key emerging markets, and much of the developing world amid persistent influence of major powers and the international institutions they dominate, the Common Reporting Standard (CRS), the Base Erosion and Profit Shifting (BEPS) project, BEPS 2.0, and more + Group Presentation [7]
MEETING 12	(15 November 2025): The state of play in 2025 – the increasing democratization of international taxation, the regulatory and legislative progress thus far, the challenges ahead, and the implications of it all for global tax governance and the global economy as a whole + Group Presentation [8]
MEETING 13	(29 November 2025): Course wrap-up + Mini Quiz [4] + Group Presentation [9] and [10]
MEETING 14	(6 December 2025): FINAL QUIZ

Course Readings:

MEETING 1 (6 September 2025): Course introduction + Documentary film screening of:

- Crooks, Harold. (2014). “The Price We Pay”.
<https://www.imdb.com/title/tt3921454/>

Required readings:

- This syllabus.

PART I:

INTRODUCING AND CONTEXTUALIZING GLOBAL OFFSHORE FINANCE

MEETING 2 (6 September 2025): Introducing and contextualizing the global offshore financial system historically, geographically, politically, and economically – the role of taxation in modern societies, offshore tax evasion and avoidance, and the main characteristics, actors, scale, and impacts of the global offshore financial system

Required readings:

- Collini, Stefan. (2023). “Where to Draw the Line”. *London Review of Books* 45(20).
- Palan, Ronen. (2009). “The History of Tax Havens”. *History & Policy*.
- Palan, Ronen; Murphy, Richard & Chavagneux, Christian. (2010). *Tax Havens: How Globalization Really Works*. Cornell University Press.
[Read Introduction (pp. 1-13)]
- Tax Justice Network. (2024). *The State of Tax Justice 2024*. Tax Justice Network, November 19.
[Read the “Executive Summary” (pp. 7-12)]

Supplementary readings (completely voluntary):

- Henry, James S. (2012). *The Price of Offshore Revisited: New Estimates for “Missing” Global Private Wealth, Income, Inequality, and Lost Taxes*. Tax Justice Network, July.

- Cobham, Alex & Janský, Petr. (2018). “Global Distribution of Revenue Loss from Corporate Tax Avoidance: Re-Estimation and Country Results”. *Journal of International Development* 30(2): 206-232.
- Phillips, Richard; Gardner, Matt; Robins, Alexandria & Surka, Michelle. (2017). *Offshore Shell Games 2017: The Use of Offshore Tax Havens by Fortune 500 Companies*. U.S. Public Interest Research Group (U.S. PIRG) Education Fund and the Institute on Taxation and Economic Policy (ITEP), October 17.
- Alstadsæter, Annette; Johannesen, Niels & Zucman, Gabriel. (2018). “Who Owns the Wealth in Tax Havens? Macro evidence and Implications for Global Inequality”. *Journal of Public Economics* 162: 89-100.
- Damgaard, Jannick; Elkjaer, Thomas & Johannesen, Niels. (2019). “The Rise of Phantom Investments”. *Finance & Development* 56(3): 11-13.

MEETING 3 (20 September 2025): The basic architecture of the international tax system, the colonial origins of the global offshore financial system, and the role of the global offshore financial system in the rise of neoliberalism and vice versa – the primacy of residence over source in taxation, the separate entity principle, the arm’s length principle, and the sprawling tax treaty network

Required readings/videos:

- **Ogle, Vanessa. (2017).** “Archipelago Capitalism: Tax Havens, Offshore Money, and the State, 1950s–1970s”. *The American Historical Review* 122(5): 1431-1458.
- **Ylönen, Matti & Teivainen, Teivo. (2018).** “Politics of Intra-Firm Trade: Corporate Price Planning and the Double Role of the Arm’s Length Principle”. *New Political Economy* 23(4): 441-457.
- **Oswald, Michael. (2017).** “*The Spider’s Web: Britain’s Second Empire*”.
<https://www.imdb.com/title/tt6483026/>

Supplementary readings (completely voluntary):

- Burn, Gary. (1999). “The State, the City and the Euromarkets”. *Review of International Political Economy* 6(2): 225-261.
- Picciotto, Sol. (2013). *Is the International Tax System Fit for Purpose, Especially for Developing Countries?*. International Centre for Tax and Development, Working Paper 13, September.
- Haberly, Daniel & Wójcik, Dariusz. (2015). “Regional Blocks and Imperial Legacies: Mapping the Global Offshore FDI Network”. *Economic Geography* 91(3): 251-280.

- Palan, Ronen. (2015). "The Second British Empire and the Re-Emergence of Global Finance". In: Sandra Halperin & Ronen Palan (Eds.). *Legacies of Empire: Imperial Roots of the Contemporary Global Order* (46-68). Cambridge University Press.
 - Ogle, Vanessa. (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.
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MEETING 4 (20 September 2025): The supply side of the global offshore financial system – tax havens, flags of convenience, special economic zones, and professional intermediaries like accountants, lawyers, bankers, and others + Mini Quiz [1]

Required readings/videos:

- **Palan, Ronen; Murphy, Richard & Chavagneux, Christian. (2010).** *Tax Havens: How Globalization Really Works*. Cornell University Press.
[Read Chapter 1 – "What is a Tax Haven? (pp. 17-45)]
- **Sikka, Prem & Willmott, Hugh. (2013).** "The Tax Avoidance Industry: Accountancy Firms on the Make". *Critical Perspectives on International Business* 9(4): 415-443.
- **Harrington, Brooke. (2015, October 26).** *Inside the Secretive World of Tax-Avoidance Experts*. The Atlantic.
- **Sikka, Prem. (2012).** "The Pin-Stripe Mafia: How Accountancy Firms Destroy Societies".
<https://www.youtube.com/watch?v=pByAgp1SNY>

Supplementary readings (completely voluntary):

- Christensen, John & Hampton, Mark P. (1999). "A Legislature for Hire: The Capture of the State in Jersey's Offshore Finance Centre". In: Mark P. Hampton & Jason P. Abbott (Eds.). *Offshore Finance Centres and Tax Havens: The Rise of Global Capital* (166-191). Palgrave Macmillan.
- Palan, Ronen. (2002). "Tax Havens and the Commercialization of State Sovereignty". *International Organization* 56(1): 151-176.
- Sikka, Prem & Hampton, Mark P. (2005). "The Role of Accountancy Firms in Tax Avoidance: Some Evidence and Issues". *Accounting Forum* 29(3): 325-343.
- Harrington, Brooke. (2012). "Trust and Estate Planning: The Emergence of a Profession and Its Contribution to Socioeconomic Inequality". *Sociological Forum* 27(4): 825-846.

- Jones, Chris; Temouri, Yama & Cobham, Alex. (2018). "Tax Haven Networks and the Role of the Big 4 Accountancy Firms". *Journal of World Business* 53(2): 177-193.
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MEETING 5 (4 October 2025): The demand side of the global offshore financial system – high net worth individuals, multinational enterprises, transnational criminal networks, rogue states, and others + Group Presentation [1]

Required readings:

- TBA