Contents

INTRODUCTION, Andrew P. Morriss 1

1. OFFSHORE FINANCE AND ONSHORE MARKETS: RACING TO THE BOTTOM, OR MOVING TOWARD EFFICIENT? Anna Manasco Dionne and Jonathan R. Macey 8
   The Critics and the Supporters of Offshore Competition 10
   Modern Offshore Finance 13
   A Review of the Controversy 17
   Offshore Finance Benefits Onshore Regulatory Regimes and Investors 18
   Public Choice: Sources of Opposition to Regulatory Competition 26
   Conclusion 27

2. THE LEGITIMACY OF THE OFFSHORE FINANCIAL SECTOR: A LEGAL PERSPECTIVE, Rose-Marie Belle Antoine 30
   The Context of Offshore Legal Rules 31
   Tax Issues 33
   Confidentiality 35
   Offshore Trusts 39
   Conflict of Laws 45
   Copycat Support 47
   Conclusion 48

3. REGULATING TAX COMPETITION IN OFFSHORE FINANCIAL CENTERS
   Craig M. Boise 50
   International Income Taxation 51
   Defining Tax Competition 53
   Arguments for Regulating OFC Tax Competition 57
# OFFSHORE FINANCIAL CENTERS

Arguments against Regulating OFC Tax Competition 61
Regulating International Tax Competition 66
Directions for the Future 69

## 4. THE INTERNATIONAL MONETARY FUND AND THE REGULATION OF OFFSHORE CENTERS, Richard K. Gordon 74

The International Monetary Fund and Harmful Tax Practices 74
The IMF and Prudential Supervision 76
The IMF and Money Laundering and Terrorism Financing 88
Recent Developments 99
Some Conclusions 100

## 5. THE ROLE OF OFFSHORE FINANCIAL CENTERS IN REGULATORY COMPETITION, Andrew P. Morriss 102

For What Do Jurisdictions Compete? 105
Competition among Jurisdictions 112
The Rise of Competition and the Role of Offshore Jurisdictions 123
The Impact of Regulatory Competition 139
Conclusion 144

## NOTES 147

## INDEX 185

## ABOUT THE AUTHORS 197