



Universiteit
Leiden
The Netherlands

Shining Light on Dark Matter: A Process Tracing Study on Public Goods Provision in the Tax Havens of Switzerland and Ireland

Winkelmuller Real, Laura

Citation

Winkelmuller Real, L. (2023). *Shining Light on Dark Matter: A Process Tracing Study on Public Goods Provision in the Tax Havens of Switzerland and Ireland*.

Version: Not Applicable (or Unknown)

License: [License to inclusion and publication of a Bachelor or Master Thesis, 2023](#)

Downloaded from: <https://hdl.handle.net/1887/3635821>

Note: To cite this publication please use the final published version (if applicable).

*Shining Light on Dark Matter: A Process Tracing Study on Public Goods Provision in the
Tax Havens of Switzerland and Ireland*



Laura Winkelmueller Real, s2432560

Bachelor's Thesis

Universiteit Leiden

Dr. Rutger Hagen

Global Public Goods & Commons

Word count: 7987

ABSTRACT	3
INTRODUCTION	4
LITERATURE REVIEW & THEORETICAL FRAMEWORK	5
Defining public goods and the role of the government	6
Tax havens and their effect	7
I. Monetary implications	8
II. Normative implications	8
Key Factors Influencing the Provision of Public Goods in Tax Havens	9
I. Transparency and corruption	9
II. A countries legal framework and policies	9
III. Type of political system	10
METHODOLOGY	10
Methodological approach	10
Operationalisation	11
Case Selection	12
ANALYSIS	15
Switzerland	15
Tracing back events: Switzerland's start as a tax haven	15
(I) Transparency	15
(II) Navigating government policies	17
(III) Historical and Political Background	18
(IV) Other mechanisms found	18
Ireland	19
Tracing back events: Ireland's start as a tax haven	19
(I) Transparency	20
(II) Navigating government policies: the trade-off	21
(III) Historical and Political background: Timeline gathered from interview with Luke Holland	21
DISCUSSION	22
Limitations	25
CONCLUSION	26
BIBLIOGRAPHY	28

ABSTRACT

This study employs process tracing to investigate public goods provision within two renowned tax havens, Switzerland and Ireland. Contrary to the general belief associating tax havens with under-provision of public goods, these cases present intriguing differences in their levels of public goods provision. Through the analysis of government policies, transparency, political systems, and historical contexts, this thesis deciphers the complex factors shaping this provision. The findings reveal nuanced dynamics in tax havens, contributing to a more comprehensive understanding of their societal implications and informing potential policy improvements.

INTRODUCTION

Renowned economist Gabriel Zucman once observed that 'Tax havens are the dark matter of the world economy—they're everywhere, but can't be seen' (Zucman, 2015). Such an evocative portrayal underscores the paradoxical nature of tax havens – existing in the peripheries, yet pivotal in global finance.

In 2014, 7.6 trillion dollars of global wealth was stashed in tax havens, accounting for approximately 8% of the global net financial value (Zucman, 2015). These values have paramount implications as they disrupt the operation of the world economy and significantly hamper the capacity of affected countries to allocate funds towards essential public goods and services. Public goods, as defined by economist Paul Samuelson (1954), are goods provided to all members of a society, irrespective of their individual contributions. They are universally accessible and non-excludable in nature, typically including services like infrastructure, healthcare, and education.

Characterized by their commitment to secrecy and favourable tax regimes, tax havens have been at the epicentre of numerous academic discussions and policy debates (Dharmapala, 2015; Johannesen & Zucman, 2014). Their role in global finance and their implications for inequality, economic stability, and fiscal policies across jurisdictions have received considerable attention (Dharmapala, 2015; Haberly & Wójcik, 2015). However, a relatively less explored aspect of tax havens is their intriguing variance in the provision of public goods, an anomaly that challenges the commonly held belief that tax havens generally underprovide public goods due to their tax-friendly regimes (Palan, Murphy & Chavagneux, 2013).

This research seeks to explore the dynamics of this discrepancy, focusing particularly on Switzerland and Ireland, two countries recognized as tax havens (Tax Justice Network, Financial Secrecy Index 2022), yet demonstrating significant differences in their provision of public goods (Public Services Index by Country, Around the World, n.d.). This contradiction leads us to the research question that drives this thesis: What is the impact of different tax havens on the provision of public goods?

To answer this, the study employs process tracing and relies on various qualitative data sources, including official government reports, newspaper articles, fiscal policies, and expert interviews. By focusing on government policies, transparency mechanisms, and political systems of the two countries, the research aims to untangle the intricate web of factors contributing to their contrasting public goods provision. This investigation takes us through a maze of governmental structures and the nuanced implications of historical and political circumstances.

The findings could potentially facilitate better policy decisions and governance in these regions, aligning economic interests with the welfare of the population. By examining these factors within the framework of tax havens, this research aims to contribute a unique perspective to the existing literature, prompting a re-evaluation of our understanding of tax havens and their societal implications.

LITERATURE REVIEW & THEORETICAL FRAMEWORK

The relationship between tax havens and the provision of public goods has been a topic of extensive research in academic literature throughout the years (Dharmapala, 2015; Johannesen & Zucman, 2014). While some scholars, like Radu (2012), contend that tax havens stimulate economic development and attract foreign investment, others, such as Anwar et al. (2020) or Chu (2014), argue that they facilitate tax evasion and contribute to the depletion of countries' tax bases, particularly in the developing world (Cobham, Janský, & Meinzer, 2015).

The impact of tax havens on public goods provision is a complex and multifaceted issue that necessitates the consideration of various theoretical perspectives. In order to explore this matter, the research will draw upon several crucial concepts, including public goods provision, tax havens, corruption, transparency, governance and political systems, as well as their interconnectedness.

Defining public goods and the role of the government

Public goods are essential for the functioning of societies and economies. Samuelson (1954) defines public goods as goods that are non-excludable and non-rivalrous meaning the use of a public good by one person does not reduce its accessibility for others, and once a public good is provided, it is difficult, if not impossible, to selectively restrict its use to certain individuals. These characteristics pose challenges for the provision of public goods. Since individuals cannot be excluded from enjoying the benefits of a public good, there arises a free-rider problem, a concept introduced by Olson (1971). Free-riders are individuals who can benefit from a public good without contributing towards its provision. They can simply rely on others to pay for and maintain the public good while still enjoying its benefits

Due to the non-excludable nature of public goods, traditional market mechanisms alone may not be sufficient to ensure their optimal provision. Also, because as private sector is profit-driven, it has no incentive to produce public goods. To address this challenge, governments often play a central role in financing and providing public goods, as it is crucial for economic development and the well-being of citizens (Anwar, Matros, & Gupta, 2020; Memedovic, 2008) and a case of under provision would pose great threats to a countries stability and peace (Memedovic 2008). Research has demonstrated that higher levels of public investment in education are associated with lower adulthood poverty rates and higher wages (Becker, 1962). Governments also provide public goods to protect citizens' rights and interests (Security Sector integrity, 2020). For example, national defence is a public good that protects citizens from external threats, while public health programs protect citizens from the spread of disease. By providing these goods, governments can ensure the safety and security of their citizens and protect their fundamental rights.

The choice to focus the research on education, healthcare, and infrastructure as primary public goods is driven by various considerations: Firstly, these public goods have a direct and broad impact on all citizens, influencing a range of life outcomes and shaping societal well-being (Stiglitz, 2000). Education, healthcare, and infrastructure are closely tied to the achievement of numerous Sustainable Development Goals, attesting to their critical role in societal progress and human development (Sachs, 2012).

The provision of these goods is particularly sensitive to resource allocation, requiring substantial and sustained investment (Barro, 1991; Bloom, Canning & Sevilla, 2004). Thus,

any changes to a country's tax base, potentially brought about by the operation of tax havens, are likely to have a notable impact on these areas.

This research framework does not exclude the relevance or importance of other public goods such as defence or public safety, rather it reflects the considerations above that make education, healthcare, and infrastructure particularly salient and suitable for this study.

Tax havens and their effect

Following the exploration of public goods, their significance, and impacts, it is equally crucial to understand the motivations that lead states to become tax havens. The reasons are multifaceted, encompassing economic incentives, geopolitical considerations, and regulatory arbitrage (Dainof, 2018). The author highlights the role of tax competition in creating a 'race to the bottom'—as tax havens lower their tax rates and regulations, they compel other countries to follow in attracting investment and capital. Johannesen and Zucman (2014) echo this sentiment, stressing that tax havens offer a sanctuary for wealthy individuals or corporations to conceal their assets, potentially leading to a loss of tax revenue for other countries. This cumulative effect instigates a cycle of tax competition where countries are forced to reduce their tax rates and deregulate their fiscal policies to stay competitive (Genschel & Schwarz, 2011; Dainof, 2018). Such a dynamic can compromise the delivery of public services, to the detriment of citizen interests and leading to heightened economic disparity (Zucman, 2015).

In the context of tax havens and their impact on the provision of public goods, Ostrom's work on the management of common-pool resources is particularly relevant (1990). Ostrom's research has shown that the provision of public goods can be successful in situations where communities self-organize and establish rules for resource management, without the need for government intervention. However, the existence of tax havens undermines this process by enabling individuals and corporations to evade taxes, thereby reducing the resources available for public goods provision. Cobham & Janský (2018) reveal the stark negative effects of tax evasion facilitated by tax havens, including increased global inequality and substantial losses of tax revenue, which otherwise could be used to fund public goods and poverty alleviation programs. Zucman (2014) estimates that tax evasion through offshore tax havens costs approximately \$190 billion annually in lost tax revenue for governments globally. Similarly,

Cobham & Janský (2018) reveal that lower-income countries are disproportionately affected by tax avoidance practices, leading to substantial reductions in their available resources for public goods provision and poverty alleviation.

From the literature review, we can break the impact of tax havens on public goods provision into two different effect, one is monetary, and one is normative.

I. Monetary implications

Anwar et al. (2020) argue that tax evasion facilitated by tax heavens leads to reduced general investment in public goods and services because it enables corruption by letting individuals and corporations hide their assets and evade taxes, which in turn weakens the state's ability to provide public goods (Anwar Matros, & Gupta, 2020).

Anwar, Matros, and Gupta (2020) analyse the impact of tax evasion and corruption on the provision of public goods in developing countries. They argue that tax evasion and corruption reduce the resources available for public goods provision, and can lead to a decline in the quality of public services, especially for marginalized communities.

On the other hand, Dainof (2018) counter suggests that tax havens may provide opportunities for small countries to attract investment and promote economic development. Furthermore, Weichenrieder and Xu (2015) acknowledged that while tax havens have contributed to financial stability, they have also facilitated corruption and tax evasion, which undermine the provision of public goods. However, when analysing the potential effects of reducing tax haven secrecy on the global economy, they argued that such measures could result in a decline in cross-border capital flows, with negative implications for economic growth. This impact is especially significant for developing countries that heavily rely on foreign investment.

II. Normative implications

The normative implications include a government viewing tax avoidance as morally acceptable particularly with the argument of welcoming globalization as an escape from “Leviathian” (Kudrle, 2016). If a government adopts this stance, it may prioritize attracting businesses and stimulating economic growth over social welfare concerns. This approach could lead to reduced investment in public goods and services and an unequal burden of taxation shifted into individual citizens or other sectors of the economy.

Key Factors Influencing the Provision of Public Goods in Tax Havens

These reasonings, however, are not necessarily always black and white, as there are certain tax heavens, such as Switzerland (Tax Justice Network, Financial Secrecy Index 2022, that have a high provision of public goods, and others, such as the UK, that do not (Public Services Index by Country, Around the World, n.d.). This is due to the fact that a variety of factors may influence the relationship between tax havens and the supply of public goods. The main three factors that were most prominent in the literature were:

I. Transparency and corruption

Differences in the level of corruption may also play a role in the provision of public goods. Corruption refers to the abuse of public power for private gain, and it is typically associated with weak institutions and poor governance (Treisman, 2000). Tax havens facilitate corruption by enabling individuals and corporations to hide their assets and evade taxes, which in turn undermines public trust in government and weakens the state's ability to provide public goods (Anwar Matros, & Gupta, 2020). In the case of Arab countries, Hashem (2014) found that corrupt governments divert resources away from public goods provision and use them for personal gain, while more transparent governments may be more accountable and responsive to citizen needs. Kudrle (2006, p. 1174) emphasizes that transparency in the behaviour of both governments and private actors is instrumental in combatting tax avoidance and enabling the detection and prosecution of tax evasion. Similarly, Anwar et al. (2020) suggest that public goods provision are also influenced by the lack of transparency.

II. A countries legal framework and policies

A tax havens legislative and regulatory environment, can also either stimulate or discourage investment in public goods. For example, some tax havens may have strong legal protections for property rights and contracts, which could encourage investment in public goods (Zucman, 2015). Other tax heavens may lack these legal protections, which could deter investment in public goods. Governments that prioritize investing in public goods often have policies in place that earmark significant portions of tax revenue for public goods provision.

Such policies can be seen in the Nordic countries, where high levels of taxation coincide with high levels of public goods provision (Roine & Waldenström, 2011).

III. Type of political system

The political system of a country can also influence the provision of public goods. Democracies are often associated with better provision of public goods, given that elected officials are accountable to the public and therefore have incentives to provide public goods to gain electoral support (Lake & Baum, 2001). However, the relationship is not always linear.

Democracies may be more susceptible to public pressure and therefore more likely to provide public goods even at the expense of tax competitiveness (Hays, 2003). On the other hand, autocratic tax havens might prioritize attracting foreign capital over public goods provision, as they face less public accountability (Djankov, McLiesh, & Shleifer, 2007).

Until now, most of the literature discussed has been largely quantitative, this a very effective way of measuring the finance that goes offshore and how much of it is spent in public goods. However, this method does not capture some factors mentioned previously: political systems, transparency, and policies. This gap in the literature highlights the need for a qualitative study that explores and traces back the impact of tax havens on public goods provision analysing the different lenses of mechanisms that influence provision of public goods besides the monetary ones. While it is very important to understand the scale of the problem with numbers, the provision of public goods is much more complex and is influenced by a range of other complex factors, including the social, political, and economic context (Ostrom 1990).

METHODOLOGY

Methodological approach

This thesis aims to delve into the dynamics that drive certain tax havens to exhibit a remarkable abundance of public goods, while others fail to do so. Despite the prevailing literature suggesting that serving as a tax haven typically impedes the provision of public

goods, this study aims to unravel the underlying motives that defy this narrative. Because the outcome is already known, and are unsure about its causes or how they relate to each other, this research will use an approach involving process tracing, separately scrutinising each case under investigation. Process tracing will be therefore used in an exploratory manner, where the aim is to unpack explicitly the causal process that occurs in-between the causes mentioned in the literature review and the outcome of high or low provision of public goods without a pre-specified hypothesis (Beach, 2017). Starting with the observed outcome and working backwards to identify the sequence of events, or a story.

Because the very nature of tax havens is built upon a framework that emphasises confidentiality, and limited disclosure. This secrecy culture creates hurdles when attempting to gather comprehensive and reliable data for research purposes. Additionally, the complexity of offshore financial structures, intricate networks of companies, and the use of trusts and other legal entities further compound the challenge of obtaining reliable data. To overcome these challenges, the research will draw from qualitative data such as newspaper articles, official government reports, fiscal policies and opinions from one tax expert which will provide a valuable perspective and first-hand information.

The online interview with the tax expert was conducted using a semi-structured format. A preset of guiding questions allowed for a flexible conversation that evolved organically as the interviewee's responses prompted further clarification. This method allowed tracing back through the intricate relationships between tax havens and public goods provision, illuminating key mechanisms and influences.

Operationalisation

Transparency is essential for effective governance in resource management (Escribano, 2017, p. 269). It will be assessed using the Corruption Perceptions Index (CPI) developed by Transparency International, which has already been used as a measurement by other studies such as Bennedsen et al, (2018). The CPI provides a quantitative measure of perceived corruption levels, with higher scores indicating lower corruption and greater transparency. Additionally, the extent and effectiveness of financial disclosure requirements for public officials will be examined, as comprehensive and enforced disclosure regulations reflect

higher levels of transparency. Furthermore, the presence and effectiveness of access to information laws, which guarantee public access to government information, will be evaluated as an indicator of transparency.

The operationalization of the government policies mechanism will involve analysing specific policy measures and actions that either facilitate or discourage the allocation of tax for public goods provision. This analysis will focus on whether policies are prioritising the allocation of resources for public goods or not.

For the political system of the tax haven, the research details the nature of their systems by analysing their historical and well as current political status. The nature of its parliament, how elections take place, and delving into the key historical and political milestones that have shaped the development of tax haven practices. This analysis will rely on examining archival materials from government websites and newspapers, as well as expert opinions to gain insights into the historical and political context of each country.

Case Selection

To address the research question regarding the factors that explain the variation in the provision of public goods among tax havens, this thesis will delve into two specific cases: Switzerland and Ireland. These countries have been chosen based on a most similar systems design (MMSD), as they share several characteristics but diverge in one crucial aspect—the dependent variable (Halperin & Heath, 2020) which is the level of public goods provision. Switzerland, known for its higher provision of public goods, will be contrasted with Ireland, which exhibits a comparatively lower provision. Notably, Switzerland's superiority in terms of public goods provision is evident when considering the Global Economy Forum's ranking on the Public Services Index. It is noteworthy that Switzerland is situated just after the Scandinavian countries, the Netherlands, and France, signifying its commendable performance in providing public services (Public Services Index by Country, Around the World, n.d.). The European Foundation for the Improvement of Living and Working Conditions asserts that certain key public services are pivotal for achieving high levels of social cohesion. These include healthcare, education, social care, and transport (Eurofund,

n.d.) By considering these essential services, one can begin to discern the reasons underlying the observed disparity in public goods provision between Switzerland and Ireland.

For instance, an examination of the European Railway Performance Index reveals that Switzerland secures the top spot, boasting better-connected, more punctual, and faster trains compared to other countries. In contrast, Ireland finds itself ranked 17th out of the 25 countries assessed (Mariani, 2017). When it comes to healthcare, an analysis of the European healthcare index reveals that Switzerland secures the 11th position, underscoring its commitment to providing quality healthcare services (Europe: Health Care Index by Country, 2021). Conversely, Ireland finds itself positioned on 32nd place, reflecting a notable disparity between the two tax havens. In the realm of social care, Switzerland maintains a noteworthy ranking eight places higher than Ireland in a global index (Global Index: Results, n.d.). Furthermore, Switzerland's dedication to educational excellence positions it among the world's best performers, as evidenced by various indexes (Edu, 2022; World Population Review, 2023; OECD, n.d.). These further solidify Switzerland's commitment to providing high-quality education and shed light on another crucial aspect contributing to its superior provision of public goods.

When considering the contrasting performance of Switzerland and Ireland across healthcare, social care, and education, it becomes evident that these disparities play a significant role in shaping the levels of public goods provision within each tax haven. By analysing the aforementioned data and examples, one can gain insights into the factors that contribute to Switzerland's high provision of public goods and Ireland's comparatively lower provision. This study aims to further explore these factors and elucidate the dynamics at play within tax havens with respect to public goods provision.

In terms of similarities, both Switzerland and Ireland have garnered significant attention as tax havens from numerous reputable sources and renowned NGOs. Reports from organisations such as the Tax Justice Network, as evident in their Financial Secrecy Index 2022, and the World Population Review have identified these countries as tax havens (Tax Justice Network, Financial Secrecy Index 2022; World Population Review, n.d.-b). Moreover, prominent NGOs like Oxfam have ranked Switzerland as the fourth-largest tax haven, trailing only the Cayman Islands, Bermuda, and the Netherlands, while placing Ireland in the sixth position (TPguidelines.com, 2023).

Despite the European Union's official tax haven list omitting these countries, criticisms have been raised by tax experts such as Chiara Putaturo from Oxfam, who denounces the list as a 'joke' and a 'whitewash' that overlooks numerous dangerous tax havens (Oxfam International, 2023). Moreover, certain political groups within the European Parliament, such as the Greens/EFA, have echoed concerns regarding the unfairness of this list, highlighting how prominent tax havens like Switzerland, known for their involvement in various scandals, continue to enjoy a 0% tax rate (Efa, 2022).

Switzerland and Ireland share not only comparable economies, with GDPs ranking among the highest in Europe (Switzerland at 687,110.4 million Euros and Ireland at 421,529.2 million Euros; Statista, 2023), but they also exhibit a commitment to international standards and cooperation. Both countries are members of the Organisation for Economic Cooperation and Development (OECD), which plays a pivotal role in shaping the behaviour and policies of tax haven jurisdictions. By including these countries in the study, we acknowledge the importance of adherence to international norms and the potential influence of peer monitoring on tax haven practices. Furthermore, the fact that Switzerland and Ireland are Schengen member states allows for a more focused investigation into tax haven jurisdictions within this specific geographic area by controlling for regional variations that may exist within the Schengen area. Additionally, the similarity in population sizes between Switzerland (approximately 8 million) and Ireland (approximately 5 million) holds particular relevance for this study. Population size plays a crucial role in shaping the scale, scope, and capacity of public goods provision within a country. Larger populations often face distinct challenges related to resource allocation, infrastructure development, and service delivery compared to smaller populations. By selecting tax haven jurisdictions with similar population sizes, we aim to control for potential biases arising from population-related factors and focus more directly on the role of tax havens in influencing public goods provision.

Moreover, the inclusion of countries with comparable population sizes enhances the generalisability of the study's findings. If patterns or relationships between tax havens and public goods provision emerge in countries with similar population characteristics, the insights gained from this research can be more readily applied to other jurisdictions that share comparable demographic profiles.

The selection of specific time periods for process tracing in the cases of Switzerland and Ireland is justified by the need to examine the historical and political background of these countries, especially in relation to their emergence as tax havens. By tracing the development of these nations from significant historical milestones, a deeper understanding of the contextual factors influencing their tax haven status can be gained. In this case, I will trace back to Ireland's independence, which marks a turning point in a nation's governance and policy decisions, and Switzerland's adoption of direct a democracy, significantly influenced Switzerland's governance structure, decision-making processes, and policy formulation.

ANALYSIS

Switzerland

Tracing back events: Switzerland's start as a tax haven

The reputation of Switzerland as a tax haven can be traced back to the early 20th century, specifically the aftermath of the First World War. During this time, a crucial development took place with the amendment and reinforcement of Switzerland's "Federal Act on Banks and Savings Banks," commonly referred to as the Banking law of 1934. This amendment was primarily driven by the need to safeguard the assets and wealth of Jewish individuals who were fleeing from Germany, as they faced the ominous threat of having their fortunes confiscated by the Nazi government (Andrew, 2023).

Through this significant amendment, a culture of secrecy was enshrined in Swiss banking practices, thereby preventing banks from disclosing any information regarding an account to third parties. This legal provision served as a protective shield for those seeking refuge in Switzerland, ensuring the preservation of their financial resources amidst the turbulent and perilous political landscape of that era. Despite being amended in 2012, the essence of this law remains firmly intact and continues to govern Swiss banking practices to this day. Of course, there are exceptions to the strict veil of secrecy when it comes to severe criminal cases that demand disclosure (Andrew, 2023).

(I) Transparency

Switzerland's dedication to transparency can also be traced back to the early 20th century, a pivotal period marked by significant political and social reforms. As the nation emerged from a tumultuous era of political and economic uncertainty, it embarked on a transformative path towards stability and progress. A defining moment came in 1943, when Switzerland achieved a historic milestone by electing its first-ever Social Democrat to power (Swiss Federal Department of Foreign Affairs, n.d.).

This remarkable reform movement fostered transparency in governance by introducing progressive measures such as referendums and initiatives (Swiss Federal Department of Foreign Affairs, n.d.). The Social Democrat party, at the forefront of this transformative agenda, recognised the inherent value of transparency in decision-making processes. The Swiss population and the media played an integral role in embracing this notion acknowledging the significance of fair taxation and recognising that the presence of foreign fortunes seeking refuge within their borders should not compromise the integrity of their tax system (Le Franc-Montagnard, 1944). They understood that promoting transparency was not merely a matter of fiscal accountability, but also an opportunity to empower taxpayers through education. By advocating for a transparent system, they aimed to cultivate a society where individuals would comprehend that the allure of fraudulence ultimately reaps no substantial rewards.

The government enacted laws, regulations, and ways of working that enhance transparency in public finance management, tax administration, and budgeting processes such as the 'Loi sur la Transparence de l'administration' or Law on Transparency a Law that came into effect in July 2006 (LTRANS, 2004). Or also simply, the way in which political decisions are made at the federal level and in local cantons, politicians govern with the principle of 'concordance' (Council, 2022). When taking decisions, every one on the political spectrum has direct access to all the information produced by the administration. These cantons have the authority for making policies such as education, health or taxation, and, for a number of years have enacted laws giving citizens access to all the documents and information collected and compiled by their governments (Conseil fédéral, 2003). This means that citizens, civil society organisations, or the media can actively engage in monitoring and holding the government accountable for its use of public funds. We can conclude that exposing government financial

transactions, the risk of embezzlement and illicit practices decreases significantly as corruption in the country is kept very low across the years (CPI, 1995-2019).

From this causal processes we can then establish that the reduction in corruption was facilitated by transparency and has created a virtuous cycle, leading to a higher provision of public goods in Switzerland. With fewer resources diverted due to corruption, a larger proportion of tax revenues can be channelled towards public infrastructure, education, healthcare, and other essential services. This has resulted in the development of a robust system of public goods provision that benefits the Swiss population.

(II) Navigating government policies

Switzerland demonstrated a commitment to public goods provision through policies such as the establishment of social security systems, public education, and healthcare initiatives. These early policies laid the foundation for the prioritisation of public goods allocation and reflected the government's recognition of the importance of investing in essential services.

During the mid-20th century, Switzerland implemented progressive tax reforms that significantly contributed to the allocation of resources to public goods by starting to tax on earned income and introducing social deductions to those who needed it from 1936 onwards. Each of the cantons has its own tax law, which can vary very different from those of other cantons because they will be implemented according to the situation and necessities of each region (Federal Tax Administration, 2021). These reforms addressed social inequality and supported the provision of essential services. Additionally, it introduced performance-based budgeting, a policy approach that linked resource allocation to desired outcomes and results. This strategic shift allowed for a more efficient and effective distribution of resources (OECD, 2017). Shortly after the First World War it also introduced its social security system (History of Social Security, 2013), including universal health insurance coverage that aims to guarantee universal healthcare coverage and maintain high standards of healthcare provision.

Other specific policies, such as the “Compulsory Education Act” (Government of Switzerland, 1999, Art. 19, Art. 62) and the “Vocational and Professional Education and Training Act” (Government of Switzerland, 1999, Art. 63) highlight the commitment to providing comprehensive education opportunities for all. The Swiss government invests a significant portion of its budget in education, almost 17% of its total public expenditure and 6% of its GDP (Federal Statistical Office, 2020).

Switzerland also places significant emphasis on infrastructure development, which is crucial for public goods provision. The government has implemented policies that prioritise the allocation of resources to infrastructure projects, such as transportation networks, energy systems, and public facilities. For example, the “Federal Railways Act” (Government of Switzerland, 1999, Art. 87a) adopted in 1898 by referendum and the “Energy Strategy 2050” likewise adopted by referendum in 2017 (Swiss Federal Office of Energy, 2018) demonstrate Switzerland's commitment to investing in sustainable infrastructure for the benefit of the public.

(III) Historical and Political Background

Switzerland's historical and political background has played a crucial role in shaping its efficient planning and higher provision of public goods. The country has a long tradition of decentralised governance, with power and decision-making authority vested in its cantons. This historical context has fostered a culture of local autonomy and citizen participation, laying the foundation for effective planning and resource allocation.

Switzerland's political stability and consensus-based decision-making processes have further contributed to efficient planning. The country has a unique system of direct democracy, where citizens can directly participate in decision-making through referendums (Federal Chancellery, 2006) and initiatives. Expert knowledge and evidence-based decision-making also inform policy formulation. This inclusive approach has ensured for more than 170 years that the allocation of resources for public goods reflects the will and priorities of the Swiss population.

Switzerland's commitment to continuous evaluation and adaptation of policies further enhances the provision of public goods. Regular assessments and reviews of implemented measures enable the identification of successes, challenges, and areas for improvement (Federal Chancellery, 2006). Citizens can decide to bring forward referendums and even change the constitution if at least 100,000 citizens present an amendment. This interactive process allows for policy adjustments and reallocation of resources to maximise the impact of public goods provision. The country likewise has a tradition of forward-thinking policies that prioritise sustainable development and future needs. Long-term plans, such as the previously mentioned Energy Strategy 2050 outline the transition to renewable energy sources. These plans reflect the government's commitment to efficient resource allocation.

(IV) Other mechanisms found

The insurance industry in Switzerland is a very big sector in the country that contributes to its high provision of public goods. It generates substantial revenue – billions-, and 80% of it comes from customers outside of Switzerland. But companies based in Switzerland do pay taxes such as corporate income tax, value-added tax (VAT), and other levies. This means that a lot of this revenue goes into government funds (Swiss Insurance Association, 2001, p.10), allowing for public investments.

Industries of such magnitude, such as the insurance sector also play a pivotal role in the provision of public goods because numerous companies invest in diverse sectors of the Swiss economy (Swiss Insurance Association, 2022). These sectors encompass an array of vital domains, including real estate, infrastructure, technology, healthcare, and others, year after year, this results in an amplified economic diversification and enhanced competitiveness (Swiss Insurance Association, 2019). Moreover, Switzerland's policies underscore the significance of allocating taxes towards public services, as demonstrated by the preceding causal mechanism. With an augmented pool of resources, the government is empowered to make strategic investments in infrastructure development, healthcare, education, social welfare programs, and various other spheres that ultimately benefit the entire population.

Ireland

Tracing back events: Ireland's start as a tax haven

During the transformative period from 1950 to 1957, a series of tax scandals involving prominent politicians began to surface in Ireland. Notably, Charles Haughey, among others, found himself embroiled in these controversies, casting a shadow over the nation's political landscape (Holland, 2021). Concurrently, the decision to abolish the Control Manufactures Act signified a turning point, heralding Ireland's proactive stance in attracting foreign capital. This legislative change laid the foundation for the subsequent evolution of Ireland as a tax haven.

Since 1994, Ireland's reputation as a tax haven has been solidified, gaining official recognition on international tax haven lists for years. This acknowledgement affirms the

enduring allure of Ireland's favourable tax regime, drawing global attention for corporations and individuals seeking advantageous fiscal arrangements.

(I) Transparency

Transparency is a crucial element in ensuring the fair and efficient allocation of resources towards public goods. Unfortunately, Ireland ranks 27th out of 141 countries assessed for financial secrecy, indicating a degree of opacity in its financial practices (Tax Justice Network, 2022). Multinational corporations, including tech giants like Apple and Google, have taken advantage of Ireland's tax loopholes to minimise their tax liabilities.

Consequently, this results in significantly lower tax payments to the Irish government. For instance, in 2015, Apple paid 0,005% in taxes, leading to a reduction in tax revenue. The reduced tax revenue directly impacts the available resources that can be allocated towards public services.

With limited transparency, monitoring the flow of finances becomes a challenging task and government agencies struggle to keep pace with the complexity of tax arrangements and identify potential revenue leakage. In fact, the case of Apple in 2015 has to date not been closed yet (Sarah Collins, 2023). Reports from the Irish Comptroller and Auditor General began to highlight concerns about inadequate accountability and financial management systems, for instance the arrears of accounts to the education sector -universities- for several consecutive years (Office of the Comptroller and Auditor General, Public Sector Financial Reporting, 2015, 2016) and the health care sector (2015). They report for the necessary implementation of more cooperation with financial reporting as well as handing in documents in time (Office of the Comptroller and Auditor General, Public Sector Financial Reporting, 2017).

We can conclude from this that the lack of transparency and the absence of fulfilling reporting requirements leaves room for mismanagement and potential misuse of public funds, making it difficult to ensure optimal resource allocation for public goods provision.

Transparency International Ireland conducted a comprehensive study assessing government accountability and integrity. The study revealed alarming indicators, and reports from real tribunal cases (Government of Ireland, 2006) suggesting a pressing need for stronger transparency measures. It became increasingly apparent that Ireland's ability to provide

public goods was being compromised by systemic issues such as political corruption stemming from the lack of transparency.

(II) Navigating government policies: the trade-off

By implementing policies that offered generous tax incentives and favourable corporate tax rates, the government aimed to foster economic growth and attract foreign investment. The policies seemed promising, but their implications gradually unfolded over time. Although the government experienced a surge in tax revenues, the majority of these revenues originated from corporate taxation, creating a heavy reliance on a narrow tax base. This over-reliance exposed Ireland to revenue volatility (Murphy, 2000, p. 9), making it challenging to secure a consistent stream of funds for public goods provision.

Government resources, including financial and administrative capacities, are channelled towards implementing and maintaining tax incentive programs (Sarah Collins, 2023). This allocation of resources to incentivise businesses and cater to their tax needs takes precedence, while public goods provision takes a backseat, contributing to a lower level of investment in critical areas such as healthcare, education, and infrastructure. Once again I will take the example of the 2015 Apple case (Sarah Collins, 2023). The Irish government has spent years defining its position that it did not grant illegal state aid to Apple. If the court rules in favour of Ireland, the €13 billion Ireland has been holding in an escrow account would be returned to Apple. This outcome would be considered a win for Ireland, however, it would mean the €13 billion would be returned to Apple, instead of allocated to public spending in Ireland. The strain on social services and public welfare becomes evident for this causal mechanism.

“If you look at our GDP per capita we have one of the highest in the world. It looks like we are one of the richest countries, but then if you look at our health service, pupil-teacher ratios, cost of childcare, or our record on environmental measures, Ireland comes near the bottom of those lists because we have a very small public sector and the reason for that is because we are a tax haven” (Holland, 2021)

-Brian O’Boyle, economics lecturer and co-author of Tax Haven Ireland

(III) Historical and Political background: Timeline gathered from interview with Luke Holland

Dating back to the late 19th century, Ireland experienced a complex history characterised by struggles for independence, socio-economic disparities, and political instability. The war of independence in Ireland marked a significant turning point in the country's political landscape, giving rise to two major political forces, Fine Gael and Fianna Fáil. Unlike traditional left-wing or right-wing parties, these parties were primarily rooted in nationalism and independence, neglecting the ideological divisions that typically characterise political systems.

As Ireland gained EU membership and established itself as a stable entity, it pursued a corporate taxation model, effectively transforming into a tax haven. The absence of a robust economic awareness within the country hindered the emergence of meaningful resistance against the prevailing neoliberal orthodoxy (Holland, 2023). Consequently, Ireland, which experienced rapid economic growth, became one of the wealthiest nations in Europe, inadvertently fostering an environment conducive to the entrenchment of neoliberal policies.

With the inflow of wealth, Ireland failed to allocate the newfound resources towards social services and public goods as expected. Instead, the bulk of the wealth was funnelled into the hands of a select group of property developers (Holland, 2023), perpetuating wealth inequality and depriving the public of necessary investments in key sectors.

This situation can be traced back to a historical legacy that rendered Ireland vulnerable to such circumstances. The absence of a tradition of prudent economic management and the lack of mechanisms to counterbalance the influence of neoliberal forces left the country ill-prepared to effectively utilise its newfound prosperity in a manner consistent with societal needs (Holland, 2023). This legacy of Ireland's historical and political background continues to exert influence on public goods provision.

DISCUSSION

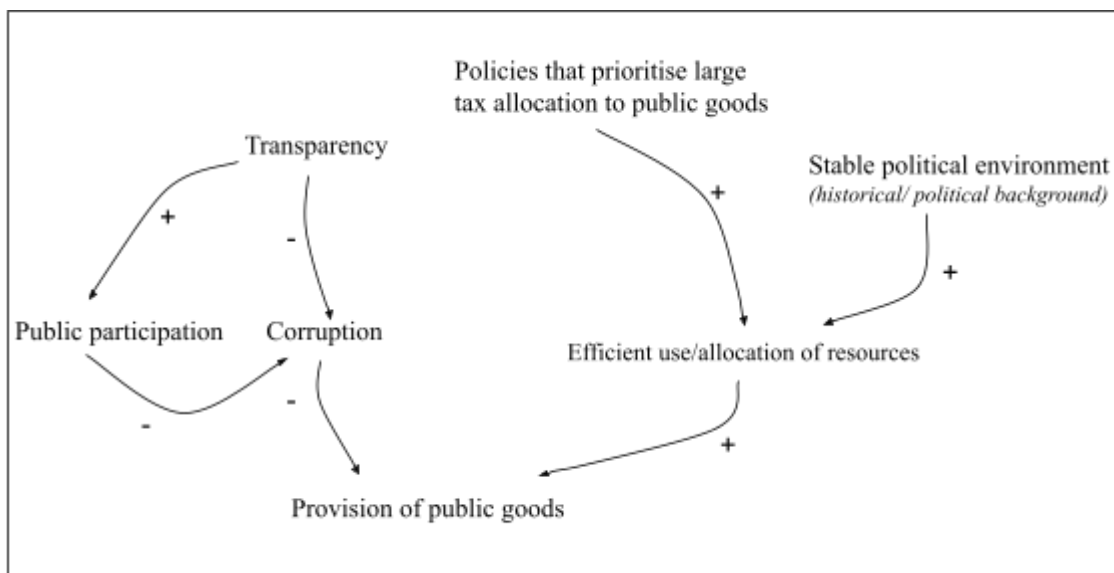
The interpretation of the findings suggests and confirms that a combination of factors, including historical background, commitment to transparency, and government policies, contribute to the variation in the provision of public goods between tax havens. Switzerland's dedication to transparency, effective governance, and diversified economic sectors, along with its historical context, have resulted in a higher provision of public goods. In contrast, Ireland's challenges in transparency, policy prioritisation, and historical and political factors have led to a lower level of investment in public goods.

The principal finding that emerges from this analysis is the pronounced democratic character of the Swiss governmental architecture, which emerges as a pivotal factor. Through an exhaustive examination of diverse sources spanning several years, a stark contrast between Switzerland and Ireland's political systems becomes evident. In particular, Switzerland's political landscape shows greater stability, with reforms assuming a less prominent role in comparison to their Irish counterparts. Change within Switzerland transpires at a more measured pace, yet, when it does occur, it enjoys widespread acceptance among the populace and is often driven by popular sentiment.

In addition to the observed insights that had derived from the existing literature, it is imperative to acknowledge the presence of certain noteworthy findings that had eluded previous scholarly attention. Notably, the comprehensive analysis shed light on external factors that exerted substantial influence, yet were conspicuously absent from the literature review: The role played by specific industries that channel a significant proportion of their profits into the host country. Regrettably, due to constraints in terms of time, resources and limited word count, this research was unable to thoroughly scrutinise each facet of the intricate process underlying the provision of public goods in tax havens. Therefore, it is reasonable to assume that if this research had more time and resources, and if we had dedicated greater scrutiny to each step, it would have discovered numerous other factors that influence the outcomes at hand. Unfortunately, these additional causal mechanisms were not explored in this study.

In conducting the process tracing analysis, a concerted effort was made to construct a cohesive timeline. However, disentangling the intertwined influences of transparency, government policies, and the historical/political background proved to be a formidable task. Rather than merely establishing a connection between the existing concepts and factors from the literature review and these specific cases, this research has successfully uncovered that not only do these factors affect the provision of public goods, but they are a series of interconnected causal mechanisms that influence each other. This can be visually apprehended in Figure 1, a simple causal loop mechanism that I have constructed and that simplifies the findings of the analysis.

Figure 1: Mechanisms impacting the provision of public goods in tax havens



Positive and negative arrows are employed to signify the direction and nature of the relationships between the various factors influencing the provision of public goods in tax havens. A positive arrow denotes that an increase in factor A leads to a corresponding increase in factor B. Conversely, a negative arrow signifies that an increase in factor A results in a decrease in factor B (Lannon, 2016).

For instance, an increase in transparency within the country is associated with a decrease in corruption, as indicated by a negative arrow. This implies that higher levels of transparency contribute to a reduction in corrupt practices. Consequently, an increase in corruption, as denoted by a positive arrow, leads to a decrease in the provision of public goods. Thus, a decline in corrupt practices adversely affects the allocation and availability of public goods.

When (A) policies that prioritise large tax allocation to public goods leads to an increase in efficient use of resources, which leads to an increase in provision of public goods, we have what is called a self-reinforcing feedback, a “loop change in one direction is compounded by more change” (Lannon, 2016).

This causal loop mechanism offers insights into the complex dynamics of the system under investigation, telling a story and shedding light on the reciprocal relationships (Lannon, 2016) between transparency, corruption, policies, and the provision of public goods. By elucidating the causal links between these variables, this framework aids in understanding the potential effects of changes in one variable on the others, thereby providing a basis for formulating effective strategies to promote transparency and combat corruption while ensuring the provision of public goods.

Limitations

The inclusion of an interview with a tax expert proved to be immensely valuable in gaining unique insights and perspectives that would otherwise have remained elusive. By engaging in a direct dialogue with a knowledgeable practitioner in the field, the study was enriched with a nuanced understanding of the intricate nuances and intricacies of tax-related matters. The interview facilitated a deeper comprehension of real-world challenges, practical considerations, and evolving trends within the realm of taxation. However, it is important to acknowledge that the reliance on a single expert interview does introduce certain limitations to the study's validity (Halperin & Heath, 2020). The insights obtained from the interview represent the perspective of a single individual and may not fully encapsulate the diversity of opinions and experiences within the broader tax domain. Consequently, the generalisability of findings may be constrained, and the study's robustness in capturing the full complexity of the subject may be diminished. As such, caution must be exercised in extrapolating the interview findings to broader contexts (Halperin & Heath, 2020). Nevertheless, the interview's valuable contributions in providing first-hand perspectives and shedding light on nuanced aspects of taxation underscore the importance of incorporating qualitative approaches to complement quantitative analyses in future research.

Although this study leverages qualitative methods effectively to provide depth, the absence of quantitative analysis could be seen as a limitation as it might omit some measurable effects of

tax havens on public goods provision. In addition, despite efforts to maintain objectivity, there is always a risk of researcher bias influencing the interpretation of data, especially in qualitative research. Pre-existing beliefs or perceptions about tax havens and public goods provision could inadvertently influence the analysis and conclusions.

Finally, the application of process tracing in this study has shed light on the dynamic and ever-evolving nature of tax laws, regulations, and governmental structures. It's crucial to acknowledge that the temporal relevance of research within this sphere is inherently transitory; what holds validity today may not necessarily remain applicable in the near future, which may affect the long-term relevance of the findings.

CONCLUSION

Tax havens and their role in the provision of public goods remain a complex and multifaceted issue that is deeply intertwined with global economic systems and political structures. This research, through its process tracing approach, has endeavoured to uncover the nuanced realities underlying this complex relationship.

Drawing upon various theoretical perspectives, it is clear that tax havens have profound impacts on the provision of public goods. The role of these offshore entities is not limited to economic implications, as they significantly influence norms, regulations, and political dynamics in countries, both those that act as tax havens and those affected by their existence. Unsurprisingly, the issue is not binary; there is no absolute virtue or vice associated with tax havens. Instead, the dynamics vary greatly depending on a multitude of factors, including but not limited to, transparency levels, legal frameworks, and political systems.

This research serves as a foundation, illuminating the landscape, and making sense of the variables at play. Yet, there is more to be understood, and the evolving nature of the global economy, with new tax laws and regulations emerging and transforming, necessitates continuous scholarly investigation into this area.

Furthermore, this study presents a call to action for further interdisciplinary research. While economics and political science remain integral to the understanding of tax havens, the

involvement of fields such as sociology, law, and even technology could unearth new dimensions of this issue. For instance, the role of artificial intelligence and blockchain in tax evasion and the ways it might shape tax havens in the future would be a compelling area for exploration.

Lastly, the cases of Switzerland and Ireland offer a snapshot of the diverse realities and strategies associated with tax havens. However, each tax haven has its unique set of characteristics and circumstances. Hence, a more comprehensive understanding of the topic would benefit from an expanded geographical scope, involving more case studies from different regions and socio-political contexts.

In conclusion, this research serves as a beacon, shining light on the complex intersections of tax havens and public goods provision, offering a critical perspective on a matter of global relevance. It is an invitation to scholars, policymakers, and activists alike to continue questioning, investigating, and innovating solutions for the challenges posed by tax havens in the pursuit of a more equitable world.

BIBLIOGRAPHY

Andrew. (2023). History Of Tax Havens: Switzerland. Whistleblower Justice Network.
<https://whistleblowerjustice.net/history-of-tax-havens-switzerland/#:~:text=Furthermore%2C%20the%20Banking%20Law%20of,became%20the%20world's%20tax%20haven.>

Anwar, S., Matros, A., & Gupta, S. S. (2020). Public Good Provision: A Tale of Tax Evasion and Corruption. ResearchGate. <https://doi.org/10.13140/RG.2.2.13633.17769>

Barro, R. J. (1991). Economic growth in a cross section of countries. *The quarterly journal of economics*, 106(2), 407-443.

Beach, D. (2017). Process Tracing Methods in the Social Sciences. *Oxford Research Encyclopedia of Politics*. <https://doi.org/10.1093/acrefore/9780190228637.013.176>

Becker, G. S. (1962). Investment in Human Capital: A Theoretical Analysis. *Journal of Political Economy*, 70(5, Part 2), 9-49.

Bloom, D. E., Canning, D., & Sevilla, J. (2004). The effect of health on economic growth: a production function approach. *World development*, 32(1), 1-13

Bennedsen, M., & Zeume, S. (2018). Corporate Tax Havens and Transparency. *The Review of Financial Studies*, 31(4), 1221–1264. <https://doi.org/10.1093/rfs/hhx122>

Chu, H. (2014). Tax Enforcement Policy and the Provision of Public Goods with the Presence of Tax Havens. *Scottish Journal of Political Economy*, 61(3), 304–321.
<https://doi.org/10.1111/sjpe.12046>

Cobham, A., & Janský, P. (2018). Global distribution of revenue loss from tax avoidance. Re-estimation and country results. UNU-WIDER, Working Paper No. 2019/42.

Cobham, A., Janský, P., & Meinzer, M. (2015). The Financial Secrecy Index: Shedding New Light on the Geography of Secrecy. *Economic Geography*, 91(3), 281-303.

Comptroller & Auditor General. (2015). Public Sector Financial Reporting. In Office of the Comptroller and Auditor General (No. 99).

Comptroller & Auditor General. (2016). Public Sector Financial Reporting. In Office of the Comptroller and Auditor General (No. 100)

Conseil Fédéral. (2003). Loi fédérale sur le principe de la transparence dans l'administration.

Corruption Perceptions Index - Explore Switzerland's results. (1995-2023). Transparency.org. <https://www.transparency.org/en/cpi/2022/index/che>

Council, F. (2022). Decision-taking at meetings of the Federal Council. <https://www.admin.ch/gov/en/start/federal-council/tasks/decision-making.html>

Dainoff, C. A. (2018). Outlaw heaven: Why states become tax havens (Order No. 10902370). Available from ProQuest Dissertations & Theses Global; ProQuest Dissertations & Theses Global; Worldwide Political Science Abstracts. (2061668037). Retrieved from <https://login.ezproxy.leidenuniv.nl/login??url=https://www.proquest.com/dissertations-theses/outlaw-heaven-why-states-become-tax-havens/docview/2061668037/se-2>

Djankov, S., McLiesh, C., & Shleifer, A. (2007). Private credit in 129 countries. *Journal of Financial Economics*, 84(2), 299–329. <https://doi.org/10.1016/j.jfineco.2006.03.004>

Dharmapala, D. (2015). The economics of corporate and business tax reform. *Tax Policy and the Economy*, 32(1), 1-52.

Edu, L. (2022, November 18). Top 20 Countries with Best Education System in the World | Leverage Edu. Leverage Edu. <https://leverageedu.com/blog/best-education-system-in-the-world/>

Education. OECD Better Life Index. (n.d.).
<https://www.oecdbetterlifeindex.org/topics/education/>

Efa, G. (2022, February 28). The EU's tax haven blacklist: what is it, what is missing and how we can fix it. Greens/EFA.
<https://www.greens-efa.eu/opinions/spot-the-tax-haven-avoiding-the-blacklist-is-a-game-for-zero-tax-countries/>

Escribano, G. (2017). Pathways Toward a Global Standard for Transparency in the Governance of Energy Resources. *Global Governance*, 23(2), 265–283.
<http://www.jstor.org/stable/44861123>

EU keeps joke tax havens list for the super-rich and profitable | Oxfam International. (2023, February 14). Oxfam International.
<https://www.oxfam.org/en/press-releases/eu-keeps-joke-tax-havens-list-super-rich-and-profitable>

Europe: Health Care Index by Country 2021.
https://www.numbeo.com/health-care/rankings_by_country.jsp?title=2021@ion=150

Facts and Figures 2001. (2001). In Swiss Insurance Association.
<https://www.svv.ch/en/archive-facts-and-figures>

Facts and Figures 2019. (2019). In Swiss Insurance Association.
<https://www.svv.ch/en/archive-facts-and-figures>

Facts and figures. (2022, October 6). Swiss Insurance Association.
<https://www.svv.ch/en/sia/sia-publications/facts-and-figures/facts-and-figures>

Federal Chancellery. (2006). Switzerland and its Democracy – a view from inside.
<https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-5829.html>

Federal Constitution of the Swiss Confederation of 18 April 1999 [Switzerland], 18 April 1999, available at: <https://www.refworld.org/docid/3ae6b6040.html>

Federal Statistical Office. (2020). Public education expenditure and gross domestic product. In Swiss Confederation.

<https://www.bfs.admin.ch/bfs/en/home/statistics/education-science/finances-educational-system/public-expenditure.assetdetail.23745939.html>

Federal Tax Administration. (2021). The Swiss Tax System (ISSN 2571-5305). Swiss Tax Conference.

FinancialSecrecy Index 2022. (2022). <https://fsi.taxjustice.net/#>

GDP of European countries 2021 | Statista. (2023, February 28). Statista. <https://www.statista.com/statistics/685925/gdp-of-european-countries/#:~:text=GDP%20of%20European%20countries%20in%202021&text=With%20a%20Gross%20Domestic%20Product,followed%20by%20Italy%20and%20Spain.>

Genschel, P., & Schwarz, P. (2011). Tax Competition: A Literature Review. Global Index: Results. (n.d.). Social Progress Imperative. <https://www.socialprogress.org/index/global/results/#:~:text=The%202021%20Social%20Progress%20Index,technology%2C%20rights%2C%20and%20more.>

Government of Ireland. (2006). Report of the Tribunal of Inquiry into Payments to Politicians and Related Matters. In Morality Tribunal (ISBN 0-7557-7459-0). Government Publications.

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

Hashem, E.A. (2014). The Effects of Corruption on Government Expenditures: Arab Countries Experience. *Journal of economics and sustainable development*, 5, 120-130

Halperin, S., & Heath, O. (2020). *Political Research: Methods and Practical Skills*. Oxford: Oxford University Press.

Hays, J. (2003). Globalization and Capital Taxation in Consensus and Majoritarian Democracies. *World Politics*, 56(1), 79-113

History of social security. (2013). Federal Social Insurance Office.
<https://www.historyofsocialsecurity.ch/home>

Holland, L. (2023, May 12). Personal Interview.

Holland, S. (2021). “If you look at our GDP per capita we have one of the highest in the world. It looks like we are one of the richest countries, but then if you look at our health service, pupil-teacher ratios, cost of childcare, or our record on environmental measures, Ireland comes near the bottom of those lists because we have a very small public sector and the reason for that is because we are a tax haven” (By B. O’Boyle).

Johannesen, N., & Zucman, G. (2014). The end of bank secrecy? An evaluation of the G20 tax haven crackdown. *American Economic Journal: Economic Policy*, 6(1), 65-91.

Kudrle, R. T. (2016). TAX HAVENS AND THE TRANSPARENCY WAVE OF INTERNATIONAL TAX LEGALIZATION. *University of Pennsylvania Journal of International Law*, 37(4), 1153–1182.

Lake, D. A., & Baum, M. A. (2001). The Invisible Hand of Democracy: Political Control and the Provision of Public Services. *Comparative Political Studies*, 34(6), 587–621.
<https://doi.org/10.1177/0010414001034006001>

Lannon, C. (2016, January 14). Causal Loop Construction: The Basics - The Systems Thinker. *The Systems Thinker*.
<https://thesystemsthinker.com/causal-loop-construction-the-basics/>

Le Franc-Montagnard: Contre la fraude fiscale. (1944, September).
<https://www.e-newspaperarchives.ch/?l=fr>.
<https://www.e-newspaperarchives.ch/?a=d&d=LFM19440928-01.2.4.3>

Lochner, L., & Moretti, E. (2004). The Effect of Education on Crime: Evidence from Prison Inmates, Arrests, and Self-Reports. *The American Economic Review*, 94(1), 155-189.

LTRANS- Loi fédérale sur la transparence de l'administration, 2004 (03.013s), Swiss Federal Parliament

Mariani, D. (2017, October 27). Does Switzerland really have the best public services in the world? SWI swissinfo.ch.

https://www.swissinfo.ch/eng/politics/fact-checking_does-switzerland-really-have-the-best-public-services-in-the-world/42173538

Memedovic, O. (2008). Public Goods for Economic Development. ResearchGate. https://www.researchgate.net/publication/263543120_Public_Goods_for_Economic_Development

Murphy, A. (2000). The 'Celtic Tiger'- An Analysis of Ireland's Economic Growth Performance [European University Working Papers]. European University Institute.

Radu, D. (2012). Tax Havens Impact on the World Economy. *Procedia - Social and Behavioral Sciences*, 62, 398–402. <https://doi.org/10.1016/j.sbspro.2012.09.064>

Roine, J., & Waldenström, D. (2011). On the role of capital gains in Swedish income inequality. *Review of Income and Wealth*, 57(3), 569-587.

OECD (2017), "La budgétisation axée sur la performance", in *Panorama des administrations publiques 2017*, OECD Publishing, Paris, https://doi.org/10.1787/gov_glance-2017-40-fr.

Ostrom, E. (1990). *Governing the commons: The evolution of institutions for collective action*. Cambridge University Press.

Olson, M. (1971). *The Logic of Collective Action: Public Goods and the Theory of Groups*. Harvard University Press.

Palan, R., Murphy, R., & Chavagneux, C. (2013). Tax havens: How globalization really works. Cornell University Press.

Public services index by country, around the world | TheGlobalEconomy.com. (n.d.). TheGlobalEconomy.com.
https://www.theglobaleconomy.com/rankings/public_services_index/

Public services. (n.d.). Eurofound.
<https://www.eurofound.europa.eu/topic/public-services>

Sachs, J. D. (2012). From millennium development goals to sustainable development goals. The Lancet, 379(9832), 2206-2211.

Sarah Collins, Apple, European Commission. (2023, May 12). Apple confident court will rule in its favour in €13bn tax appeal. Independent.ie.
<https://www.independent.ie/business/irish/apple-confident-court-will-rule-in-its-favour-in-13bn-tax-appeal/a868714510.html>

Security Sector integrity. (2020, September 1). The Role of Government - Security Sector integrity. Security Sector Integrity.
<https://securitysectorintegrity.com/institutions-and-organisations/the-role-of-government/#:~:text=The%20elected%20government%20of%20any,activities%20of%20the%20security%20sector.>

Stiglitz, J. E. (2000). The contributions of the economics of information to twentieth century economics. The Quarterly Journal of Economics, 115(4), 1441-1478.

Swiss Federal Department of Foreign Affairs. (n.d.). The History of Switzerland. About Switzerland.
<https://www.eda.admin.ch/aboutswitzerland/en/home/politik-geschichte/geschichte-der-schw-eiz.html>

Swiss Federal Office of Energy. (2018). Energy Strategy 2050 Once the New Energy Act is in Force. <https://www.bfe.admin.ch/bfe/en/home/policy/energy-strategy-2050.html/>

Treisman, D. (2000). The causes of corruption: a cross-national study. *Journal of Public Economics*, 76(3), 399–457. [https://doi.org/10.1016/s0047-2727\(99\)00092-4](https://doi.org/10.1016/s0047-2727(99)00092-4)

TPguidelines.com. (2023). Oxfam’s list of Tax Havens, December 2016. TPguidelines. <https://tpguidelines.com/oxfams-list-tax-havens-december-2016/>

Weichenrieder, A. J., & Xu, F. (2015). Are Tax Havens Good? Implications of the Crackdown on Secrecy. Social Science Research Network. <https://doi.org/10.2139/ssrn.2634402>

World Population Review. (n.d.-b). Tax Haven Countries 2023. <https://worldpopulationreview.com/country-rankings/tax-haven-countries>

World Population Review. (n.d.). Education Rankings by Country 2023. <https://worldpopulationreview.com/country-rankings/education-rankings-by-country>

Zucman, G. (2015). *The Hidden Wealth of Nations: The Scourge of Tax Havens*. University of Chicago Press.