



Taylor & Francis
Author Services

Resources to support
YOUR publication journey

Visit Author
Services



Taylor & Francis
Online



Home ▶ All Journals ▶ Politics & International Relations ▶ Review of International Political Economy
▶ List of Issues ▶ Volume 26, Issue 2 ▶ All exclusive: the politics of offshore ...

Review of International Political Economy >
Volume 26, 2019 - Issue 2

Open access

5,582 8

Views | CrossRef citations to date | Altmetric

15

Listen

Original Articles

All exclusive: the politics of offshore finance in Mexico

Andrea Binder

Pages 313-336 | Published online: 01 Mar 2019

Cite this article <https://doi.org/10.1080/09692290.2019.1567571>

Check for updates

We Care About Your Privacy

We and our 891 partners store and access personal data, like browsing data or unique identifiers, on your device. Selecting I Accept enables tracking technologies to support the purposes shown under we and our partners process data to provide. Selecting Reject All or withdrawing your consent will disable them. If trackers are disabled, some content and ads you see may not be as relevant to you. You can resurface this menu to change your choices or withdraw consent at any time by clicking the Show Purposes link on the bottom of the webpage. Your choices will have effect within our Website. For more details, refer to our Privacy Policy. [Here](#)

We and our partners process data to provide:

Use precise geolocation data. Actively scan device

I Accept

Reject All

Show Purpose



Article contents

Related research

the onshore economy offers similar rents for economic elites as offshoring. Moreover, in instances where economic actors use offshore services it is driven by banking, not taxation. These findings have two theoretical implications. First, they confirm that institutions matter, though differently than hitherto thought. Second, we must look beyond taxation to include banking into our analyses.

Keywords:

offshore finance state power banking taxation Mexico historical institutionalism

1. Introduction

Offshore finance ostensibly robs the state of power. Wealthy individuals and corporations use offshore financial services to minimize their tax bills, to avoid domestic financial regulations, to get access to credit or to launder money. As a result, offshore finance shrinks the state's revenue (Zucman, [2013](#)), limits its policy autonomy (Genschel, [2005](#); Swank, [2016a](#)) and restricts law enforcement (Findley, Nielson, & Sharman, [2014](#)). However, these effects of offshore finance on state power are not equally distributed across countries. Rather, economic actors in countries with certain characteristics use offshore services more than others. Large, developed economies with high levels of crime and corruption (Crash & Schjelderup, [2013](#)). Mexico exhibits the financial and corruption hubs. That is, Mexico is likely to exhibit its economic return, should,



Puzzlingly, new empirical evidence from Mexico suggests otherwise. According to data that the author derived from elite interviews conducted in Mexico and from banking statistics, Mexican firms and individuals make little use of offshore financial services. This article asks why that is the case despite Mexican economic actors' theoretical propensity toward the extensive use of offshore financial services.

There are two general avenues toward an explanation. The first one is to search the answer in the nature of offshore financial services available to Mexican firms and wealthy individuals. So far, relevant research about offshore finance operates mostly on an aggregate level (Crivelli et al., [2015](#); Palan, [1998](#); Zucman, [2013](#)), missing out on the potential variance of the demand for offshore financial services across countries. Therefore, this avenue is little explored. The second avenue is to search for an explanation in the characteristics of the Mexican state. This avenue of explanation has been explored more, but not yet for the case of Mexico. Research on the effects of financial globalization on domestic taxation found that domestic politics and institutions condition the effect of the former on the latter (Basinger & Hallerberg, [2004](#); Swank, [2016a](#); Wibbels & Arce, [2003](#)). Given that offshore finance is a specific incidence of financial globalization, the shape of domestic politics and institutions may condition the demand for offshore financial services.

The article integrates these two explanatory avenues by analyzing the relationship between

two anal

This step

motivati

contemp

the obse

institutio

inter

and e

interests

Against

characte

challeng

state is



a result, one can bracket out the concept to avoid contestation. That is what most of the offshore literature and, paradoxically, the literature on the relationship between globalization and the nation state do. Alternatively, one can employ an existing concept of the modern state, including its contested aspects. The article opts for the latter approach. Avoiding an explicit concept of the state would limit our understanding of the offshore phenomenon. The term implies an onshore complement to which it stands in contrast and so to understand offshore, we must have a clear idea of 'onshore' too. Furthermore, not spelling out what the modern state is risks impoverishing the analysis by equating the notion of the state with that of the government (Skinner, [2009](#)). In this article, I employ Weber's concept of the modern state (1994, p. 316). As I argue in more detail in the next section, despite its limitations, Weber's notion of the state provides an instructive frame for the analysis of the development and shape of the contemporary Mexican state and its relationship to offshore finance.

Together the empirical assessment of the scope and pattern of offshoring and the historical institutionalist analysis reveal that the relationship between the Mexican government, its financiers and taxpayers shaped banking services and tax policies such that Mexican corporations and wealthy individuals have limited incentives to go offshore. The handful of large, internationally active Mexican economic actors can use the mostly foreign-owned banking system to access international financial markets without having to go offshore. Tax evaders and money launderers, on the other hand,

can hide... of the
Mexican... rents for
capital a... ial
sophistic... le makes
three pri... focus from
the aggr... d historical
continge... utes to the
grow... utions
matter, ... xplicit
concept... at, to
understa... we need to
look bey...



demand for offshore financial services. In the third section I provide the historical institutionalist analysis of domestic politics and institutions. Drawing on the Weberian concept of the state as discussed in section two, the analysis concentrates on how state resources reflect and shape the power relationships between different groups in society. In section five, I discuss the theoretical implications of the findings. The final section concludes with a look ahead.

2. Contested concepts: offshore finance and state power

Before moving into the empirics, it is important to clarify what I mean when saying 'offshore finance' and 'the state'. These concepts provide a mental short-cut for understanding a complex reality by organizing, naming and giving meaning to the features of a phenomenon (Berenskoetter, [2016](#)). As such, employing a concept means to take one of a potentially infinite number of short-cuts. Being explicit about the conceptual route taken makes transparent the analytical added value and limitations of said concept. Likewise, we need to establish what we already know of the relationship between offshore finance and the state. These clarifications are the purpose of this section.

As a relatively novel concept in international political economy, the notion of offshore finance is empirically contested. The term 'offshore' is an academic shorthand for a range of phenomena, attributing financial activities to a specific geographical location (i.e. tax havens) (Berenskoetter, [2010](#), p. 1). To question the attribution of offshore finance to the tax authorities is to question the authority of the state, though



From the growing body of works on offshore finance we can learn why economic actors go offshore and where. The most important uses of offshore financial services are, according to the literature, (1) tax planning¹ and regulatory arbitrage (Palan et al., [2010](#)), (2) risk hedging with regards to currency volatility and weak rule of law (Black & Munro, [2010](#)), (3) money laundering (Sharman, [2011](#)) and (4) access to US-dollar denominated credit (McCauley, Upper, & Villar, [2013](#)). The question of accessing US-dollar denominated credit offshore has been previously discussed by the literature on the Eurodollar (Burn, [1999](#); Helleiner, [1994](#)) and resurfaced recently with a view on emerging market debt under the label of the 'global dollar' (McCauley, McGuire, & Sushko, [2015](#)). The Eurodollar² credit markets are offshore markets. Eurodollar credit is mediated between non-resident banks, the markets are little regulated and taxed, they are opaque – the true size of the Euromarkets remains unknown to banking statistics – and characterized by calculated ambiguity. A Eurodollar denominated security looks like a US-dollar denominated one, although it is not. It lacks access to the Federal Reserve's lender of last resort function (Mehrling, [2016](#)). Many offshore centers combine the offering of Eurodollar credit with the use of British common law, which tends to be more lenient toward debtors than US American law, making it particularly attractive to emerging market borrowers (Norfield, [2016](#)). Within that larger body of works on the Eurodollar, economic historians study the role of Eurodollar credits in the Latin American debt crises of the early 1980s and 1990s (see Altamura, [2017](#); Alvarez, [2015](#); Antzoula, [2016](#)). The role of Eurodollar credits in the Latin American debt crises, with the Mexican debt crisis, has been studied in depth (see Antzoula, [2016](#)). Despite the recognition of the role of the dollar as a source of capital for governments and the return for emerging markets, among other factors, the role of the dollar in the crisis of the 1990s has been studied in depth (see Antzoula, [2016](#)). The role of money in the literature on offshore finance is also studied (see Antzoula, [2016](#)). The nature of offshore finance is also studied (see Antzoula, [2016](#)). (Blanco)



Cognizant of the shifting meanings of the state and its sources of power across time and space as well as within the study of world politics (Finnemore & Goldstein, [2013](#)), I suggest a notion of the state that helps frame the analysis of our question at hand. If the concept of the state does appear in the literature on offshore finance at all, it is predicated on Schumpeter and Goldscheid's (1976) notion of the tax state (Genschel, [2005](#); Hood, [2003](#)). Illuminating in many ways, the concept of the tax state overrates, however, taxation as the key source of state revenue. The state has not one but four principal ways to finance itself: it can tax its citizens; it can go into debt; it can earn money, for instance by selling its natural resources; or it can mobilize money from the outside e.g. through conquest. The modern state can be, among others, a tax state, a debt state, a rentier state or a predator state. Across time and place, the public finances of most modern states comprise a combination of different sources of income. Weber's ([1994](#), p. 316) idea of the state 'as an institutional association of rule (Herrschaftsverband), ... which unites in the hands of its leaders the material means of operation' recognizes, as Goldscheid and Schumpeter did, that revenue is a matter of life and death for the modern state. To uphold its power, the state can either employ coercive means or legitimate its rule such that citizens voluntarily accept state authority without the threat of punishment (Thompson, [2010](#)). For both, coercion and legitimacy, revenue is central. It helps paying for internal and external security as well as for addressing citizens' material interests. Importantly, however, unlike Goldscheid and Schumpeter, the modern state is not necessarily a predator state. It can be a rentier state, a debt state, a tax state, or a combination of these. The state's revenue is not necessarily derived from the state's territory. It can be derived from the state's citizens, from the state's debt, from the state's natural resources, or from the state's conquest. The state's revenue is not necessarily derived from the state's territory. It can be derived from the state's citizens, from the state's debt, from the state's natural resources, or from the state's conquest. The state's revenue is not necessarily derived from the state's territory. It can be derived from the state's citizens, from the state's debt, from the state's natural resources, or from the state's conquest.

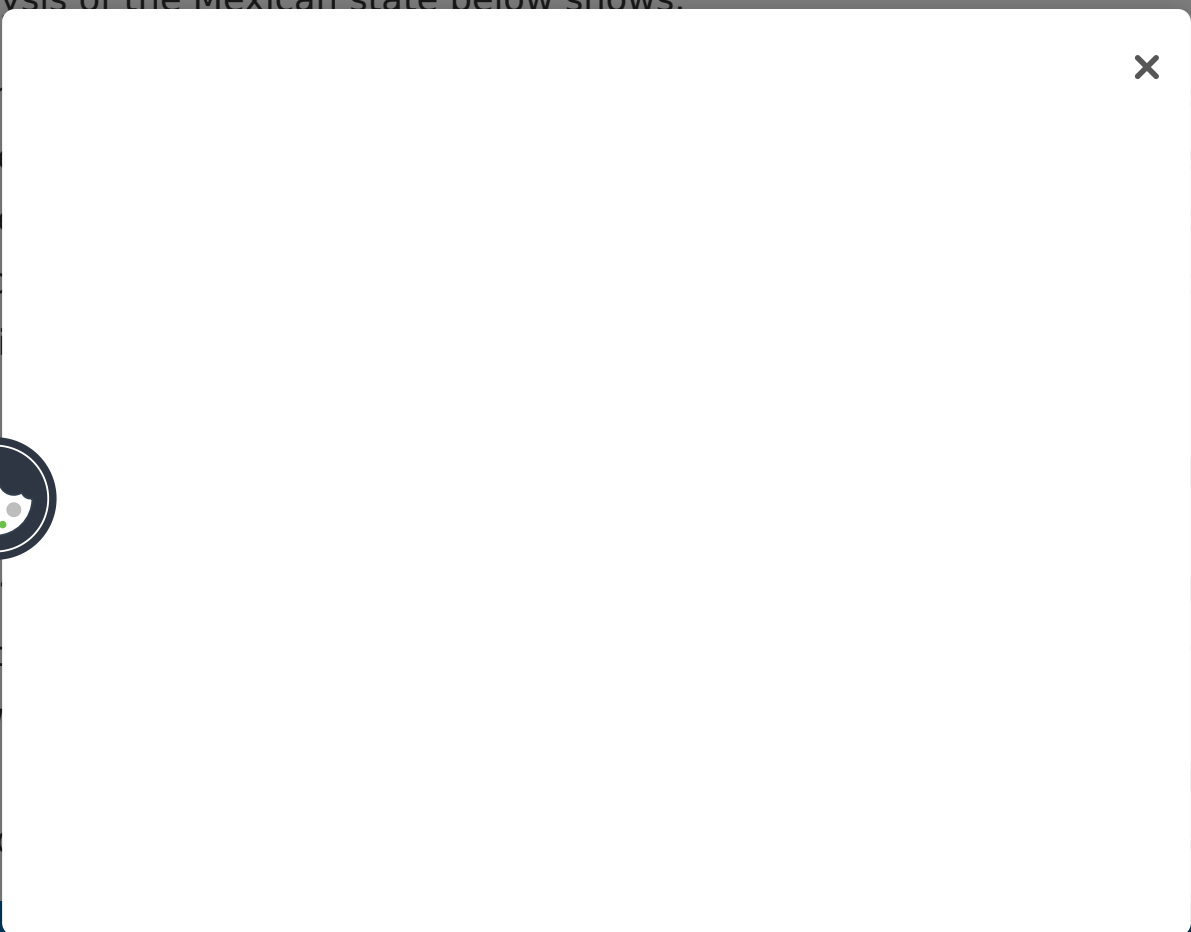


successfully mediate the central political conflict about how the costs and benefits of tax and debt are distributed between different groups of society (Calomiris & Haber, 2014; Levi, 1989). In essence, I consider state power to be the state's ability to unite resources to finance its politics. In Weber's parlance state power is an expression of the institutionalized association of rule's settlement over how to finance the government and its politics.

This notion of the state has three implications for the subsequent analysis. First, the concept puts a spotlight on the material dimension of state power, de-emphasizing military, ideational or cultural dimensions. In combination with the empirical reality that most states finance themselves through tax and debt, my material perspective highlights the importance of the tax and banking systems as institutions to reckon with. Second, it emphasizes state autonomy, the ability of the state to act freely without external constraints, over state influence, the ability of the state to make others do what it wants (Cohen, 2013). This emphasis reflects that the state's ability to extract resources from its citizens and to use them in an autonomous way is a precondition for the state to exert influence. The final implication is that, by building on Weber's ideal type description of the state, my concept of state power is premised on historical developments in Europe. However, its core, the idea of the state as an institutional association of rule, allows accounting for the unique genealogy of a specific state, as the analysis of the Mexican state below shows.

Although
literatur
literatur
impact o
and inst
offshore
rever
resea
has not
altered t
pay how
to labor
equally c
affected

power, the
, 2011 for
about the
ic politics
that due to
orporate tax
ressive,
balization
though,
no has to
from capital
ition are not
are more
aggregate



affected by offshore finance than developed ones (Crivelli et al., [2015](#); Genschel & Seelkopf, [2016](#); Kar & Schjelderup, [2015](#); Swank, [2016a](#)). Cobham and Janský ([2017](#)) estimate that developing economies lose 6–13% of their total tax revenue to base erosion and profit shifting, while developed economies lose about 2–3%. In addition, it appears uncontroversial that open economies with a high degree of capital mobility are more affected than closed ones (Wibbels & Arce, [2003](#); Zucman, [2013](#)). Finally, Genschel, Lierse, and Seelkopf ([2016](#)) find that badly governed countries suffer more from tax competition than well governed ones. According to the literature of international taxation, these different effects of tax competition on the state's autonomy to tax are conditioned by domestic politics and institutions. Voter opposition toward policies that benefit capital, the preferences of veto players in the legislative process, quality of governance and the level of public debt – these are among the domestic institutions that condition the effect of capital mobility on domestic tax policies (Basinger & Hallerberg, [2004](#); Genschel & Seelkopf, [2016](#); Swank, [2016a](#)).

Importantly, however, by its very nature, the literature on international taxation can only speak to a part of the phenomenon: offshore tax planning. Yet, offshore financial centers are usually both, tax havens and international banking hubs. Offshore financial services therefore include tax planning and offshore money creation, for instance in form of creating Eurodollar credit. As such, offshore financial services can potentially affect the state's ability to finance its politics through two channels: taxation and

banking. × empirical evidence

3. The

As noted
may
openness
and gov
country,
econom
(GDP) w
emargin



CO
ture that
nic
al centers
It is a large
largest
estic product
t traded
hminbi only

country. Given the country's extreme levels of inequality, the fact that its per capita income puts Mexico into the group of upper middle-income countries disguises that most Mexicans face classical developmental problems. These include absolute poverty, limited access to public services such as health care, education and basic physical safety (World Bank, [2017](#)). In addition, most Mexican individuals and corporations have no access to credit or generally to banking services (CONAIF, [2016](#)). Mexico is also a country with endemic problems of crime and corruption and is located closely to the Caribbean, one of the world's largest offshore hubs.

To understand why economic actors go offshore, we need to first gauge the scope and pattern of their demand. However, quantifying the uses of offshore services is notoriously difficult. Most researchers chose one of two approaches. They either focus on one proxy indicator, say foreign direct investment (FDI) (see Fichtner, [2015](#); Haberly & Wójcik, [2015a](#); UNCTAD, [2015](#)), or they combine different macroeconomic indicators to create a global view on the size of offshore finance (cf. Alstadsaeter, Johannesen, & Zucman, [2018](#); Tørsløv, Wier, & Zucman, [2018](#)). The first approach is statistically coherent but incomprehensive. The second approach is comprehensive, but combining different statistics means to combine their shortcomings. This is increasingly problematic given that the quality of macroeconomic statistics is deteriorating precisely because of the offshore phenomenon (Linsi & Mügge, [2017](#)).

Consider
bank data
data is it
and their
location
Mexico's
limitatio
ones
missi
Heemsk
Promine
not cover
misses c
funds an
off a bar

work with
e of bank
ed concepts
changes its
Moreover,
has its own
European
ist the
, &
cial centers.
S data does
BIS data
, fiduciary
are largely
provides us



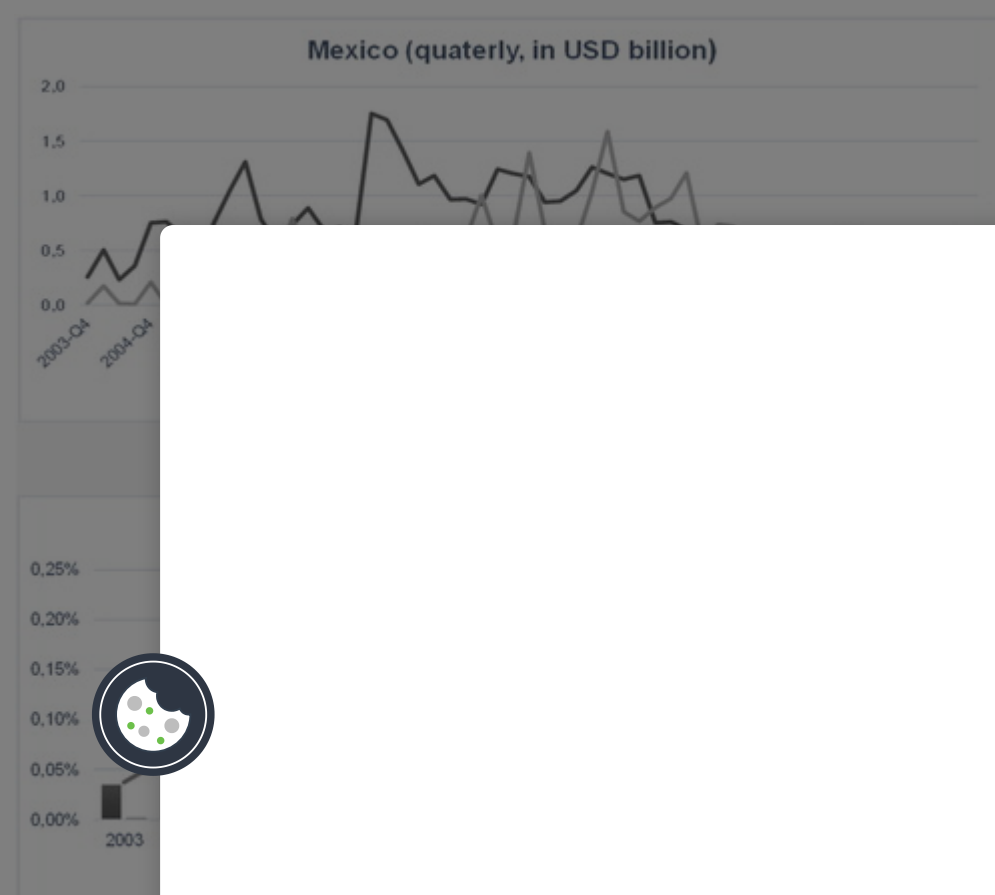
underbelly. Evidently, the opacity of offshore finance limits the explanatory power of purely quantitative analyses; not least because the data can show the scope of, but not the motivation for offshoring.

To strengthen the empirical evidence, I collected new data through in-depth interviews with experts of offshore finance. The interviews were conducted in Mexico City in November 2015 under the condition of anonymity. They were designed as open-ended, semi-structured interviews. In combination, the interviews and the BIS data create a solid empirical basis to determine the scope of and motivation for going offshore.

According to the BIS locational banking statistics, Mexican demand for depositing assets offshore (claims) and issuing debt there (liabilities) developed between 2003, the beginning of BIS data for Mexico, and 2017, the latest data available, as depicted in [Figure 1](#).⁵

Figure 1. Demand for offshore financial services in Mexico.

Source: BIS, World Bank, own calculations.



Display full

As Figure ... overall

The interviewee from the central bank could even recall the banks responsible for each of the larger transactions (author's interview). [Table 1](#) summarizes the minimum and maximum value of offshore assets and debt between 2003 and 2017 as absolute amount and as percentage of GDP.

Table 1. Overview of the scope of Mexico's offshore demand (2003–2017).



Download CSV

Display Table

As offshore deposits and debt affect the state differently but collectively, [Table 1](#) also indicates the total adding up assets and liabilities in relation to GDP. To put this amount in context, compare it with the value of Mexican onshore foreign assets and external debt. Foreign assets amount to 30% (Lane & Milesi-Ferretti, [2007](#)), external debt to ten to 20% of GDP (Banco de México, [2017](#)) during the same time. It is also instructive to put Mexico's scope of offshoring in context to that of other countries (see [Figure 2](#)).

Take for instance, Brazil. Brazil is similar to Mexico in size, level of development and the governance challenges. Brazil is different, though, in two aspects. Its economy is less open, and the country is not close by any major offshore financial center. We would hence expect Brazil's scope of offshoring in relation to the size of its economy to be

equal to... more
financial... ke Germany,
convent... an, 2017).

Like Mex... o offshore
financial... higher level
of devel... display lower
levels of... ny's offshore
dem...

Figure 2

Source:



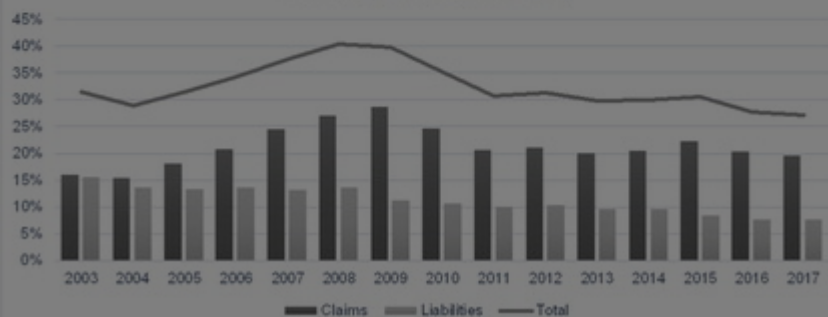
Mexico (percent of GDP)



Brazil (percent of GDP)



Germany (percent of GDP)



Display full size

The interviews confirmed the limited scope of offshoring in Mexico. The users of offshore financial services are foremost the country's seven largest banks, the eight largest b...

(author's corporat sometimes interview 'a lot mo Bahama finar tax, no is not an are not e ring-fenc Accordin Justice N...



Company d: 'Mexican ed her ted out that the al offshore tate estate However, it e tax laws ens (no ditions. yoming (Tax mentioned in r

importance for Mexican firms and individuals. Finally, with a good three-hour flight from Mexico City, the wealthy indeed spend time in their Miami apartments (author's interviews). The Miami holiday home for rich Mexicans is the equivalent to the Swiss Chalet for rich Germans. The line between capital flight and offshoring can be a fine one.

According to the interviews, among the four typical uses of offshore financial services established in the literature – tax planning, risk hedging, money laundering and access to Eurodollar – risk hedging and offshore debt issuance are the two most important motivations for Mexican economic actors to go offshore. These preferences are reflected in the increase of offshore assets during the 2007–2009 Financial Crisis and the slight increase of offshore liabilities relative to offshore assets since 2012 (see [Figure 1](#)). However, the interviewees also maintained that offshore tax planning is usually part of a financial transaction that serves a different purpose. A currency swap, for instance, is structured to simultaneously avoid taxation (author's interviews). Finally, offshore financial services are not the services of choice for criminals. Drawing on cash and informality, they rather use classical onshore money laundering schemes to white-wash their illegal proceeds (author's interviews).

Clearly, the uses and abuses of offshore finance in Mexico are a limited affair. These findings cannot be explained by the variables of size, economic openness, level of development discussed in the literature.

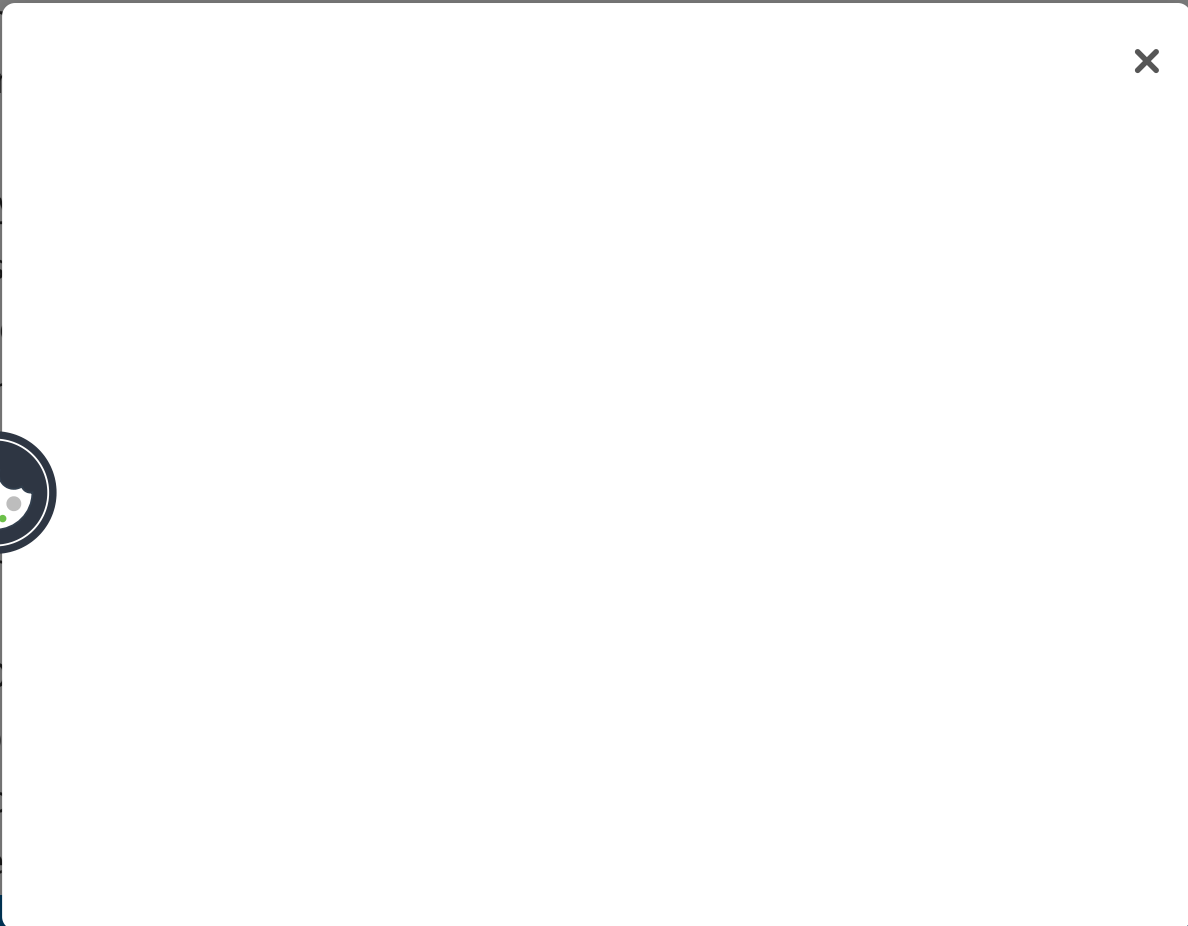
4. Power

An answer to the question of why some firms go offshore suggests, following the logic of the institutionalist perspective, that firms usually go offshore to access central banks. In the following, I will show how this is the case for Mexico and how its consequences are.

4.1 His

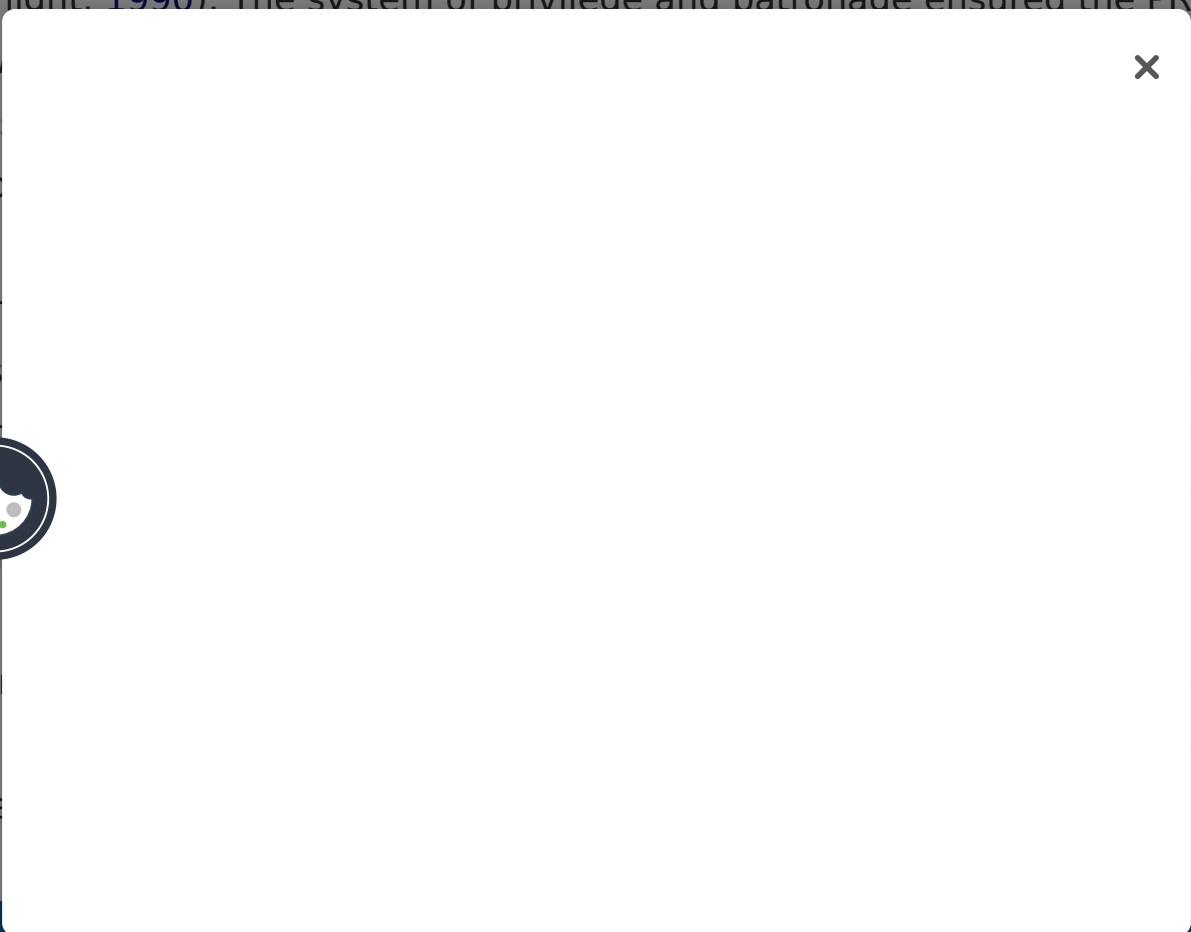
Mexico became independent from Spain in 1821, but it took another 50 years for the federal republic to stabilize, centralize and exert territorial control in a manner that justifies speaking of Mexico as a modern state. It was during President José Porfirio Díaz's autocratic reign from 1877 to 1911, often referred to as the Porfiriato, that an association of rule institutionalized and united enough resources to finance the state. The cornerstone of that association was the president's partnership of interest with Mexican financiers. He convinced them to lend to his government in return for rents that arose from direct involvement in policymaking, deliberate restrictions on competition and selective enforcement of property rights. Díaz's 'crony banking system', as Calomiris and Haber ([2014](#), p. 337) term it, proved successful. Though small, it was stable and provided the resources to finance industrialization. Moreover, by the 1890s, it made Mexico, the hitherto chronic defaulter, the country with the best credit rating in Latin America (Knight, [1990](#)). Díaz had found a formula to finance the state without taxing the wealthy. Yet, his approach would not have been sustainable in the long run were it not for Mexico's mineral wealth. During the Porfiriato, the government already sought to develop the oil industry. Yet, it took the US American and British investors a decade of exploration before they could start drilling toward the end of the 19th century. Likewise, Díaz's tax revenues remained marginal. It was indeed his government's access to domestic credit that helped him stabilize the budget. During the Porfiriato, the Mexican state, in Weber's sense of an institutionalized association of rule, con...

bankers and
urban middle
association.
s
em of
e (Centeno,
[2002](#); Sr
th the rural
ed the
amilton,
eam during
he world's
e from oil
onstitution



(Haber et al., [2003](#)). From the early 1920s onwards, the petroleum industry contributed about one third of government revenue (Aboites, [2003](#); Hall, [1995](#)).

In 1920, members of Mexico's old elite seized power and brought the revolution to an end. They understood that the new regime needed a popular base. They created a one-party system and co-opted popular movements – small farmers, organized workers, and unionized public employees – into the emerging Partido Revolucionario Institucional (PRI)⁷. The country's economic elites, in contrast, were not included into the PRI's platform. Rather, the PRI corrupted big businesses individually (author's interview). To unite resources to finance the state, the new government resurrected Díaz's partnership of interest with the bankers. The banking system was again small, but functional in terms of lending to the government (Banco de México, [2018](#); Calomiris & Haber, [2014](#)). The post-revolutionary Mexican state was an institutionalized association of the PRI, the bankers and the leaders of the co-opted social movements. The glue that held that association together was a system of selective privilege and patronage. The government provided the economic elites with decision-making power, monopoly rents and tax exemptions in return for investment and access to credit. In the same vein, the party offered its popular base political influence, welfare programs, tax exemptions and social mobility. Their leaders had on top opportunities for personal enrichment. All of it in return for political loyalty (Haber, Klein, Maurer, & Middlebrook, [2008](#); Knight, [1990](#)). The system of privilege and patronage ensured the PRI's quasi-total power. The government's reliance on debt. Yet, the... why or the co-opted social movements or the companies was hence... of it, the PRI made firm... onalized the oil indus... eum firms and mer... s or PEMEX for s... ough in a less dra... ernment became... ourism, telecom... from petroleum... em character... al., [2008](#)). This tax... e. Between



revenue typical for other Latin America countries. Before the mid-1970s the state's revenue was constantly less than 10% of GDP. With Mexico's increasing income from oil revenues throughout the late 1970s and early 1980s the ratio increased to about 15% of GDP. However, over time the costs for the system of patronage and privilege continued to rise. By the 1970s, debt began to outpace revenues. The government urgently needed more and cheaper money than the small domestic banking and tax systems could provide (Calomiris & Haber, [2014](#), chap. 11; Smith, [2014](#)).

The PRI was lucky. Rising oil prices and new discoveries in the Mexican Gulf in the early 1970s allowed the government to increase its borrowing in international financial markets (Haber & Musacchio, [2013](#)). Equally important, a banking reform in 1974 allowed Mexican banks to internationalize. They used the deregulations to go offshore and get credit in the Euromarkets. Having access to international interbank loans, Mexican banks expanded their domestic lending activities to the government and public corporations. Intermediating loans between offshore banks and the Mexican government turned out to be a profitable business. Interest rates in the Euromarkets were about 40-60% lower than domestically. Domestic banks borrowed cheap and lent on at a higher price. The rents through arbitrage were steep (Alvarez, [2015](#)).

However, when oil prices collapsed in 1982, the offshore Eurodollar bonanza came to sudden end. Unable to serve its US-dollar-denominated debt, the government had to

sign a m
adjustm
the PRI's
the bank
governm
the nego
financial
a dire
inter
by re-pri
shares in
against
the bank
offer (Ca
having a

a domestic
the demise of
ationalized
between the
As part of
itors a new
ization Note,
rnmnt
edit markets
urchase
d insurance
active that
18 banks on
antee and
on Notes



economic actors were starved for credit to finance the lucrative acquisition of the public companies that were, with the notable exception of PEMEX, privatized as part of the adjustment program. This time around, the banks intermediated credit between offshore banks and Mexico's private sector. Mexico's big business moved from being net creditors in 1990 to being net borrowers only one year later (Antzoulatos, [2002](#)). The banks channeled Eurodollar liquidity into Mexican corporations, even if those corporations had mainly peso-denominated assets. When the peso collapsed in December 1994, nearly halving in value against the US dollar, Mexican firms' Eurodollar loans doubled in value within a few days. The firms could not serve their debt. The banks collapsed. Only three years after re-privatization, the government nationalized the banks yet again. The bailout cost the country about 15% of GDP and transferred money from Mexican taxpayers to bank stockholders, some of Mexico's wealthiest individuals. The bailout killed the relationship between the PRI and its popular base. The PRI lost power first on the local level in 1997 and then on the federal level in 2000. Bracing for the PRI's demise, the government attempted to spur economic growth, for which it needed a new partnership with the bankers. As the relationship with the domestic financiers was ruined, the PRI turned to foreigners. In 1996, for the first time since the Porfiriato, the government allowed unrestricted foreign bank ownership. It took only a few years for the largest Mexican banks to be owned by foreign investors, particularly from the United States (Haber et al., [2008](#)).

Beginning with the loss of the multi-party system, power moved from the informal political system to the formal political system. Despite the political changes, the political system continued to be clientelistic. Political power remained concentrated in the hands of a few private individuals. The political system remained clientelistic, with the Mexican state channeling resources to the wealthy.

4.2 Conclusion
The institutionalization of the political system led to the wealthy



association of rule remains a small and closed circle still excluding most Mexicans from politics. As one interviewee put it:

Most Mexicans consider the state as something that is external to them. The state is a set of institutions, which are controlled by a small group of people. That is, you have two options. Either you become part of the state controlling group, which is difficult, or you stay away from the state as far as possible.

The simplest way to stay away from the state is informality. Mexico has Latin America's largest informal economy (ILO, [2014](#)) and ordinary Mexicans see it as a means to counterbalance the highly concentrated economic power in the formal system (author's interview). With the exclusive institutionalized association of rule intact, Mexico's oligopolistic economy persisted too. Díaz's approach of financing the state through debt backed up by monopoly (and later oil) rents has been reinforced by the PRI through centralizing and nationalizing core industries and then re-privatizing them in a non-competitive manner.

Yet, it would be misleading to emphasize institutional continuity without pointing to institutional change too. The end of the partnership of interest between the Mexican government and its domestic financiers in the 1990s and the subsequent internationalization of the financial sector profoundly disrupted banking. Mexico became the country with the most rapid and far-reaching penetration of foreign banks

in the world. By 2013, the share of assets held by foreign banks in Mexico's banking system had risen to 50%. The average household income remains small and concentrated among a few banks and companies. Mexico has seven banks and companies with assets of more than \$1 billion.

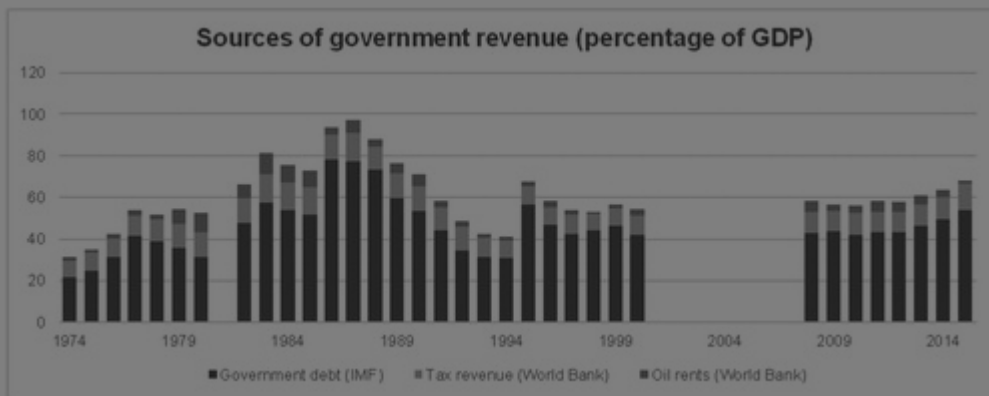
As the amount of debt now denominated in Mexican pesos has increased, the issuance of new Mexican financial instruments has declined. It may be that the debt is now denominated in Mexican pesos by Mexican banks in Mexico, but it is still more

reduced the public and private sectors' past demand for Eurodollar and the related currency risk. Should an economic actor (e.g. PEMEX) be in need for US dollar credit, the US American owned banks in Mexico can intermediate it directly in the US onshore economy. There is no longer a need for using offshore Eurodollar.

The picture of contemporary taxation in Mexico appears different, though. The Porfiriato, the revolution, the over 70 years of PRI power and democratization – all did not fundamentally change the association of rule's preference of how to structure taxation. Mexico has still the OECD's lowest tax-to-GDP ratio. In 2016, its tax revenue amounted to 17% of GDP compared to the OECD's average of 34% and Latin America's 22%⁸ (OECD, [2015](#), OECD, [2017](#)). Taxes on personal income make up a smaller proportion of tax revenue than in any other OECD country (OECD, [2017](#)). As in previous times, the wealthy elite is spared from contributing more significantly to the state's treasury (Sobarzo, [2011](#)). Likewise, social security contributions account for a much smaller share in the tax mix, expressing the association of rule's limited willingness to contribute to the welfare of the larger population (author's interviews). Mexico's nearly entirely privatized health, pension and social security systems create lower government spending than either in the OECD or in other Latin American countries (OECD, [2015](#)). Next, consumption taxes make up about 39% of the tax revenue. This share is lower than the Latin American average of more than 50% (OECD, [2015](#)), but is an explicit attempt by the government to tax poor people in Mexico's informal economy (author's interview



rents and as the owner of PEMEX receives all profits that are not reinvested. The Mexican government does not publish an exact breakdown of oil revenue data.



Display full size

We can see that over time, it is the volume of sovereign debt that drives the overall level of state revenue. The proportion of tax revenue and oil rents, in turn, remains fairly stable. The still exclusive association of rule continues to prefer financing the state via debt. As in the past, Mexico's tax state is deliberately weak. Consequently, it limits the demand of corporations and wealthy individuals to go offshore. Moreover, 60% of Mexican tax revenue comes from consumption taxes, social security contributions and other indirect taxes (OECD, [2017](#)). These taxes do not lend themselves to being evaded offshore. Mexicans dodge them through the informal economy (Buehn & Schneider, [2016](#)).

Informal
makes M
internati
creates t
without
flows be
the M
high
[2018](#); au
In sum, t
exclusiv
of the co
offshore

ices too. It
cash,
This
ing workers
p financial
v). Although
es and have
F & GAFILAT,
d by the
the interest
nt with the
withdrawal



interests. The excluded majority responds to the economic and political concentration of power with informality, which provides similar opportunities for tax planning and money laundering as offshore financial services; only it spares the legal sophistication associated with offshoring.

5. Tax and debt make the state

These findings have two theoretical implications for the study of offshore finance. First, it highlights the role of politics and institutions in shaping the relationship between offshore finance and the state. Furthermore, it underlines the importance of employing an explicit concept of the state to understand the underlying power relationships between the government, its financiers and taxpayers. This section discusses both theoretical implications in turn.

The finding that Mexican economic actors go offshore to a limited extent because there is no need to, questions the conventional assumption that the use of offshore financial services affects state power. In fact, in the Mexican case, the reverse is true: the configuration of state power conditions the level of offshore demand. This reversal of cause and effect is the reason why structural variables – size, economic openness, proximity to offshore financial centers and level of development – cannot explain Mexico's

The Mex politics a matter a voter op process, effect 2016 matter, t

at domestic tutions identifies slation condition the & Seelkopf, stitutions do

Take vot its expla and deci parties a

lexican case but opinion- r than a



[2016](#); Meltzer & Richard, [1981](#)) cannot be observed. The exclusive nature of the institutionalized association of rule throughout the country's history helped elites to find ways to finance the state that are in line with their interests rather than with that of the median voter. This observation echoes Tocqueville's ([2002](#)) insight that alongside universal franchise it is wealth distribution that conditions taxation and spending. Next, the Mexican case confirms veto players as important institutions. Díaz's partnership of interest with the bankers and the PRI's system of patronage and privilege established enduring veto players for all decisions related to the financing of the state. Their influence explains the deliberate smallness of Mexico's tax state and the structure of its sovereign debt. Likewise, sovereign debt is an important institution shaping the relationship between state power and offshore finance. Yet, the case of Mexico suggests that ownership structure and currency denomination have more explanatory power than the volume of debt. The only time when Mexican economic actors used offshore financial services was when Mexican banks could intermediate US-dollar-denominated credit by going offshore. Finally, the case of Mexico suggests that bad governance plays its role too. Yet, unlike argued in the literature, in Mexico bad governance, expressed in form of informality, curbed offshoring by creating onshore havens for tax planning and money laundering.

In short, the exclusiveness of the Mexican state undermines the power of the median voter and strengthens that of the veto players, who align the structure of public finances with the interests of the elites. The concentration of public finances in the hands of a few economic actors is not only available to them but also to the state. Next to the elites, the state is the main actor in matters of public finance. How the state uses this power, in turn, affects the interests of the elites. Scholars only found this because the state is necessary and possible. The state could borrow at unprejudiced terms. The state's actions, as Schumpeter



The historical development of Mexico's public finances, however, displays that tax and sovereign debt can also institutionalize in reverse order. The state can go into debt before seizing significant amounts of tax revenue. This is possible if a third source of income is large enough to offset the lack of tax revenue as collateral for the state's financiers. In the case of Mexico, this third source were monopoly and oil rents. The sequencing matters. It institutionalized the relationship between the Mexican government and its financiers first and with the taxpayers second. The government-banker relationship has always been more central to the financial survival of the Mexican state than the government-taxpayer relationship. The chronology of how taxation and banking institutions developed help explain why today Mexicans use offshore financial services sparsely. Yet, as the historical analysis demonstrated too, this has not always been the case. Between the 1970s and the 1990s, the Mexican public and private sectors did go offshore in a substantial manner to issue debt. The withdrawal from the Eurodollar markets in response to two severe financial crises shows the centrality of banking in determining the level of offshore demand in Mexico. The literature's focus on European states and their path to modernity may explain the emphasis on taxation at the detriment of sovereign debt as a defining element of the modern state. In a diversified perspective, it is tax and debt that make the state.

6. Con

Accordin
the use
its politic
large, de
geograp
demo
the l
Across ti
state via
expresse
denomin
political



The higher
y to finance
y strong for
a
onditions
finance the
nce
les peso-
ntration of
des the

there is little need for Mexican individuals and firms to go offshore. Counter-intuitively, the structure of bank ownership has been more consequential for the level of using offshore financial services than formal democratization. Yet, the historical analysis revealed that the low level of offshore demand suggested by current data is a snapshot of a process, not a static, universal fact. While tax planning and money laundering stayed mostly onshore throughout time, the Mexican government and corporations did issue debt offshore. This variance raises the question about the future level of Mexican offshoring.

The future is, of course, difficult to predict. Nevertheless, history provides directions for where to expect continuity and where to expect change. According to the analysis presented here, the coming level of offshore demand is a function of the government-financier and the government-taxpayer relationships. Given that Mexico's current president Andrés Manuel López Obrador, announced to leave banking laws untouched (Villamil & Martin, [2018](#)), the decisive factor for the government's relationship with its financiers will be the structure of Mexico's debt. For now, the government continues to borrow domestically in peso and, according to the central bank, will continue to do so (author's interview). It might be another matter for the private sector, though. After the 2007-2009 Financial Crisis, which affected the Mexican banking system little, Mexican firms found it easy to issue US-dollar-denominated debt. Unlike in the past, however, the financing was supply driven and came from onshore US markets. It is unrelated to the offsh

Regarding the persistence of offshore demand, the Mexican government has shown a higher preference for onshore channels. Whether this is due to the government's view on whether to use these channels or to the firms' preference for onshore channels is unlikely to be clear (author's interview). With the current government's focus on reducing the external debt, it is likely that the government will continue to support the use of offshore channels. In the future, the government's policy on offshore debt will be a single factor for the level of offshoring.



important insights, the aggregated studies so far missed out, for instance, on banking as a social institution to reckon with. One reason for that omission might be that contemporary scholarship avoids an explicit concept of the state and its sources of power. In the rare cases where it has one, it anchors in largely European and Anglo-American experiences. Yet, the Mexican case shows that it matters that Porfirio Díaz forged a partnership with the bankers before establishing a modern tax system. This chronology laid the foundations for a modern state more deeply shaped by debt than by tax. A debt state *au fond*, the exclusionary political and economic structure of the contemporary Mexican state is still skewed in favor of capital at the detriment of the larger population. With so much rents to be had, there is little reason for large firms and wealthy individuals to bother going offshore.

Disclosure statement

No potential conflict of interest was reported by the author.

Additional information

Funding

I am grateful to the following for their research and generous support: Sharmar, of this article, Trust, the Cam



Notes on



ez Monroy
my field
vees, who
ason
lier versions
Cambridge
mbridge and

Andrea Binder is a PhD candidate at the University of Cambridge, United Kingdom, and a non-resident fellow at the Global Public Policy Institute in Berlin, Germany. Her research focuses on the international political economy of offshore finance and on humanitarian politics.

Notes

1 I use tax planning as an umbrella term for tax avoidance and evasion. The difference between the two is often difficult to determine in practice as tax avoidance schemes are deliberately created to operate in legal grey zones.

2 I use the term Eurodollar instead of global dollar, because Eurodollar is more widely used in the international political economy literature.

3 BIS banking statistics depend on the reporting of member central banks.

4 An exception is Britain, which Garcia-Bernardo et al. ([2017](#)) identify as an offshore financial centre, while most authors, including me, do not (see Gravelle, [2015](#); Johannesen & Zucman, [2014](#)).

5 All nur
governm

6 Obviou
to stand

7 The pa
Revo
Revo

8 Numbe



1. Aboites, L. (2003). Excepciones y Privilegios: Modernización Tributaria y Centralización En México, 1922–1972. (1st ed.). México: El Colegio de México, Centro de Estudios Históricos.

[Google Scholar](#)

2. Alstadsaeter, A., Johannesen, N., & Zucman, G. (2018). Who owns the wealth in tax havens? Macro evidence and implications for global inequality. *Journal of Public Economics*, 162, 89–100. doi: 10.1016/j.jpubeco.2018.01.008

[Web of Science](#) [®] | [Google Scholar](#)

3. Altamura, C. E. (2017). *European banks and the rise of international finance: The post-Bretton Woods Era*. (1st ed.). London, New York: Routledge, Taylor & Francis Group.

[Google Scholar](#)

4. Altamura, C. E., & Flores, J. H. (2016). On the origins of moral hazard: Politics, international finance and the Latin American debt crisis of 1982 (Paul Bairoch Institute of Economic History Working Paper No. 1/2016). Geneva: Université de Genève. Retrieved from Paul Bairoch Institute of Economic History website: <https://archive-ouverte.unige.ch/unige:82509>.

[Goog](#)

5. Alvare... markets
and fi... doi:
10.10...

6. An... tion and
refo... pi:
10.10...

7. Banco... México.
[Goog](#)

8. Banco de México. (2017). Balance of payment statistics. Retrieved from <http://www.banxico.org.mx/SieInternet/consultarDirectorioInternetAction.do?accion=consultarCuadro&idCuadro=CE101§orDescripcion=Balanza%20de%20pagos&locale=en>

Google Scholar

9. Banco de México. (2018). The history of coins and banknotes in Mexico. Mexico City, D.F.: Banco de México. Retrieved from <http://www.banxico.org.mx/billetes-y-monedas/material-educativo/basico/%7B2FF1527B-0B07-AC7F-25B8-4950866E166A%7D.pdf>

Google Scholar

10. Basinger, S. J., & Hallerberg, M. (2004). Remodelling the competition for capital: how domestic politics erases the race to the bottom. *American Political Science Review*, 98 (02), 261-276. doi: 10.1017/S0003055404001133

Google Scholar

11. Berenskoetter, F. (2016). Unpacking concepts. In F. Berenskoetter (Ed.), *Concepts in world politics* (pp. 1-19). Thousand Oaks, CA: SAGE Publishing.

12. Black, (334). Paper No. e:

<https://>
Goog

13. Bl and a DI spillovers 40. doi: 10.10

14. Bonne state in Europ

5. Buehn, A., & Schneider, F. (2016). Size and development of tax evasion in 38 OECD countries: what do we (not) know?. *Journal of Economics and Political Economy*, 3 (1), 1-11.

[Google Scholar](#)

6. Burn, G. (1999). The state, the city and the Euromarkets. *Review of International Political Economy*, 6 (2), 225-261. doi: 10.1080/096922999347290.

[Web of Science](#) [®] | [Google Scholar](#)

7. Calomiris, C. W., & Haber, S. H. (2014). *Fragile by design: The political origins of banking crises and scarce credit. The Princeton economic history of the Western World*. Princeton, NJ; Oxford: Princeton University Press.

[Google Scholar](#)

8. Camp, R. A. (2015). Democratizing Mexican politics, 1982-2012. In W. H. Beezley (Ed.), *Oxford research encyclopedia of Latin American history* (Vol. 1). Oxford: Oxford University Press.

[Google Scholar](#)

9. Carmagnani, M. (1994). *Estado y Mercado: La Economía Pública Del Liberalismo*

Mexico
de Mé

El Colegio



20. Cente
Univer
America.

Goog



21. Cob
avoida
15/2017).

Helsin
Resea

Economics

Goog

22. Cohen, B. J. (2013). 'Currency and State Power'. In M. Finnemore & J. Goldstein (Eds.), *Back to Basics* (pp. 159-176). Oxford: Oxford University Press. Retrieved from <https://doi.org/10.1093/acprof:oso/9780199970087.003.0008>.

 | [Google Scholar](#)

23. CONAIF. (2016). *Reporte Nacional de Inclusión Financiera (Vol. 7)*. Mexico City, DF: Presidente de la Comisión Nacional Bancaria y de Valores. Retrieved from <http://www.cnbv.gob.mx/Inclusi%C3%B3n/Documents/Reportes%20de%20IF/Reporte%20de%20Inclusion%20Financiera%207.pdf>

 | [Google Scholar](#)

24. Cota, I. (2015). *Why Traders Love to Short the Mexican Peso*. Bloomberg, 27 July, 2015.

 | [Google Scholar](#)

25. Crivelli, E., De Mooij, R., & Keen, M. (2015). *Base erosion, profit shifting and developing countries (IMF Working Paper No. WP/15/118)*. Washington, D.C.: International Monetary Fund. doi: 10.5089/9781513563831.001

 | [Google Scholar](#)

26. Del Ar...
questi...
Institu...
[Goog](#)

×
Open
Hoover

27. Díaz-I...
DF...
[ht](#)
conten...
[df](#)



[Goog](#)

28. FATF &...
measu...
ancing...
al Action

Task Force on Money Laundering. Retrieved from

<http://www.fatf-gafi.org/media/fatf/documents/reports/mer4/MER-Mexico-2018.pdf>.

[Google Scholar](#)

29. Fichtner, J. (2015). The offshore-intensity ratio. Identifying the strongest magnets for foreign capital (CIYPERC Working Paper Series, Working Paper No. 2015/02). London, City University London. Retrieved from CIYPERC website:

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2928027.

[Google Scholar](#)

30. Findley, M. G., Nielson, D. L., & Sharman, J. C. (2014). Global shell games: Experiments in transnational relations, crime, and terrorism.. Cambridge: Cambridge University Press.

[Google Scholar](#)

31. Finnemore, M., & Goldstein, J. (2013). Puzzles about power. In M. Finnemore & J. Goldstein (Eds.), Back to basics (pp. 3-16). Oxford University Press. Retrieved from <https://doi.org/10.1093/acprof:oso/9780199970087.003.0001>.

[Google Scholar](#)

32. Flores (Paul) University website

[Goog](#)

33. Garcia off ne



34. Gensc Review

35. Genschel, P., Lieser, H., & Seelkopf, L. (2016). Dictators don't compete: Autocracy, democracy, and tax competition. *Review of International Political Economy*, 23 (2), 290-315. doi: 10.1080/09692290.2016.1152995.

 | [Web of Science](#)® | [Google Scholar](#)

36. Genschel, P., & Schwarz, P. (2011). Tax competition: A literature review'. *Socio-Economic Review*, 9(2), 339-370. doi: 10.1093/ser/mwr004


 | [Web of Science](#)® | [Google Scholar](#)

37. Genschel, P., & Seelkopf, L. (2016). Winners and losers of tax competition. In P. Dietsch & T. Rixen (Eds.), *Global tax governance. What is wrong with it and how to fix it* (pp. 55-75). Colchester: ECPR Press.

[Google Scholar](#)

38. Gerring, J. (2009). Case selection for case-study analysis: qualitative and quantitative techniques. In J. M. Box-Steffensmeier, H. E. Brady, & D. Collier (Eds.), *The Oxford handbook of political methodology*. Oxford: Oxford University Press.

 | [Google Scholar](#)

39. Goldscheid, R., & Schumpeter, J. (1976). *Die Finanzkrise Des Steuerstaats: Beiträge Zur Po*  *uhrkamp.*

Frankf

[Goog](#)

40. Grave  on.

Washi

<https://>

G 

41. Habermas  entry and  of Economic

Resea

2. Haber, S., Klein, H. S., Maurer, N., & Middlebrook, K. J. (2008). Mexico since 1980. The World since 1980. Cambridge: Cambridge University Press.

[Google Scholar](#)

3. Haber, S., Maurer, N., & Razo, A. (2003). When the law does not matter: The rise and decline of the Mexican oil industry. *Journal of Economic History*, 63 (01), 1-32. doi: 10.1017/S0022050703001712

[Google Scholar](#)

4. Haberly, D., & Wójcik, D. (2015a). Tax havens and the production of offshore FDI: An empirical analysis. *Journal of Economic Geography*, 15 (1), 75-101. doi: 10.1093/jeg/lbu003.

[Web of Science](#) [®] | [Google Scholar](#)

5. Haberly, D., & Wójcik, D. (2015b). Regional blocks and imperial legacies: Mapping the global offshore FDI network: Regional blocks and imperial legacies. *Economic Geography*, 91 (3), 251-280. doi: 10.1111/ecge.12078

[Web of Science](#) [®] | [Google Scholar](#)

6. Hall, L. B. (1995). Oil, banks, and politics: The United States and Postrevolutionary Mexico. *Journal of Economic History*, 55 (1), 1-32. doi: 10.1017/S0022050700000000

[Google Scholar](#)

7. Hall, P.
Institu

[Google Scholar](#)

8. Ham
Prince

9. Harrin
63.



50. Helleiner, E. (1994). States and the reemergence of global finance: From Bretton Woods to the 1990s. Ithaca/London: Cornell University Press.

[Google Scholar](#)

51. Hood, C. (2003). The tax state in the information age. In T. V. Paul, G. John Ikenberry, & J. A. Hall (Eds.), *The nation-state in question* (pp. 213–233). Princeton and Oxford: Princeton University Press.

[Google Scholar](#)

52. ILO. (2014). Lima: International Labour Organization. Retrieved from http://www.ilo.org/wcmsp5/groups/public/—americas/—ro-lima/documents/publication/wcms_245889.pdf

[Google Scholar](#)

53. IMF. (2014). Spillovers in international corporate taxation. Washington, D.C.: IMF

[Google Scholar](#)

54. Ingham, G. K. (2004). *The nature of money*. Cambridge, UK; Malden, MA: Polity.

[Google Scholar](#)

55. Johanson, S. (2014). The evolution of the G20 tax agenda. *Journal of International Taxation*, 6(1), 65–91. doi: 10.1007/s11218-014-9211-1

56. Karim, M. A. (2014). The impact of the G20 tax agenda on the living standards of the world's poor. *Journal of International Taxation*, 6(1), 92–110. Retrieved from <http://www.tandfonline.com/doi/abs/10.1007/s11218-014-9211-1>

[Google Scholar](#)



57. Knight, A. (1990). Porfirians, liberals and peasants. 1. Paperback print. *The Mexican Revolution* (Vol. 1). Lincoln: University of Nebraska Press.

[Google Scholar](#)

58. Knight, A. (2013). The Mexican state, Porfirian and revolutionary, 1876–1930. In M. A. Centeno & A. E. Ferraro (Eds.), *State and nation making in Latin America and Spain. Republics of the possible*. (pp. 116–138). Cambridge: Cambridge University Press.

[Google Scholar](#)

59. Lane, P. R., & Milesi-Ferretti, G. M. (2007). The external wealth of nations mark II: Revised and extended estimates of foreign assets and liabilities, 1970–2004. *Journal of International Economics*, 73(2), 223–250. doi: 10.1016/j.jinteco.2007.02.003

[Web of Science ®](#) | [Google Scholar](#)

60. Levi, M. (1989). *Of rule and revenue*. Berkeley: University of California Press.

[Google Scholar](#)

61. Linsi, L., & Mügge, D. (2017). Globalization and the growing defects of international economic statistics. (Fickle Formulas Working Paper No. 2–2017). Amsterdam, University of Amsterdam. Retrieved from Fickle Formulas website:

<https://www.fickleformulas.com/working-paper-no-2-2017>

[Google Scholar](#)

62. Macdonald, R. (2017). *Democracy. Prince*



63. MacLeod, C. (2017). *Neoliberal reform*

[Google Scholar](#)

64. McCauley, C. (2017). *Economic*

55. McCauley, R. N., Upper, C., & Villar, A. (2013). Emerging market debt securities issuance in offshore centres. *BIS Quarterly Review*, 2013 (3), 22–23.

[Google Scholar](#)

56. Mehrling, P. (2016). *The economics of money and banking*. New York City.

[Google Scholar](#)

57. Meltzer, A. H., & Richard, S. F. (1981). A rational theory of the size of government. *Journal of Political Economy*, 89 (5), 914–927. doi: 10.1086/261013

Web of Science® | [Google Scholar](#)

58. Norfield, T. (2016). *The city: London and the global power of finance*. London; New York: Verso.

[Google Scholar](#)

59. OECD. (2015). *Revenue statistics in Latin America and the Caribbean 1990–2013*. Paris: OECD Publishing.

[Google Scholar](#)

70. OECD. (2015). *Revenue statistics in Latin America and the Caribbean 1990–2013*. Paris: OECD Publishing. <https://doi.org/10.1787/9789264207043>

71. Palan, R. (2015). The state of the world in 2015. *World Economic Outlook*, 2015 (1), 1–643. doi: 10.1787/9789264207043

72. Palan, R. (2015). The state of the world in 2015. *World Economic Outlook*, 2015 (1), 1–643. doi: 10.1787/9789264207043

3. San Martín, J. M., Juárez, C. A., Díaz, J., & Angeles, H. E. (2016). Evasión Del Impuesto Al Valor Agregado y Del Impuesto Sobre La Renta. Santa Catarina Mártir, Cholula, Puebla: Universidad de las Américas Puebla. Retrieved from http://www.sat.gob.mx/administracion_sat/estudios_evasion_fiscal/Documents/IVA_ISR_%20DEFINITIVO.pdf

[Google Scholar](#)

4. Schumpeter, J. A. (1991). The crisis of the tax state. In R. Swedberg (Ed.), *The economics and sociology of capitalism* (pp. 99–140). Princeton: Princeton University Press.

[Google Scholar](#)

5. Selee, A. D. (2011). *Decentralization, democratization, and informal power in Mexico*. University Park, Penn: The Pennsylvania State University Press.

[Google Scholar](#)

6. Sharman, J. C. (2010). Offshore and the new international political economy. *Review of International Political Economy*, 17(1), 1–32. doi: 10.1080/09692290802686940

[Web of Science](#)® | [Google Scholar](#)

7. Sharm... the global
econo...
<https://...>

8. Skinne... rd
Pro...
Un...


9. Smith... nents and
politic... and culture
in Mex...

30. Sobarzo, H. (2011). Tax reform in Mexico: A general equilibrium assessment. *Applied Economics Letters*, 18 (7), 671-678. doi: 10.1080/13504851.2010.483999.

 | [Web of Science](#)® | [Google Scholar](#)

31. Swank, D. (2016a). The new political economy of taxation in the developing world. *Review of International Political Economy*, 23 (2), 185-207. doi: 10.1080/09692290.2016.1155472

 | [Web of Science](#)® | [Google Scholar](#)

32. Swank, D. (2016b). Taxing choices: International competition, domestic institutions and the transformation of corporate tax policy. *Journal of European Public Policy*, 23 (4), 571-603. doi: 10.1080/13501763.2015.1053511.

 | [Web of Science](#)® | [Google Scholar](#)

33. Tax Justice Network (2018). Narrative report on USA. Financial Secrecy Index 2018. Tax Justice Network. Retrieved from <http://www.financialsecrecyindex.com/PDF/USA.pdf>.

[Google Scholar](#)

34. Thompson, H. (2010). 'The Character of the State'. In *New Directions in Political Science*



35. Tilly, C. (2010). *War, Money and Politics*. Cambridge, MA: Harvard University Press. doi: 10.1017/S0022216X09990001

36. Toxigana, P. (2010). *The State and the Market*. Chicago, IL: University of Chicago Press.

[Google Scholar](#)

37. Tørslø, J. (2010). *The State and the Market*. Chicago, IL: University of Chicago Press.

[Google Scholar](#)



08. Tørsløv, T., Wier, L., & Zucman, G. (2018). The missing profits of nations. w24701. Cambridge, MA. Retrieved from <https://doi.org/10.3386/w24701>.

[Google Scholar](#)

09. UNCTAD. (2015). World investment report 2015. Reforming international investment governance. Geneva: United Nations.

[Google Scholar](#)

10. Villamil, J., & Martin, E. (2018). AMLO vows no change in banking laws, pivoting after market slump. Bloomberg, 9 November 2018. Retrieved from <https://www.bloomberg.com/news/articles/2018-11-09/mexican-markets-extend-rout-as-investors-doubt-lopez-obrador>

[Google Scholar](#)

11. Vogl, J. (2015). Der Souveränitätseffekt. 1. Auflage. Zürich Berlin: diaphanes.

[Google Scholar](#)

12. Weber, M. (1994). The profession and vocation of politics. In P. Lassman and R. Speirs (Eds.). Political writings (pp. 309–369). Cambridge: Cambridge University Press.

[Google Scholar](#)

13. Wellor, J. (2018). The environmental impact of digitalization. *Journal of Environmental Economics and Policy*, 18(1), 1–15. <https://doi.org/10.1007/s11887-018-0011-1>

[Google Scholar](#)

14. Wikström, M. (2018). The impact of digitalization on the environment. *Journal of Environmental Economics and Policy*, 18(1), 1–15. <https://doi.org/10.1007/s11887-018-0011-1>

[Google Scholar](#)

15. World Bank. (2018). Digitalization and the environment. <http://www.worldbank.org/en/topic/digitalization>. Code=

Google Scholar

06. Zucman, G. (2013). La Richesse Cachée Des Nations: Enquête Sur Les Paradis Fiscaux. La République Des Idées. Paris: Seuil.

Google Scholar

07. Zucman, G. (2017, November 6). Motor Der Ungleichheit. Süddeutsche Zeitung.

Retrieved from

<https://projekte.sueddeutsche.de/paradisepapers/wirtschaft/steueroasen-befeuern-ungleichheit-e198908/>

Google Scholar

Download PDF

**Publish fast. Openly.
Without restrictions.**

×





NEW

Save time and get support

With our new scientific editing service

[Get A FREE Quote](#)

EDITINGSERVICES
From Taylor & Francis

Related



Information for

Authors

R&D professionals

Editors

Librarians

Societies

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Help and information

Help and contact


Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up



Copyright

Accessib

Registered
5 Howick Pl

or & Francis Group
orma business

