

PPOL6100L

The Politics of the Global Offshore Economy and its Regulation

Instructor:

Dr. Michael Tyrala

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Room 4339, 4/F, Academic Building
(Office hours by appointment)

Teaching Assistant:

Wichanon Jamwutthipreecha

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Time: Fridays, 18:30-21:20

Place: Room 2303, Lift 17-18 (91)



Course Description:

In the last fifty years, the global offshore economy has grown to such monumental proportions that it has begun to overshadow the global economy as such. This secretive universe of tax havens and unscrupulous accountants, lawyers, bankers, and other related professionals that serve the world's wealthiest individuals, multinational enterprises, and transnational criminal networks 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 conduit or destination for 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 economy also exacerbates income and wealth inequality, perverts fair market competition, weakens macroprudential and microprudential supervision, and undermines global security.

None of this has gone unnoticed in the global policy arena. Since 2008, the tax, regulatory, and other challenges posed by the global offshore economy have been high on the agenda at every major G20, OECD, and UN summit, resulting in several new global reform initiatives, and the addition of several new targets into the 2015-2030 Sustainable Development Goals, but this is only the beginning. In parallel to these efforts, the global tax justice movement of NGOs, trade unions, academics, and various activists has been calling for the reforms to go even further, and with China, India, and many other emerging and developing economies echoing these calls, it is clear that a new wave of struggles is already brewing.

Through this course, students will be acquainted with the relevant concepts, theories, and approaches necessary to understand and analyze the historical origins and continuing evolution of the global offshore economy, its structural features and characteristics, its main actors, its day-to-day functioning, and its remarkable resilience in the face of increasingly persistent reform efforts. The course will also provide in-depth coverage of the circumstances and main actors behind these reform efforts, and the factors underlying their successes and failures. Considering that Hong Kong itself has been an integral part of the global offshore economy, the course will be useful to those interested in the city's role as both a major global financial center and a financial gateway between China and the rest of the world. More importantly, it will be useful to those pursuing careers with national regulatory authorities, international organizations, corporate compliance departments, news media outlets, think tanks, consultancies, NGOs, and other public, private, and civil society sector bodies, as well as to those simply wishing to understand the world better and make a difference.

Course Objectives:

This course is designed to equip students with fundamental knowledge about the historical and contemporary significance of the global offshore economy as well as the recent and not so recent efforts to regulate it, and through that provide a more complete and accurate understanding of the functioning of the global economy and of global governance as such.

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

- Demonstrate a strong grasp of the historical, geographical, political, and economic factors that led to the formation and continuing evolution of the global offshore economy.
- Understand and critically evaluate the role of the global offshore economy in some of the major challenges facing the world, including development, domestic resource mobilization, income and wealth inequality, fair market competition, macroprudential and microprudential supervision, and global security.
- Identify the reasons behind the success of some regulatory and legislative efforts and the failure of others when attempting to rein in the excesses of the global offshore economy.
- Compare and contrast the policy strategies and tools of different types of actors in promoting regulatory and legislative change in a highly contested area of global governance.
- Develop and hone analytical, critical thinking, writing, and presentation skills applicable to a wide range of academic and professional fields.

Course Structure:

This course combines lectures, class and online discussions, documentaries, expert guest speakers, and individual and group work to familiarize students with the various multifaceted issues related to the politics of the global offshore economy and its regulation. The approach is multidisciplinary, drawing on insights and methods from public policy, 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 MPP, MPM, and other PG/UG programs.

Overview of Assessment:

Assessment Task	Weight	Date
Attendance and Active Participation (Discussions of lectures, documentaries, required readings, etc.)	20%	Throughout
Four Reflective Summaries (Four 500-word reflective summaries of selected weekly readings)	20%	Depends on the readings
Group Presentation (A 20-minute group presentation 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)	40%	December 8 (Room 2464)

Explanation of Assessment:

(1) ATTENDANCE AND ACTIVE PARTICIPATION (20%)

Attendance is mandatory, unless the student in question has a well-documented reason, which should ideally be provided to my teaching assistant **Ms. Wichanon Jamwutthipreecha (Maya)** at wjaa@connect.ust.hk before the missed class, or in cases of emergencies as soon as possible after the missed class.

Lectures will frequently be interspersed with and followed by class discussions, and the Canvas discussion board will be available to contribute to on a weekly 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 lecture week). Students are expected to set aside sufficient time to complete this mandatory reading load before each meeting, and use the class discussions, the weekly Canvas discussion boards, and the 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 debate 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 interventions will necessarily be worth the same.

(2) FOUR REFLECTIVE SUMMARIES (20%)

Every student is required to write and submit to Canvas a total of four reflective summaries of selected weekly readings, either from the list of required readings, or from the list of supplementary readings. Choosing to do a reflective summary on a reading from the list of supplementary readings has the added bonus of being considered as “active participation”. Each reflective summary should be about 500 words long (+/- 10%), and aside from containing the main arguments and most important information from the reading, it should also contain the student’s personal reflection on the issues in question. The reflective summaries are to be submitted before the next class in the week for which they were assigned.

(3) GROUP PRESENTATION (20%)

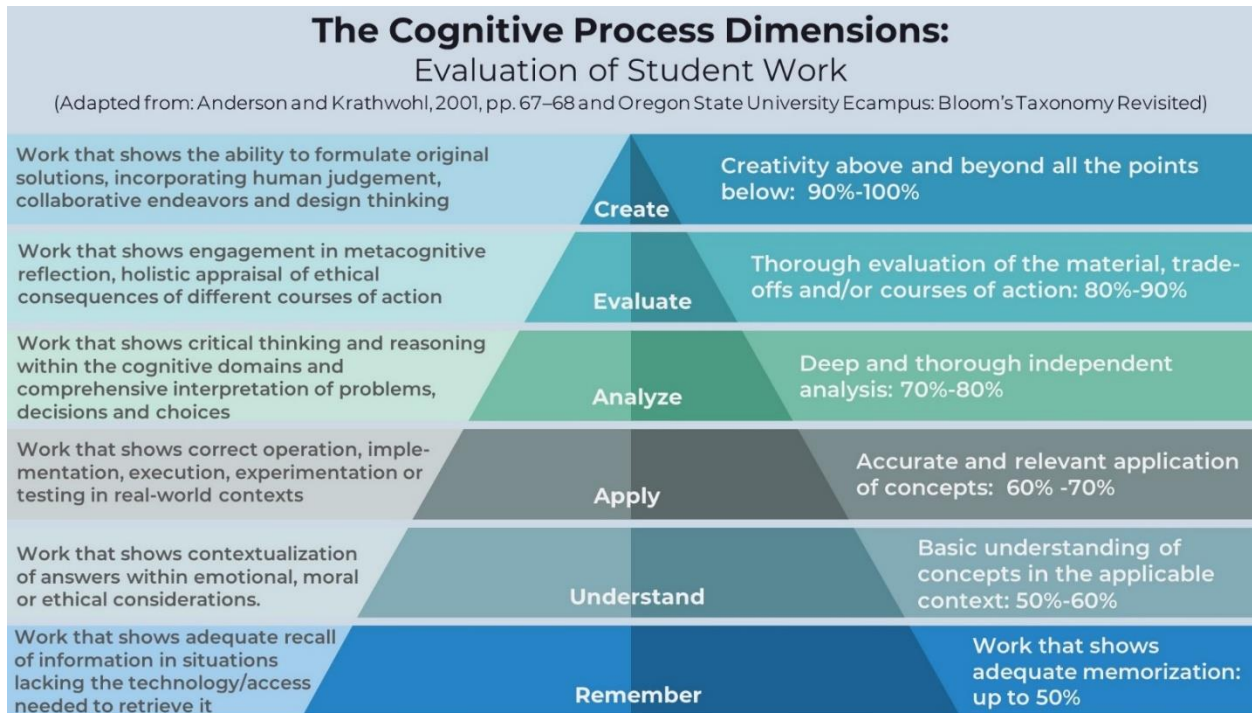
Every student is required to give a presentation on a topic related to the global offshore economy. Each presentation topic will be covered by a group of about three students. Each presentation should last about 20 minutes, and will be followed by a 5–10-minute Q&A session. The presentation grade will have an individual component (10/20) as well as a group component (10/20). The presentation slides should be provided to me 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.

Signing up for the presentation topics will take place on Canvas at the end of the lecture in Week 2 (September 22).

(4) FINAL QUIZ (40%)

In Week 13 (December 8), a 3-hour open book final quiz will be administered in class in Room 2464. It will consist of 8 multiple choice questions, 4 short-answer questions (around 200-word answers each) and 2 long-answer questions (around 600-word answers each) based on material from the required readings and the lectures from the whole course.

Course Grading:



Course Schedule:

LECTURES	
Time: Fridays, 18:30-21:20	
Place: Room 2303, Lift 17-18 (91)	
WEEK 1	(Sep 15): 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 THE GLOBAL OFFSHORE ECONOMY	
WEEK 2	(Sep 22): Introducing and contextualizing the global offshore economy historically, geographically, politically, and economically + Signing up for presentation topics
WEEK 3	(Sep 29): Basic architecture of the international tax system, the colonial origins of the global offshore economy, and the role of the global offshore economy in the rise of neoliberalism
WEEK 4	(Oct 6): The supply side of the global offshore economy – tax havens, flags of convenience, special economic zones, and professional intermediaries from the accounting, legal, finance, banking, and other related sectors + Presentation [1]
WEEK 5	(Oct 13): The demand side of the global offshore economy – high net worth individuals, multinational enterprises, transnational criminal networks, and rogue states + Presentation [2]
PART II: IMPACTS OF THE GLOBAL OFFSHORE ECONOMY	
WEEK 6	(Oct 20): The global offshore economy and its impact on global development – poverty, inequality, neocolonialism, and persistent underdevelopment + Presentation [3]
WEEK 7	(Oct 27): The global offshore economy and its impact on global financial stability – 1980s “Third World” debt crises, 1990s Latin American banking crises, the 1997 Asian financial crisis, and the 2007/2008 global financial crisis + Presentation [4]
WEEK 8	(Nov 3): The global offshore economy and its impact on global security – money laundering, financing of terrorism, and sanctions and export controls busting + Presentation [5]
PART III: REGULATING THE GLOBAL OFFSHORE ECONOMY	
WEEK 9	(Nov 10): Key considerations and concepts relevant to regulating the global offshore economy + Presentation [6]
WEEK 10	(Nov 17): Alternative approaches to regulating the global offshore economy – the growing influence of the global tax justice movement, the emerging markets, and the developing world + Presentation [7]

WEEK 11	(Nov 24): Mainstream approaches to regulating the global offshore economy – the persistent influence of major powers and the international institutions they dominate + Presentation [8]
WEEK 12	(Dec 1): Reading week (NO CLASS)
WEEK 13	(Dec 8): FINAL QUIZ (Room 2464)