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The governance of global wealth chains

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ABSTRACT

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INTRODUCTION

In recent times, firms have changed their use of global value chains, disaggregating and allocating activities across jurisdictions to maximize competitive advantage and market position.

Some commentators have gone as far as to suggest that we are witnessing the era of the post-national or decentered multinational corporation (Desai [2008](#)). In these terms the multinational company (MNC) has transcended a dominant national imaginary of economic life (Cameron and Palan [2004](#)). Paralleling these developments has been the increasing size, mobility, and fluidity of finance. Not only have financial markets grown so that the total value of financial assets now far outweighs global GDP, but the

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The evolution of GWCs affects not only the competitive position of firms within industries and specific value chains, but also circumscribes the distribution of wealth arising from increasingly globalized economic activities (Seabrooke and Wigan [2014](#)). The capacity to utilize wealth chains changes opportunities for country-level development and who bears the fiscal burden across and within both developed and developing countries. For International Political Economy, GWCs refract on-going challenges to extant conceptions of relations between states and markets. They force us to confront the specificity of contemporary globalizing capital. Categorizing and specifying GWCs is an important step in investigating disjunctures between value creation and wealth allocation. As with the original aim of Global Value Chains research, our goal with GWCs is to identify opportunities for, as well as obstacles to, upgrading, learning, and development in the world economy.

SPECIALIZE, DIVERSIFY, NETWORK

We draw on three strands of literature, including scholarship in International Political Economy and Economic Geography on Global Value Chains (GVCs), literature on finance and law in Institutional Economics, and work from Economic Sociology on network dynamics within markets, product selection, and status relationships. Our pitch here is

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disintegrated with the rise of component manufacturing and modularity. Fragmentation in production networks spurred demand for explaining the various processes through which production was coordinated, the cost of transactions between particular suppliers and buyers, and, most of all, the role of asset specificity in conditioning relations between suppliers and buyers. Easy to replicate assets can be produced through arm's length relationships while more complex assets require closer coordination (Gereffi, Humphrey, and Sturgeon [2005](#)). The GVCs literature drew on transaction cost economics to explain why some processes are not outsourced but kept in-house to reduce cost and retain competitive advantages. The argument proceeds in telling us that information asymmetries between different levels of the chain – characterized as 'Market', 'Modular', 'Relational', 'Captive', and 'Hierarchy' – are important in determining the potential for genuine economic development, fostering human capital, and reducing trade barriers. A pro-development agenda has been taken up by a number of international economic organizations, with the World Bank, OECD, and others all promoting value chains as a strategy for development (OECD [2012](#)). The World Trade Organization (WTO), in particular, has placed GVC analysis at the center of its research strategy, calling for policymakers and scholars to identify production processes to reduce information asymmetries and encourage growth and development. This focus has only increased with the emergence of a global wealth inequality agenda (Piketty [2014](#)).

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value chains have a different empirical focus, but our claim here is that GVCs must be understood alongside GWCs. The rationale for doing so is straightforward: understanding the dynamics behind MNCs' global strategies, as well as forms of wealth creation and protection used by elites and the 'mass affluent'.

Value chain research has been premised on the disaggregation of production processes across space. We suggest that in the era of the 'decentered corporation' (Desai [2008](#)) research should incorporate the legal and financial disaggregation of the firm, as well as appreciating its institutional diversity (Morgan [2009](#)). As capital becomes an increasingly abstract expression in the form of intellectual property and financial innovations our imaginaries of the corporation and its operations need revisiting (Arvidsson [2016](#); Bryan et al. [2016](#)). The contemporary MNC has transcended the institutional complex of the Fordist era (Morgan [2014](#); Morgan [2016](#)). MNCs are now risk managed as integrated productive and financial entities and the frontiers of capital are transcending nationality and the state. Our analytical tools for capturing these developments require improvement. What we need is a better understanding of how financial and legal innovations are articulated through wealth chains in ways that are separate from, but speak to, value chains. We also need to understand how wealth chains are maintained through professional and social networks.

Studies of finance and law provide a range of insights into the intellectual sources of

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and Rafferty [2006](#)). Innovations permit rapid and, relatively, frictionless switching. An exposure to an asset or an ownership position can be transformed in terms of character, term and 'geopolitical locations' (Merton [1995](#): 463-4). Finnerty ([1988](#): 18) famously proposed three criteria for financial innovation: innovation must reduce or reallocate risk to reduce the required offering yield (cost of credit), lower issuance expenses (cost of financial production), or create a tax arbitrage opportunity (cost of political geography). Recent accelerated innovations in finance have widened a disjuncture between the mobile and the fixed; here, in the form of financial assets and the fiscal apparatus of the state.

Understanding how institutional diversity emerges from different financial and legal innovations is an important aim for the study of wealth chains. While the more institutionalist literature does not explicitly address the 'offshore world', it provides pointers to the relationship between functional and institutional differentiation. As such, it holds keys to understanding the supply of wealth chains and the incentives suppliers have to differentiate themselves in the marketplace.

The institutional political economy of John Commons and Thorstein Veblen provides an entrance point in understanding the mutually constitutive role of finance and law in GWCs. In asserting the 'legal foundations of capitalism' Commons built on the earlier work of Veblen in outlining a theory of value based on the habits and customs of social

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goods and labor articulated in a production process. The other is the sphere of law as every exchange is simultaneously an exchange of a property title. The holder of a property title does so on the basis of attachment to a sovereign space. Every company must be incorporated by law and every contract must by definition be located in a sovereign space. 'Reasonable value' then, or the legally sanctioned attribution of wealth, is generated by the interaction between the activity, the title, and the sovereign.

The relationship between a state's capacity to provide a legal framework to permit credit and debt extension has long been noted as a source of power in the world economy (Strange [1975](#); Strange [1990](#)). Work in International Political Economy and Economic Geography on the 'offshore world' (Hudson [1998](#); Palan [1998](#); most recently Fichtner [2016](#)) has emphasized the constitutive significance of bifurcated sovereignty. States bifurcate law so that one set of rules applies to a domestic sphere and another to a virtual sphere, or, more prosaically, to internationally mobile people, entities, and assets. The bifurcation of the transaction and the bifurcation of sovereignty are inextricably entwined. The parallel legal construction of the transaction and processes of production and exchange create what Commons refers to as 'goodwill', and is the central foundation of who gets what, where, and when. This is the institutional basis of the concept of GWCs. Wealth chains flourish precisely because of capital's dual spheres and how this bifurcation enables capital to effectively arbitrage and valorize sovereign

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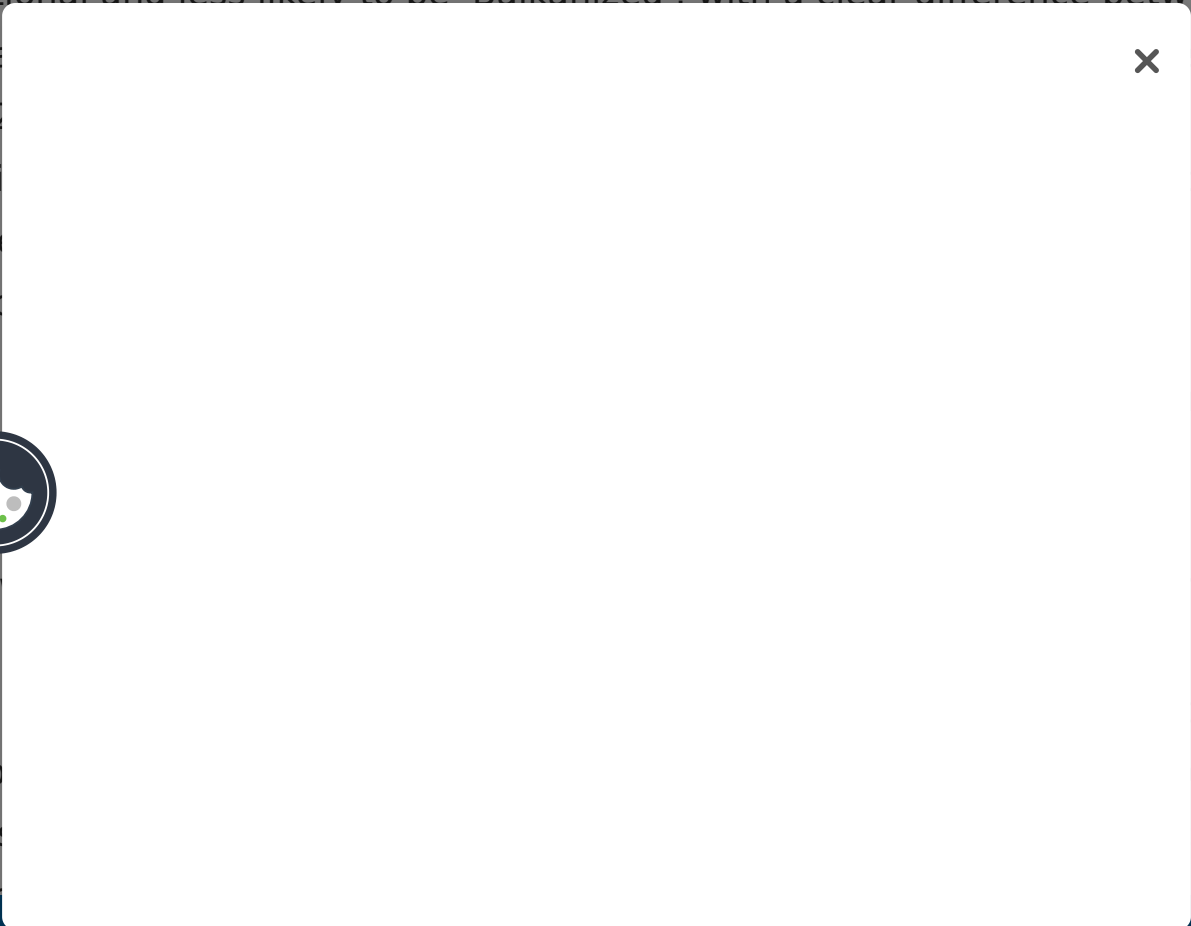
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has demonstrated how, when enacted, financial models act as 'engines' rather than 'cameras' in shaping rather than reflecting markets. In options markets models do not mirror some pre-existing financial reality, but instead prefigure what financial realities can emerge. Those applying particular financial theorems then engage in 'performativity' that directs markets and heightens uncertainties. Others have recently discussed performativity in international microfinance markets (Henriksen [2013](#)) and credit rating agencies (Paudyn [2012](#)). There has also been a focus on global or transnational 'microstructures' that create convergence on how particular assets, products, and identities are viewed in European and American financial markets (Knorr Cetina and Bruegger [2002](#); Stark [2009](#)). Insights from this literature help us understand what types of information are important for clients and suppliers in wealth chains and how types of information reflect different relationships.

Scholarship in Economic Sociology has a lot of important lessons for the analysis of wealth chains when it comes to explaining the role of client perception, client and supplier status, and market structure. For example, the notion of structural equivalence in markets suggests that suppliers do not perceive demand independently but act in interdependent relationships where they perceive how other suppliers are pricing themselves (White [1976](#); White [2002](#)). Research on entrepreneurship within networks has demonstrated that information sharing is more rapid in sectors that are transnational and less likely to be 'Balkanized', with a clear difference between

transatlantic and transatlantic (Burt [2010](#): 72) aggressive arbitrage (Seabrook [2009](#))

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Products that are considered to be extreme will be avoided for fear of being spotted by regulators, while middle of the road products will be identified as less likely to come under regulatory scrutiny. This scholarship is also helpful in identifying types of information, with information that has a high 'homophilic' value prized more than that from sources that are distant and unknown. This includes not only the source of the information but shared vocabularies, practices, and assumptions about how markets operate (Reagan and Zuckerman [2008](#)). Such homophilic information is particularly important among trust networks, including some of the forms of wealth chains we describe below. It is particularly important in maintaining elite networks and integral to their organization (Murphy and Willmott [2015](#)). This includes formal and informal regulatory 'clubs' (Tsingou [2015](#)).

As recognized in International Political Economy scholarship, it is not only access to information that counts, but understanding what the information means that provides the key problem for governance (de Goede [2001](#)). Uncertainty may not only present a problem for governance but a resource for those who seek to avoid governance (Seabrooke [2007](#); Wigan [2008](#)). There are a number of ways to examine how information is treated, including interviews with practitioners and policymakers, participant observation in trade fairs and training, content and network analysis, and, recently, experimental methods that provide evidence on how suppliers positively respond to information requests that infringe national and international financial regulations.

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Research on the 'offshore world' emphasizes the bifurcation of sovereignty, the 'virtuality' of transactions, fundamental challenges to the capacity of states to harness global capital, and regulatory conflicts and paradoxes. International Political Economy work on structural determinants of the 'offshore world' has focused on commercializing sovereignty (Palan [2003](#)), and offshore finance as a vehicle for the expression of capital's specificity and internationalization (Coates and Rafferty [2007](#)). These divergent analyses draw our attention to system-level implications. Institutional explanations elaborate origins in sovereignty, law, accounting, and international business taxation. Here the role of accounting technologies in the globalization of capital are crucial (Sikka and Wilmott [2010](#)), including the role of large accounting firms as an effective 'pinstripe mafia' (Mitchell and Sikka [2011](#)). From a legal perspective Picciotto ([1992](#), [2011](#)) has provided the most comprehensive historical analysis of the interaction of international business with diverse national legal and fiscal systems, explaining the grounds upon which corporate tax abuse is executed. Both structural and institutional analyses have been important in highlighting system-level prerequisites for the operation and proliferation of wealth chains.

A second stream of 'offshore' literature investigates actors in regulatory and market processes. Where the structural analyses noted above have highlighted origins in mutually exclusive and competing territorially bound sovereignty, this literature emphasizes the constraints placed on regulatory traction by the competing interests of states. For example, Christensen and Sharmar ([2004](#)) discuss how the behavior of states in the crosshairs of competing interests, in the instance of the United States, means that the power of the state is often discussed and how they are often employed to gauge power in the OECD countries and the financing of terrorist and the constitution of the state ([2013](#); de



operate has peeped into the complex trust networks behind trustee and estate management (Harrington [2012](#); Rawlings [2011](#)). Scholars have also sought to relabel 'onshore-offshore' to 'secrecy jurisdictions' to highlight that they are present in the heart of the OECD (Leaman and Waris [2013](#); Seabrooke and Wigan [2015](#)). The cartographic imaginary of 'offshore-onshore' alludes to a spatial demarcation that is not tenable for our conception of GWCs. Rather, an inclusive conception of GWCs can contribute to a comprehensive picture of the 'onshore-offshore' ecology, the identification of the drivers of niche formation within that ecology and the patterns of cooperation, conflict, and dependence that shape finance, law, and accounting in modern capitalism.

We build on the above literature to flesh out a conception of GWCs. To do so we draw directly from the well-established typology on global Value Chains provided by Gereffi, Humphrey, and Sturgeon ([2005](#)). The value chains typology is built on the notion that between 'pure' Markets and Hierarchies within firms there are also network relationships they characterize as Modular, Relational, and Captive (Gereffi, Humphrey, and Sturgeon [2005](#): 83-4). Market value chains refer to when information is easily communicated and transactions are governed with little explicit coordination. Modular value chains occur from the provision of products to a customer's specification but with generic machinery. Relational value chains comprise complex interactions and high levels of specificity in what is being supplied. Captive value chains refer to when small

suppliers with high integration provide the frame of attention Coe and Yeung [2002](#)

We adapt the value chains. Our typology is constructed where all types of

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2. Modular wealth chains offer bespoke services and products within well-established financial and legal environments that restrict supplier and client flexibility. Products involve complex information but can be exchanged with little explicit coordination. Bespoke suppliers are commonly associated with a lead supplier.
3. Relational wealth chains involve the exchange of complex tacit information, requiring high levels of explicit coordination. Strong trust relationships managed by prestige and status interactions make switching costs high.
4. Captive wealth chains occur when lead suppliers dominate smaller suppliers by dominating the legal apparatus and financial technology. Clients' options are limited by the scope of what can be provided by small suppliers and, in turn, lead suppliers.
5. Hierarchy wealth chains are vertically integrated. A high degree of control is exercised by senior management, such as a Chief Financial Officer. Clients and suppliers are highly integrated and coordinate intensely on complex transactions.

Figure 1 illustrates these five types following the definition of the different types of wealth chains given above. The figure identifies the lead suppliers of financial products and services, the secondary suppliers (be they bespoke, relational or simply smaller), and the clients and the basic relationships in the transfer of capital from its source to facilitate the transfer of capital from the source to the client and explicit coordination as we move from the source to the client.

Figure 1



A THEORY OF GLOBAL WEALTH CHAIN GOVERNANCE

Our conception of GWCs shares many similarities with Gereffi, Humphrey, and Sturgeon's (2005) typology of value chains, but contains important differences. These authors provide a theory of GVC governance that is premised on three factors: the complexity of information to sustain transactions, the ability to codify transactions, and the capabilities of potential suppliers to meet the requirements of the transaction (Gereffi, Humphrey, and Sturgeon 2005: 85). These three factors are appropriate for value chains because they concentrate on identifying transaction complexity, efficiency, and capacity. However, an important problem here when applying this thinking to GWCs is much of the activity is explicitly intended to avoid codification by third parties. We replace codification as means of distinguishing chains with a focus on regulatory liability. Given that our interest is in global wealth chains, we specify that liability is assessed through the lens of multi-jurisdictional regulatory interventions, requiring interaction between two or more authorities, or supranational or international organizations (see OECD 2013). This raises a number of bilateral and multilateral coordination issues that are well known to International Political Economy scholars (most re

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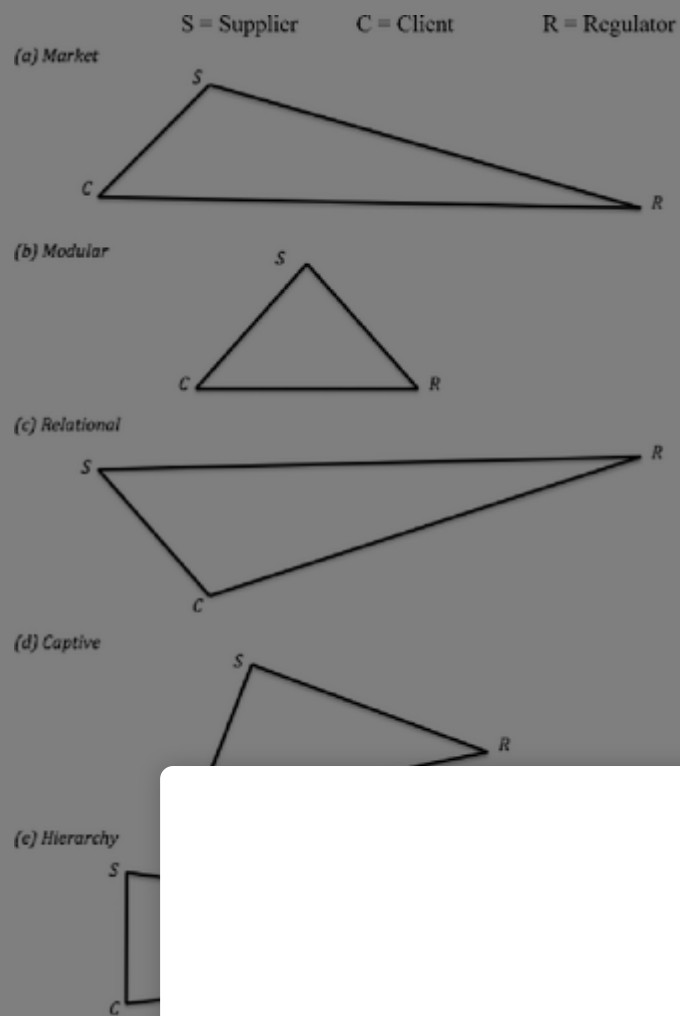
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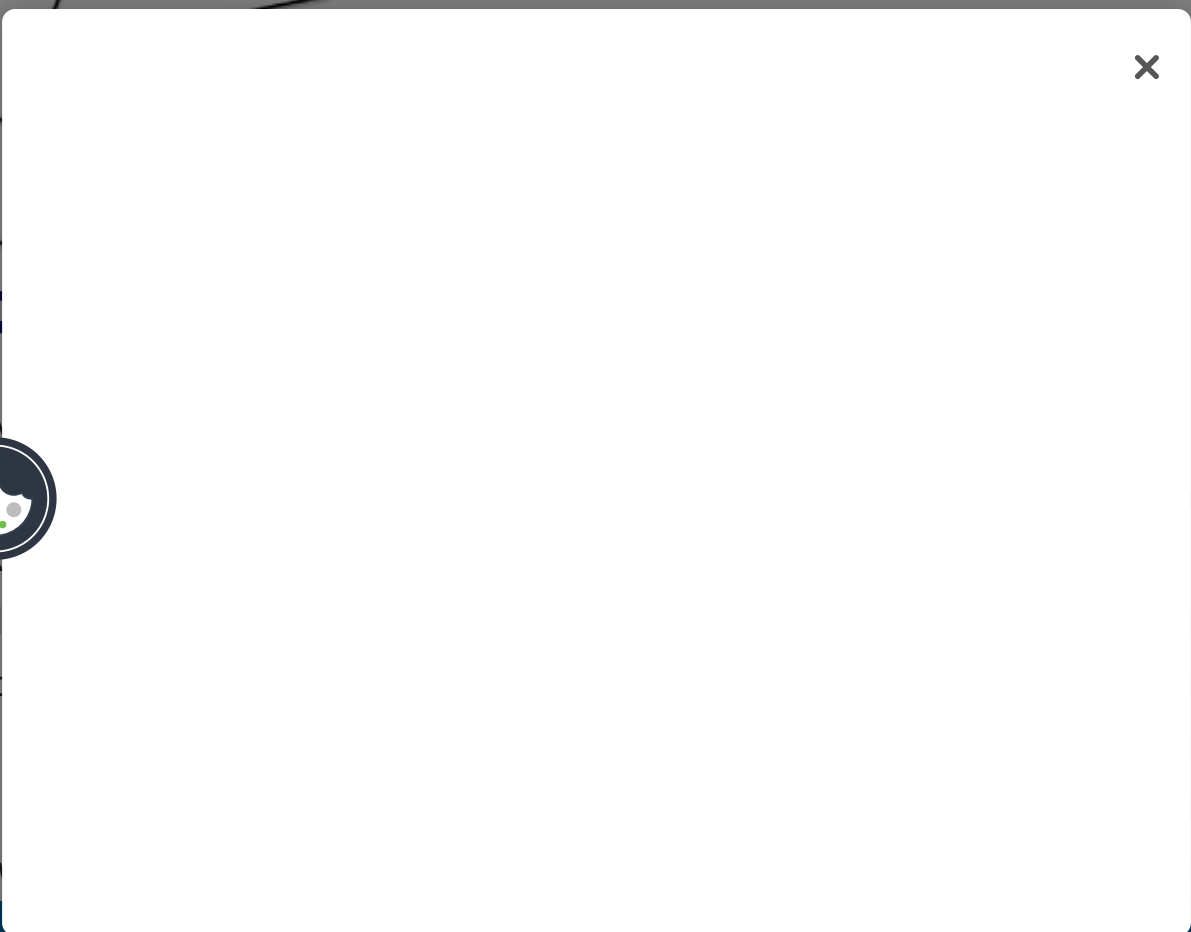


view wealth chains as comprising not only clients and suppliers but also regulators. Figure 2, below, provides a series of illustrations on information asymmetries between Suppliers, Clients, and Regulators in the GWC governance. The length of the line between the three different points represents how opaque information is between these actors. Information asymmetry provides a source of innovation and protection from regulation.

Figure 2 Information asymmetries in the governance of global wealth chains.



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a buffer between the Client and Regulator, as condoned by law that permits pervasive offshore activity. The main way of being discovered within this system is via a whistleblower that has a list of clients. We have seen a spate of these in recent years. However, contract specifications that oblige a Supplier to relocate titles or assets subject to regulatory interventions may permit the Supplier to mitigate challenges.

Information asymmetries are less in the Modular form, [Figure 2\(b\)](#), because this is an active regulated market with clear anti-money laundering legislation and reporting requirements on the source of income. This is, in part, because Modular forms of GWCs are commonly well-established schemes used by the 'mass affluent' in national middle classes and transnational and expatriate communities. In principle they are not difficult to trace. For example, someone who holds an offshore account with a major international bank can use this service to avoid or evade taxes but there is quite a lot of information known between this Client, the Supplier, and the Regulator, be they the authorities in the offshore jurisdiction or in the country where the Client is resident. Given the lack of information asymmetries here the governance of these wealth chains comes from a lack of political will rather than from capacity (for a comparative case see [Thiemann and Lepoutre, 2017](#)), although there has recently been a lot of momentum from US authorities to plug some of the fiscal leaks created by Modular wealth chains ([Palan and Wigan 2014](#)).

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The Captive form, [Figure 2\(d\)](#), shows greater information asymmetries than in the Modular form but also less than in the other forms. This is again a function of the size and scale of activity that is linked back to domestic jurisdictions where Regulators can attempt to keep an eye on what is going on. An example here is the relationship between the Big Four accountancy firms (the Supplier) and a firm (the Client) over the best strategies to avoid and minimize corporate taxes. Regulators have clear information on how this takes place and the likely revenue lost, and the Client and Supplier have clear lines of communication to share information on their needs. The Supplier is also in frequent contact with the Regulator, establishing professional expertise and best practices for both Regulators and Suppliers (Gendron, Cooper and Townley [2007](#)). The lead Supplier also establishes the expertise and technologies to smaller Suppliers, dominating both the profession and market. In our illustration the Regulator is a bit more distant from the Client than the Supplier, since a large part of the service provided by the Supplier is to provide professional and legal reasons to Regulators for the Client's activities. The Supplier's multi-jurisdictional and cross-disciplinary (accounting, law, tax, supply chain management) expertise is a great asset in avoiding regulatory interventions (as also the case in shadow banking, see Helgadóttir [2016](#)).

Finally, the Hierarchy form, [Figure 2\(e\)](#), shows a short distance and low information asymmetries between the Supplier and the Client while clear and significant

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is high. This can be explained by a strong regulatory focus on large institutions that can be monitored, or attempts to be monitor them, compared to the Market and Relational types that can rely on, respectively, faceless contracts or strong trust relationships as the key forms of completing transactions without going through traditional financial intermediaries. The Hierarchy form is only one able to provide comprehensive schemes that mix conventional and shadow banking with products and services in jurisdictions that, via complexity, minimize tax exposures.

Table 1 Key determinants of Global Wealth Chain governance.



Display Table

The degree of explicit coordination increases as we move down the right hand side column in the table. Ordering a shell company can be done online without unnecessary fuss. Buying large denomination bills is also a simple Market transaction. Clients engaging in Modular forms of governance will only receive a private banker who can assist them with international taxation issues only once they have invested above a high income/wealth threshold. Families dealing with trust and estate planners or asset protection trusts have even more significant sums to pay for highly customized

Relational forms of governance (Wigan 2010). Clients using Hierarchy forms of governance engage in a range of transactions that require explicit coordination. These transactions often involve professional intermediaries. These intermediaries often have a strong relationship with the client. The terms of these relationships are often the subject of debate and challenge. The challenge is to ensure that the governance systems of these intermediaries can be effectively monitored and controlled.

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examination of some of the various wealth chains now in operation can illustrate the potential traction of our framework and the salience of the dynamics we identify as conditioning elements.

A hierarchy-relational global wealth chain

Apple Inc. has attracted sustained attention for its global assembly and tax planning activities (see Bryan et al., [forthcoming](#), in this forum; Fernandez and Hendrikse [2015](#)). In May 2013, following investigations into Microsoft and Hewlett Packard, the U.S. Senate's Permanent Subcommittee on Investigations conducted formal hearings into Apple's global tax planning which was alleged to enable the firm to reduce US taxes by US\$ 10 billion a year. For instance, in 2011 under a 'cost sharing agreement' (CSA) with a subsidiary in Ireland, Apple was able to route approximately US\$ 22 billion (or 64% of global pre-tax profits) into its Irish holding company (by way of comparison its Irish operations employs 4% of its global workforce and accounts for about 1% of its worldwide sales). The effective tax rate on Apple's international earnings was 2.5%, and estimates of lost tax revenue range considerably, with some suggesting US\$ 100 billion. The hearings found that Apple's global activities were being arranged in ways that not only affected the U.S. Treasury, but many other tax jurisdictions. Only 6% of Apple's pre-tax global income is allocated to jurisdictions other than Ireland and the USA (U.S. PSI [2013a](#); see also U.S. PSI 2013b).

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to a licensing agreement, transfers the economic rights to the intellectual property to Ireland. A licensing agreement, on the other hand, means that the intellectual property investment and return on investment remain in the USA (Sullivan [2013](#)). Richard Harvey, former senior adviser to the U.S. Internal Revenue Service, explained in his testimony to the Apple hearing: 'Even if the payment from the tax haven affiliate to the U.S. parent is at true fair market value for the intangible assets transferred, ... the U.S. parent has effectively shifted income to the tax haven affiliate by virtue of the equity contribution' (Harvey [2013](#)).

Apple established AOI in Ireland to act as a group holding company as early as 1980. At the time Apple also conducted substantive manufacturing activity in Ireland. What is especially noteworthy about that subsidiary company is that, to date, AOI has not declared tax residency in any jurisdiction. Despite an income estimated at US\$ 30 billion in the 3 years between 2009 and 2012, AOI filed no corporate income tax returns and paid no taxes. AOI, the first amongst many offshore affiliates, is able to take advantage of that Ireland establishes tax residency on the basis of the location of management and control while the US bases determination of tax residency on place of incorporation. Like Google, AOI, by virtue of the arbitrage offered by different juridical bases of tax and corporate nationality, is effectively not tax resident anywhere. For the USA, AOI is Irish, for Ireland it is a US entity. In this way, AOI operates in a spread between these different national jurisdictions, and arbitrages that spread. Such

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trading strategies, which involved many thousands of short-term positions. The basket options account, also formally owned by Barclays, was used to conduct option trades that mirrored the trades in the brokerage account. Effectively the hedge fund was able to buy an option from Barclays on its own trading. The maintenance of equivalence between the brokerage and basket options account would require extremely close coordination between Client and Supplier, with little gap between them. The bank appointed a hedge fund partner to act as investment advisor to the trading account. In effect, this is a hedge fund inside a bank. The structure allowed the hedge fund to claim tax due at the point at which the option on the basket was exercised. As long as the option was exercised more than 12 months after its inception, the hedge fund was able to claim that the profits came from exercising the option rather than the underlying trades. Accordingly, it paid the reduced long-term capital gains tax (U.S. PSI [2014](#)).

A modular-captive global wealth chain

A different kind of GWC can be seen in the growing market for expatriate, 'Expat', international banking (de Carvalho and Seabrooke [2016](#)). This wealth chain uses both the Modular and Captive types of wealth chains. The targeted population are expatriate 'mass affluent', those who can move between domestic fiscal jurisdictions and who can avoid higher tax burdens through the use of 'offshore' services provided by large international banks and their affiliates (Beaverstock and Hall [2016](#); Sharman [2012](#)).

This population of individuals seeks to minimize tax liabilities through the use of various trusts and structures that may span generations. These structures take different forms of offshore investment vehicles and has become a significant part of international banks, services and products that are not illegal or unethical. The industry has articulated a set of principles for access to the market and for investment having a positive impact on the world's operations. These operations are organized in the UK and other jurisdictions to avoid international tax agreements.



This GWC is primarily Modular because what clients have access to depend on what they are investing, with a clearly demarcated decision-tree in operation for the large international financial institutions operating in this market. For example, a client with Lloyds Bank with less than £25,000-£49,000 to invest will be offered multi-currency banking and Internet and phone banking. Clients with £50,000-£249,000 are offered 'premier' services with a call from a Premier Relationship Manager and potential to meet with International Financial Managers to discuss investment strategies. Those with more than £250,000 to invest are provided with private banking services and a Private Banking Relationship Manager with a direct phone line and email access. Premier and private banking clients also have access to an International Tax Service that is tasked with tax optimization.

This is where this wealth chain also reflects a Captive type, since the international tax services are provided by one of the Big Four professional accountancy firms. The Big Four provide an excellent example of the Captive type of GWC. Institutional change and reform within this 'mature organizational field' is particularly difficult, since there is a high degree of consensus from the professionals involved on the appropriate technologies and standards for governing financial transactions (Seabrooke and Wigan [2016](#); Suddaby, Cooper, and Greenwood [2007](#)). Innovation within this Captive type is through transnational professional interaction, and what is generally offered to clients is limited by consensus among the Big Four, the lead suppliers. As such, Expat banking provides streamlined and then greater

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without payment infrastructures, the majority of this cash is thought to be deployed in the pursuit of illicit activities; the arms trade, drugs, the sex trade, smuggling, etc. (Grondona et al. [2016](#)). Large banks and international currency businesses supply large denomination bills to those lower down the chain, such as front companies and currency exchange bureaus. These notes then form the basis of a means of circulation, parallel to money in regulated circuits. Caches of large bills, sometimes amounting to millions of dollars, are located when the parallel circuit is broken. A drug deal is interrupted or boxes of cash are discovered when crossing borders. This is rare (see Ali and Palan [forthcoming](#)). The Regulator is relatively impotent until the deed is done. Of course, given political will the bills can be taken out of circulation with relative ease. In 2010 the UK ceased the sale of the €500 note.

There can also be slippage between GWC forms when regulators intervene. As J.C. Sharman (this forum) shows, in Europe, the Savings Tax Directive created a boon for Liechtenstein-based Market forms of wealth chains as it encouraged corporate and trust formation, as opposed to a previous system of individuals relying on more Relational forms of tax evasion where Liechtenstein firms provided wealth management. The 2003 European Savings Tax Directive pushed EU member states and European 'offshore' havens to supply information regarding non-resident bank interest income or impose a withholding tax on this income and transfer the proceeds to the client's jurisdiction of residence. As the Directive only targeted individuals and not companies and trusts,

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understanding the integration of production and finance. GWCs are the yin to the yang of Global Value Chains. Many value chains, which do have the potential to reduce information asymmetries and enhance development, exist alongside wealth chains that operate multi-jurisdictionally to protect and create wealth. While wealth chains can certainly be positive and boost transparency and development, often wealth is created and protected through opaque structures and secrecy. Here we argue that GWCs can be understood by the complexity of transactions, the regulatory liability implied, and the capacities of suppliers to provide certain kinds of financial instruments. We have outlined how GWCs can be seen in five types: Market, Modular, Relational, Captive, and Hierarchy. These types are often mixed as firms, groups, and individuals engage in innovative forms of multi-jurisdictional wealth creation and protection. Future research can use these types to investigate and reflect on how GWCs are articulated, including locating what kinds of actors and organizations are involved and what kind of processes permit their existence. Finally, we suggest that analyses of GWCs are essential for understanding not only how finance is changing but core changes in finance and production in modern capitalism.

DISCLOSURE STATEMENT

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