

## BOOK REVIEW

**Offshore Finance and Global Governance: Disciplining the Tax Nomad**, by William Vlcek, Basingstoke, Palgrave Macmillan, 2017, xvi + 180 pp., £67.99 (hardback), ISBN 9781137561800

I stumbled across the term ‘nomad millionaire’ in Ronan Palan’s 2003 book on *The Offshore World*. In this opportune text, Vlcek uses this increasingly maligned term to describe a growing and assorted cluster of individuals and firms who seek to minimise, and possibly completely avoid and stamp out, their tax obligations among multiple jurisdictions; leaving most of us, tax-paying residents, to foot the bill of massive public debt. The most powerful asset in their arsenal is not simply the significant wealth and financial capital that these persons (real or corporate) have amassed, and its political leverage, but the *mobility* with which they graft their assets, enabling a strategic determination of when and where to place which portion of their money and for how long. The mobility of their liquid resources, and at times of themselves, is so extensive that it effectively lacks domicile. Nomadism has taken mobility to a higher level. And globalisation and the digital economy (and now crypto-currencies?) have given bold wings to tax minimisation.

States, by their very nature, are territorial. They recognise or confer citizenship as a legitimate claim to control, punish as well as take a cut on people’s revenue. But they find it hard, by definition, to influence the offshore world: their typical policy focus is the resident, not the citizen. (Only two states tax the global income of their citizens: the USA and Eritrea.) Nevertheless, not to be deterred or beaten without a fight, the world of government and regulatory agencies has been trying to catch up with these pesky nomads. Cross-border, regional and/or international initiatives by states in this regard have been devised, flexing both material and discursive power, even if these are ultimately addressed towards beefing up the respective states’ own domestic tax constituencies. Vlcek reviews such initiatives taken by the European Union (EU), the OECD, the G20 and the USA (as hegemonic state actor) in addressing these.

Vlcek’s preferred theoretical framework for discussing this most timely topic is drawn from Michel Foucault’s concept of *governmentality*. This implies the smart deployment of actual and potentially available capacities by the state to secure desirable resources; be they fiscal, human, material, legal or geopolitical. This is a performative act of government *qua* agency: referring to somewhat systematic modes and technologies of power that go beyond the spontaneous exercise of power over others, and whose purpose is to regulate conduct by the (more or less) rational application of appropriate protocols. Now, such a state capacity extends naturally and legitimately to its own territories, its own citizens and its own resources; indeed, these are often functions where the local state exercises a clear monopoly, and this reach would be expected and largely respected by other states. However, the regulation can also be deployed—indeed, even perfected—in such ways as to include extraterritorial scope, and to impact on the conduct of others beyond one’s juridical range. And the stakes get increasingly higher with decreasing size of territory and population, which suggests why tax nomads gravitate towards smaller (often island) jurisdictions. (This was the theme of Vlcek’s 2008 book, *Offshore Finance and Small States*.) Foucault describes these behavioural patterns and relationships of power as ‘strategic games between liberties’: they do not necessarily mean that power is exercised against the interests of the other part of a power relationship; or that they result in a removal of liberty or options available to individuals.

Vlcek argues that recent years have seen the emergence of an unprecedented ‘global governmentality regime’ (p. 16) in order to produce global (and therefore presumably effective)

governance for taxation. This creative political economy, largely driven by US unilateralism, has spawned collective responses, such as common reporting standards, that are part of what are now institutionalised regimes for the automatic exchange of taxpayers' data.

While all this is going on, states continue to develop smart techniques to cream off revenue from other states' citizens. 'Citizenship by investment' schemes have proliferated and supranational units, like the EU, have so far been powerless to stop them. Individual member states of the EU vigorously resist all notions towards a tax convergence (that would eliminate competitive tax rates). And the Seasteading Institute has its own plans for developing 'sovereignty on the high seas', escaping the clutches of the state as we know it ... and, of course, paying no taxes.

The practice of state policy comes across as contradictory, even on the home turf. Strangely enough, as highlighted by Vlcek, the state that appears to be all-out in its moral crusade to chase persons (corporate this time) to cough up their 'fair and rightful share' of revenue via taxation is the same state that may have offered the same firm a slate of tax minimisation measures (tax holidays, wage and training subsidies, free factory space, reduced water and electricity tariffs, etc.) as part of a package of business support measures.

The 'global governmentality regime' is no lean, sleek machine. Rather, I see contradictory policies being spawned by different branches of the same government, a messy situation which opens up more (rather than fewer) opportunities for strategic nomadism. Does the right hand know what the left hand is doing? Perhaps it does not want to know. Might Vlcek wish to plan his third book around this quandary? I would certainly look forward to it.

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