Research Seminar

‘China, Tax Havens and Development: The Caribbean Roots of the Chinese Economic Miracle’.

By: Professor Jason Sharman, Centre for Governance and Public Policy and the Griffith Asia Institute

Why is the British Virgin Islands a bigger source of Foreign Direct Investment into China than the United States, the European Union and Japan combined? Why is there ten times more investment from China in the Caymans Islands than there is in the United States? This paper argues that these flows represent the efforts of Chinese and foreign investors to reduce governance and measurement transaction costs. Investors avail themselves of efficient institutions in offshore centers that are absent locally. These institutional attractions include the ease of raising capital on foreign stock markets for Chinese firms, access to reliable courts for foreign investors, and more flexible and sophisticated financial products for both. Existing explanations of these capital movements, characterizing them as criminal money or crude tax arbitrage, do not fit with available evidence. Although the bulk of the evidence is drawn from the Chinese experience, the parallels whereby Mauritius is the largest foreign investor in India suggest that other developing countries may also benefit from the transaction-cost-reducing effects of institutions offshore.

Jason Sharman is a professor at the Centre for Governance and Public Policy and the Griffith Asia Institute. His research is focused on the international politics of tax havens and money laundering, as well as theories of sovereignty and empire. His fifth book manuscript, analysing the effectiveness and diffusion of anti-money laundering policy, is currently under review with Cornell University Press.

→ Wednesday 25 August 2010
→ N54 (Bray Centre) Room 2.01
→ Nathan campus
→ 12.30 -1.50pm

To RSVP, please contact Natasha Vary on (07) 3735 5322 or n.vary@griffith.edu.au, no later than 5.00pm Monday 23 August 2010.