American Economic Coercion and Elite Re-Globalization*

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Abstract

What are the political consequences of US economic coercion? While policymakers focus on creating geopolitically diversified supply-chains, we argue that foreign economic elites have long been buttressing themselves from American economic statecraft. Analyzing the enforcement of the US Foreign Corrupt Practices Act (FCPA), we argue that elites respond to American coercion by moving their money to offshore financial centers as they seek to maintain their corrupt practices and place themselves out of the hegemon's reach. We test our argument using data on nearly 275,000 offshore incorporations from 1980 to 2017: the number of offshore transactions originating from a country more than doubles after that country has been the target of the FCPA. More specifically, elites actively move money to havens that are less likely to cooperate with US investigators in the future. These findings have implications for the anti-bribery regime, debates on weaponized interdependence, and US foreign policy.

Keywords: economic statecraft; offshore finance; corruption; extraterritoriality; global governance

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Introduction

The politics of the global economy are in flux. The US is erecting trade barriers while simultaneously weaponizing its nodal position to coerce foreign adversaries (Farrell and Newman, 2019; Danzman and Meunier, 2023). China is responding by exploiting its own market power, but great power conflict is leaving globalization's biggest success story searching for a new growth model (Cha, 2023; Zhang, 2023). Multinational corporations (MNCs) are caught in the cross-hairs of this fight, forced to "derisk" and forge more politically sustainable supply chains. This geopoliticization of the economic order has made scholars and policymakers question the viability of US hegemony, with the dollar as the sole focal point of global finance, and each story of trade in a rival currency is held up as another arrow pointed at the core of the system (Lake, Martin, and Risse, 2021; McDowell, 2023). While states and firms perpetually struggle to adapt to the weaponization of the global economy, we illustrate that foreign economic elites have long taken steps to short-circuit US economic coercion.

Although most scholars think of sanctions as the bedrock of "extraterritorial" action, the US has used its market size to export a range of domestic laws from banking regulations and pharmaceutical standards to anti-trust/competition policy (Bach and Newman, 2010; Putnam, 2016). None of those legal exports is as controversial as US anti-corruption regulations (Bixby, 2010). One of the first countries to outlaw bribing of foreign government officials by its own MNCs through the 1977 Foreign Corrupt Practices Act (FCPA), the US extended its reach in the early 2000s after the ratification of an OECD Anti-Bribery Convention (OECD ABC), charging *foreign* multinationals with economic ties to the US for transnational corruption (Brewster, 2017). The legislation has led to monumental cases like 2008's $1.6 billion corruption investigation against German telecom giant Siemens and the 2020 $2 billion dollar case against Airbus for its attempts to bribe several government officials including in China (Woll, 2023).

How does the extraterritorial enforcement of US anti-corruption policies affect foreign elites?

Extraterritorial policies, like the FCPA, target the supply side of transnational corruption, therefore most political economy research on these policies has studied their effects on MNCs (*e.g.*, Chapman et al., 2021; Crippa, 2023; Jensen and Malesky, 2018). However, corrupt money coming from foreign multinationals provides local elites with a "tool of government" (Picci, 2024) *i.e.*, a way to maintain and consolidate their power.

Given the centrality of the dollar to international trade, and the importance of New York to global finance more generally, all economic elites have some exposure to US jurisdiction. We argue that non-American elites fear America's broad jurisdictional overreach. When the hegemon investigates corruption in a foreign country, it alerts that country's elites to the risk that the US poses to them. They will fear that the bribes necessary to buttress their economic empires may come under investigation and their assets may be seized. To minimize these risks, we expect that elites will obfuscate their wealth, and move it beyond the easy reach of the US, by sending more of their money into offshore tax havens. More specifically, we expect that elites seeking to protect themselves move their money to havens where US reach is minimal.

Furthermore, corruption investigations by the US could have indirect effects on wealth protection strategies. FCPA enforcement has been shown to push foreign governments to begin enforcing their own corruption laws (Kaczmarek and Newman, 2011). By activating domestic civil society groups or giving otherwise gridlocked governments the information and political opportunity structure to begin targeting their own citizens, actions by the US may also alternatively push elites to move their money abroad to avoid seizure by their own sovereign. If it is primarily the threat from the home government that is driving offshoring, elites would then choose to move their money away from havens with close ties to their home government. These risks are likely to be conditioned by the dependence of the government on the business class to stay in power.

To assess these claims, we use data from the range of leaks on offshore financial incorporations released by the International Consortium of Investigative Journalists (ICIJ). Most famous for the "Panama Papers," the compiled data across all their different investigations gives us unprece-

dented details on offshoring destinations. Using a series of difference-in-differences estimations, we estimate the effect of the first FCPA action targeting bribery in a given country. Foreign elites may simply not find the US threatening, as most political economy models implicitly assume, and therefore do nothing to change their offshoring behavior. Alternatively, they may fear the US and judge the system as effectively governed, forcing them to reduce their offshore incorporations. Instead, we find evidence in favor of our hypotheses: FCPA enforcement in a jurisdiction causes that jurisdiction's elites to increasingly move their wealth abroad. This could be driven by them trying to obfuscate their future corrupt activity or to avoid US government reach. The results clearly indicate that fear of future enforcement is driving their behavior: elites send their money to havens that have not been target of a previous FCPA action or who are not part of the OECD ABC, which would both indicate that the haven is likely to be under future US scrutiny.

The paper has implications for a number of political science debates. First, and most directly, it contributes to the scholarship on corruption and bribery. Billions of dollars are lost each year to government officials lining their pockets, despite the fact that we now have a robust set of domestic and international laws to combat the crimes. While the FCPA has been shown to have positive effects on enforcement, we show how global finance can undermine those gains, and instead lead to "leakage" where actors not party to the governance arrangement win and up their subversive behavior (Chapman et al., 2021). In other words, what we document is endemic to the failures of minimal multilateralism in the anti-corruption regime (Findley and Nielson, 2014). These are concerning findings given that transnational money laundering flows are instrumental to the preservation of corrupt practices (Cooley and Sharman, 2017).

Second, the manuscript indicates the need for comparative political economy scholarship to expand the range of threats to property that form the basis for many core models of political development. An elite's home government is generally taken as the primary actor to fear, through expropriation or cumbersome regulation (Esberg and Perlman, 2023; Mahdavi, 2020). But our findings point to how globalization means that elites fear at least one other sheriff—the United

States—and actively take measures to ensure they cannot be easy prey. How elites manage the competing or coordinated threats from both their home government and foreign states is going to become an increasingly important research question as countries and their elites are forced to make trade-offs between the United States and China in a time of derisking.

Finally, the paper speaks to current debates on the consequences of weaponized interdependence (Roberts, Choer Moraes, and Ferguson, 2019; Drezner, Farrell, and Newman, 2021). Going after the offshore wealth of elites has become core to US economic statecraft, used to tackle issues ranging from human rights violations to kleptocracy to aiding war efforts. While the US has some free reign to put in place these types of measures, and has been mimicked by a range of other major economic powers, our findings indicate that these tools likely have marginal returns. Elites recognize the threats of extraterritorial actions, and actively diversify away from jurisdictions that could leave them in positions vulnerable to coercion. They don't stop themselves from gaining from globalization via avoiding taxes or borrowing the rule of law through safe havens. They re-globalize.

Elite Protection Strategies

We start from the premise that economic elites seek to maximize their incomes. While increasing revenue streams will often be a function of expanding market shares and diversifying into alternate industries, elites employ a range of non-market strategies. Some seek to purchase influence over politicians, "access" corruption, for information that could be useful to their economic endeavors or to bend laws in their favor to increase rents (Ang, 2020). Others resort to "grand" forms of corruption where the purpose of political purchases is to obtain direct revenues from the state via government contracts (Dawisha, 2015). Across these methods, corruption works as a "tool of government" (Picci, 2024). In recent years, there has even been a groundswell of businessmen winning political office, from Ukraine to the United States, with tangible consequences for their

revenue streams (Krcmaric, Nelson, and Roberts, 2023; Szakonyi, 2018; Hou, 2019). Economic elites further spend considerable effort guarding the wealth that their businesses deliver (Beckert, 2022; Winters, 2011). They lobby to lower taxes and, at the extremes, fight for the rule of law and democratization to mitigate the risks from state expropriation (Page, Seawright, and Lacombe, 2018; Albertus and Menaldo, 2018).

As most countries have liberalized capital accounts, the methods elites use to protect both their income and wealth have transnationalized. Scholars have documented how wealthy elites team up with multinationals to increase the costs of government targeting (Markus, 2007; Johns and Wellhausen, 2016), and list their companies abroad to gain access to foreign legal protections with the added benefit of often laundering any ill-gotten gains (Cooley and Sharman, 2017; Logvinenko, 2021). Tax havens are central to these transnational protection strategies. The 0.01% of the income distribution owns roughly 50% of offshore wealth (Alstadsæter, Johannesen, and Zucman, 2018). Money is sent to places like the British Virgin Islands, Mauritius, and Cyprus for both income generation and wealth preservation logics.

Much like multinational corporations, elites often use tax havens to minimize their tax burdens. They set up offshore to gain access to preferential financing options, and "roundtrip" money back home to lock in the lower tax rates nominally promised to multinational corporations (Aykut, Sanghi, and Kosmidou, 2017; Ledyaeva et al., 2015; Binder, 2023). The form of corruption that is frequently central to acquiring new forms of revenue have also offshored—most corruption scandals often involve the routing of money through webs of companies into foreign bank accounts to obfuscate both the origins and the purpose of the flows (Cheng-Matsuno and Berliner, 2023). This can range from massive scale operations like the infamous Lava Jato or singular transfers (Vilaca, Morucci, and Paniagua, 2023)—the "Godfather of the Kremlin," Boris Berezovsky, filled up Boris Yeltsin's Swiss bank accounts to make it look like the beleaguered president's biography was becoming a bestseller (Klebnikov, 2000).

Recent quantitative scholarship further illustrates that tax havens are crucial to protecting

wealth, rather than only buttressing income flows. When risks of expropriation increase in a country, more money tends to be sent offshore (Bayer et al., 2020). Similarly, when political winds suddenly change, we see more outflows (Earle et al., 2019; Kubinec, Morse, and Pandya, 2023). Elites even structure their wealth to ensure that they will have means to be legally treated as a foreigner in their own state to sue their sovereigns via the Investor-State Dispute Settlement process (Kalyanpur and Thrall, 2021). Undergirding these tactics is the fact that, when money is moved into havens through a web of shell companies, tracking down that money becomes near impossible. Moreover, a rival trying to access that money would require the legal cooperation of the haven's government, which has strong incentives to protect the elite to ensure that its tax haven business model is left intact in the eyes of other elites.

When Threats Globalize

The theories and scholarship synthesized above generally focus on how elites guard themselves from predation by their home government, with offshoring now seen as a central tactic for both income generation and wealth protection. But the same forces of global finance raise the potential of state-initiated risks to elites. We argue that it is no longer just the home state, but instead the United States that elites fear. The hegemon has used its market size and focal position in international economic networks to export a host of its regulations. Seminal scholarship on weaponized interdependence analyzes how the US claims jurisdiction over the nodes of the global economy, and uses that authority to cut off adversaries from the system (Farrell and Newman, 2019; Drezner, Farrell, and Newman, 2021). Buried within these important developments on the scholarship on economic statecraft is that individuals, and their offshore wealth, are becoming crucial targets for a range of US foreign policy prerogatives (Drezner, 2011; Zarate, 2013). A substantial proportion of the wave of targeted sanctions is directed at political and economic elites whose travel is restricted and assets are frozen. Some of these are for conventional cooperation in military projects, but the

bulk are for broader goals stemming from corruption and human rights abuses (Nephew, 2017). The response to the Russian invasion of Ukraine was a stark reminder of the integration of foreign economic elites into the American and European financial systems, as a host of countries froze the assets of plutocrats linked to the Kremlin. The US has even passed the Magnitsky Act, with nearly 30 other jurisdictions, to freeze and seize the assets of individuals they deem guilty of kleptocratic behavior (Booth, 2020).

From a foreign elite's vantage point, the earliest and most consequential of US extraterritorial rules is the Foreign Corrupt Practices Act (FCPA). Originally passed in 1977 as a response to a bevy of scandals involving American firms operating abroad, the FCPA made it illegal for US companies to bribe foreign government officials. Jointly administered by the Department of Justice and the Securities and Exchange Commission, the FCPA is notorious for several reasons. Many in the US political establishment argue that it disadvantages its citizens with other foreign actors still allowed to engage in these activities (Beck, Maher, and Tschoegl, 1991). Those concerns partly spurred the US to usher the OECD into passing the Anti-Bribery Convention in 1997 that de facto makes signatory governments follow the same procedures as the FCPA (Carr and Outhwaite, 2008). Moreover, starting in the early 2000s the United States began to enforce its domestic anti-bribery rules against foreign corporations trading on American markets (Tomashevskiy, 2021). This expansion of authority put a host of new actors on notice and has led to a series of mammoth enforcement actions. These include German conglomerate Siemens—and various of its subsidiaries—paying roughly $1.6 billion for bribing government officials in several countries, and state-owned Brazilian oil giant Petrobras being fined over $1 billion (Woll, 2023). The "1MDB" scandal, where Goldman Sachs was fined close to $3 billion for corrupt endeavors in Malaysia alongside runaway legend Jho Low, is perhaps the most notorious scandal to trigger FCPA enforcement.

Hiding from the Hegemon

Academic and journalistic work on economic sanctions illustrate that firms often set up subsidiaries abroad to obfuscate their trade patterns and undermine US attempts at economic coercion when there is money to be made (Barry and Kleinberg, 2015; Kavakli, Marcolongo, and Zambiasi, 2023). We make a related but distinct argument. We expect that economic elites—those that, in the context of foreign bribery, would be bribe-*takers* as opposed to payers—will set-up offshore not just to complicate their trade routes via conduit states, but to instead buttress their existing corrupt activities and avoid further US coercion.

Economic elites want to maintain both their income streams and protect their wealth. Offshore financial activities can allow them to do so *vis-à-vis* their home government by facilitating bribery payments and by making their assets more difficult to seize if their political fortunes take a turn for the worse. These same logics can operate when facing a threat from the United States. We assume that the vast majority of economic elites have some exposure to US jurisdiction in general and to the FCPA specifically. They raise funds through the US financial markets and invest their money in its deep pool of safe assets. America has also become an important and safe tax haven in its own right, with economic elites using both the real estate markets of New York and Miami and the lax tax structures of South Dakota and Wyoming to guard their wealth (Findley and Nielson, 2014; Michel, 2021). Moreover, much of their trade, and likely corrupt activities, are denominated in the US dollar given its reserve and settlement currency status, which America repeatedly uses to extend its jurisdiction (Cobham and Janskỳ, 2020).

We expect that an FCPA enforcement by the US in an elite's home state alerts elites to the risks that their otherwise empowering global portfolios create. FCPA cases are not automatic. They involve substantial transaction costs. The US government needs to invest in learning the details of a company's business practices, track down the flows of money and where they end up, and substantially document practices that players take great pains to obfuscate. Moreover, re-

cent research suggests these decisions are geopolitical—cases tend be filed against US adversaries (Tomashevskiy, 2021). Through the investigative process, US authorities will be forced to learn a great deal about the target's business environment. Even if they were only trying to learn about the specific instance of bribery that initiated the investigation, they will likely uncover, or at least be in a position to learn, a host of other corrupt activity by the "domestic" economic elite.

Elites are aware of these transactions costs and the potential informational spillovers, and will recognize that they are now in a more precarious position. They will therefore seek out new protections, with offshoring serving as a novel set of safeguards. As they will likely still need to keep engaging in some corrupt practices, elites may take on new and more complex methods of structuring the sending and receiving of payments through jurisdictions that provide strong secrecy. Arguably as importantly, they can move their money abroad as a mechanism to minimize the impacts of any future investigations or sanctions. If the US were to start and win a case against an individual, they are expected to pay substantial fines. If the elite decides not to acquiesce, the US could try to seize the individual's assets or put in place further sanctions. If American authorities can't track that money down, or the individual has cut back their American dependence, the individual would avoid their biggest fear—losing their wealth and the status that comes with it. Moreover, given the investigation clearly places the home jurisdiction in the US's cross-hairs, and the centrality of asset freezes to US foreign policy more generally, stashing wealth abroad would make even any non-corruption related measures more difficult to enforce.

Critically, not all tax havens are created equally. Although they all promise low tax rates and the rule of law, their international engagement varies. More specifically, some have chosen to cooperate with international tax and anti-corruption regimes while many have been compelled to do so. This is all broadly public knowledge as the former takes the form of international treaties while the latter is often publicized when charges are filed by the US . We expect that as elites are searching for means to avoid the tracking, freezing, or seizing of their wealth, they and their legal teams will actively prioritize moving money to "ungoverned" jurisdictions that are yet to cooperate

or be singled out by the hegemon.

Hiding from your own government

Alternatively, economic coercion by the US could also have indirect effects on elite wealth protection strategies. Although the hegemon's approach to extraterritoriality, and to anti-corruption efforts in particular, are frequently criticized with enforcement waxing and waning as a function of domestic American politics, it is an arena of statecraft that is generally considered highly successful. Scholars have documented some perverse effects of the OECD ABC (Chapman et al., 2021), while others focused on the FCPA indicate strong positive spillovers from US action. In this latter vein, Kaczmarek and Newman (2011) find that domestic anti-corruption laws, based on the OECD ABC, are nearly 20 times more likely to be enforced once the jurisdiction is implicated in an FCPA action. They posit three interrelated mechanisms that likely drive the shift: (1) firms begin operating under more uncertain environments, (2) civil society groups could become empowered by using the US's lead as a means to pressure the government, (3) while opposition parties may exert more pressure on the ruling government by using a failure to enforce corruption measures as an electoral cudgel.

Again, elites are likely to be aware of these pressures which create incentives to obfuscate and hide their corrupt practices in a fashion similar to how they escape the US. The choice of havens may, however, shift if the home government is the priority threat. Rather than send their money to havens that are not-aligned/do not cooperate with America, the focus would be on directing the financial flows to jurisdictions with few ties with the home government.

Kaczmarek and Newman (2011) focus on the enforcement actions by OECD actors, but a host of other countries, including a range of emerging markets, put in place anti-corruption legislation in a similar period. But those jurisdictions tend to have weaker rule of law environments and political risk tends to be fairly high given the broader institutional environment. Those could increase

the threats and make new enforcement more likely. But as a large body of comparative political economy scholarship develops, economic elites are often the real-power brokers (Albertus and Menaldo, 2018; Hellman, Jones, and Kaufmann, 2000; Winters, 2011). In instances of "capture" there is often a reciprocal relationship where the types of corruption that elites exploit are essential for the government to stay in power. By contrast, long before the most recent wave in developed democracies, many emerging markets have elected populist leaders who ride waves of anti-elite sentiment to power (Berman, 2021; Roberts, 2014) turning corrupt actors into potential targets of expropriation.

When the US initiates an FCPA action in a country, it will likely lead to capacity building - the authorities may be forced to cooperate with American authorities and learn about the mechanisms used to investigate complex transactions. Governments may further come under pressure from the US or domestic interest groups to tackle bribery at home. But the use of such capacity, or the following of new incentives, is likely to be conditional on existing domestic political structures. Government reliance on economic elites will affect the degree of fear amongst corrupt business actors and condition the indirect effects of US extraterritorial enforcement.

When scholars think of tax havens, they largely focus on the economic returns that multinationals gain through "transfer pricing" or by elite individuals to minimize their tax burdens. We instead focus on the political gains by considering the use of tax havens as a mechanism to facilitate corruption and as a method to move assets beyond the reach of the state. Our focus leads to the following set of expectations:

H1: When the US initiates an FCPA case implicating a country, that country's elites will be more likely to offshore wealth.

H2: Elites will choose to avoid sending their money to havens that cooperate with the United States in fear of future US anti-corruption actions.

H3: Elites will choose to avoid sending their money to havens that cooperate with their home government given the increased odds of the home state enforcing their own anti-corruption laws.

H4: Offshoring post-FCPA will be (less) more likely when elites (lack) control over their home governments.

Data and research design

To study the effect of US extraterritorial action (via FCPA enforcement) on offshore wealth incorporation, we combine two main data sources. First, we retrieve offshore wealth incorporation data from Kalyanpur and Thrall (2021). These data organize information leaked from the International Consortium of Investigative Journalists(ICIJ) on more than 275,000 offshore legal entities used by economic elites from 196 countries to incorporate their wealth in 44 offshore economies. Second, we obtain data on US FCPA enforcement from Crippa (2021) who also arranged information from a repository of anti-bribery textual documents[1] in a tabular format.

We start from the panel of 8,583 country-dyads observed over 38 years (between 1980 and 2017) from Kalyanpur and Thrall (2021). This dataset of directed country-dyads is composed of sender countries (*home*) where the elite's wealth originates from and receiver offshore countries (*haven*) where such wealth is incorporated. As we are interested in extraterritorial US action, we discard observations where either the home country or the haven is the US itself. Home countries thus include a total of 195 countries and havens include the 43 offshore jurisdictions reported in the ICIJ data. Using the offshore leaks provides us a broad and random sample—as they were a result of unexpected actions by whistleblowers and civil society groups, there should be no concerns that FCPA actions impact the data availability. There are however inevitable limitations to the data. The releases from the ICIJ do not include specific wealth amounst and instead only focus on incorporations. In other words we can see how wealth structures evolve after the FCPA but not the size of the flows.

Our main argument generates expectations about the outflows of wealth from locations that are targeted by an FCPA action, regardless of characteristics of the receiving financial haven. We

[1] See: https://www.traceinternational.org/resources-compendium.

thus collapse this dyadic dataset at the home country-year level (number of observations: 195 home countries $\times$ 38 years $=$ 7,410) and sum up the total number of offshore incorporations in financial havens originating from the sender-end of the directed dyads. This procedure yields our first dependent variable, a count of the total number of offshore wealth incorporations originating from the home state and directed to any haven in a given year. We use this variable to test for our overarching argument that elites' offshore incorporation will increase and be sustained following the first FCPA enforcement action in a given country (**H1**).

We obtain four more dependent variables that take into account characteristics of the receiving-end of offshore flows to test our mechanism. We measure the number of offshore wealth incorporations directed, in any year, from the home state towards havens that have ratified the OECD ABC and those that have not.[2] We use these two variables to test our argument that, when confronted with the need for moving wealth offshore, elites will preferably target havens that do not cooperate with US anti-bribery actions—*i.e.*, OECD ABC non-ratifiers (**H2**).

Finally, we measure the number of offshore wealth incorporation transactions directed towards havens that are characterized as conduits—offshore destinations that can be purposed to redirect illicit financial flows elsewhere—*vs* sinks—safe havens for stashing ill-gotten gains Garcia-Bernardo et al. (2017). If elites are trying to reorganize their business affairs to continue minimizing taxes and maintain corrupt practices, they are likely to continue moving money around via conduits. If instead, they are focused on keeping their wealth out of the hands of foreign authorities, they are likely to "stash" their money in a sink. We classify as conduits the five havens that see the largest *outflows* of offshore transactions in our data, over time. These are: the UK, Hong Kong, Jersey, Panama, and Singapore. Together, they account for more than half (56%) of all outgoing offshore transactions originating from financial havens from ICIJ data.[3] Similarly to what we did

[2] Because havens (the receiving end of dyadic offshore flows) can select into the OECD ABC at staggered times, we resort to this aggregated dependent variables as opposed to modelling yearly dyadic flows. However, in appendix we show that we can obtain similar results when modelling the dyadic structure of the data. Havens that have ratified the OECD ABC are Costa Rica, Ireland, Luxembourg, the Netherlands, New Zealand, and the United Kingdom.

[3] See Figure A.1.

above for havens in and out of OECD ABC signatories, we simply count the number of offshore transactions originating from any country, in a given year, and directed towards these five havens (conduits) and those directed towards the rest of the havens (sinks).

We merge these dependent variables with information on FCPA enforcement. From the dataset on anti-bribery actions in Crippa (2021), we keep only data on enforcement initiated by US authorities under terms of the FCPA. We also discard observations included in the dataset that refer to anti-bribery cases that were acquitted or closed with no action.[4] Next, we record the first year the FCPA was enforced for bribery occurring in each home country, if ever. Finally, we merge this piece of information with our country-year panel and record the first time a country was "treated" with an FCPA enforcement action (if ever) for bribery occurring within its jurisdiction.

Figure 1 reports the number of enforced FCPA cases by year, distinguishing between those for corruption in a country that has already been the target of a previous FCPA action and those in a new FCPA target-country. The vertical dashed line reports the year of entry into force of the OECD ABC (1999). The number of FCPA cases increased dramatically after the adoption of the Convention. Crucially for us, the 2000s also coincided with an expansion of the FCPA in terms of its jurisdictional reach to target a host of countries that had not been targeted before. In the appendix we report the treatment timing for each of the 105 countries that have been targets of an FCPA action in our analysis (Figure A.2).

We use our panel dataset to estimate the average treatment effect on the treated countries (ATT) for FCPA enforcement on offshore wealth incorporation. We employ a staggered difference-in-differences research design. A large recent body of work indicates that, in similar staggered settings, a traditional two-way fixed effect (TWFE) model in an ordinary least square (OLS) estimation can retrieve biased estimates. TWFE operates improper comparisons between groups treated at different times, wrongly averages heterogeneous ATTs for units treated in different years, and

[4] We exclude cases reporting any of the following outcome categories: "Acquittal/Dismissal," "Declination," "Dropped," "No Action."

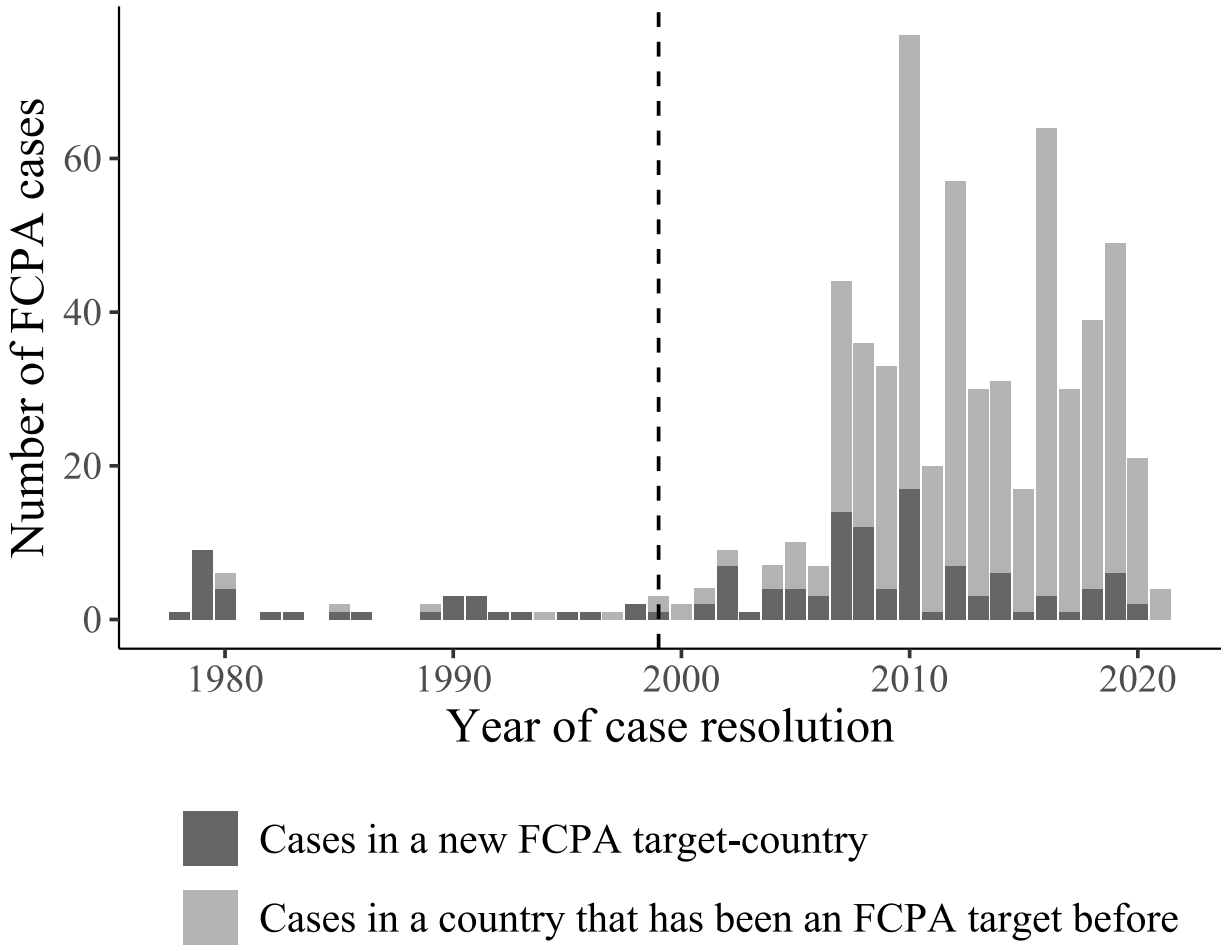


FIGURE 1: Enforcement of the FCPA expanded significantly since the 2000s in terms of number of cases and new target countries. The figure reports the number of enforced FCPA cases per year against countries that have been target of an FCPA action before and against new target-countries. The dashed vertical line represents the entry into force of the OECD Anti-Bribery Convention (1999). Data from Crippa (2021).

attributes negative weights to such constitutive terms (Goodman-Bacon, 2021; Roth et al., 2023). Several estimators have been proposed to overcome these limitations but the literature still has not settled on a favored solution.

An additional problem, specific to our setting, is that very likely no untreated country in our panel can serve as a plausible counterfactual for targets of FCPA actions. Countries that are targets of the FCPA likely display pre-existing patterns of offshore wealth incorporation that fundamentally differ from those of countries that are never involved in anti-bribery actions. Countries where bribes are common are, in fact, likely to have elites with corrupt wealth, incentives, and means to stash their finance offshore even regardless of an anti-bribery action. That is, the over-time trends in offshore wealth incorporations likely differ between the two groups, well before an FCPA case. Thus, non-targets of the FCPA would constitute a poor comparison for FCPA targets in a typical difference-in-differences setting.

We obviate to this problem by applying the generalized synthetic control (GSC) method proposed by Xu (2017) to our panel. The method allows us to estimate one synthetic version of each FCPA target country, representing how the country would have looked like, absent US anti-bribery enforcement. GSC does that by estimating a synthetic counterfactual having an outcome variable that is as similar to the target as possible, before the treatment. This method is also robust to the problems of staggered treatments and heterogeneous effects. It uses a series of interactive fixed effects to draw on information from untreated observations and synthesize counterfactual units, using cross-validation to estimate a varying number of latent factors that best model pre-treatment unobservable features of the panel. It then averages the resulting individual treatment effects to retrieve an ATT.

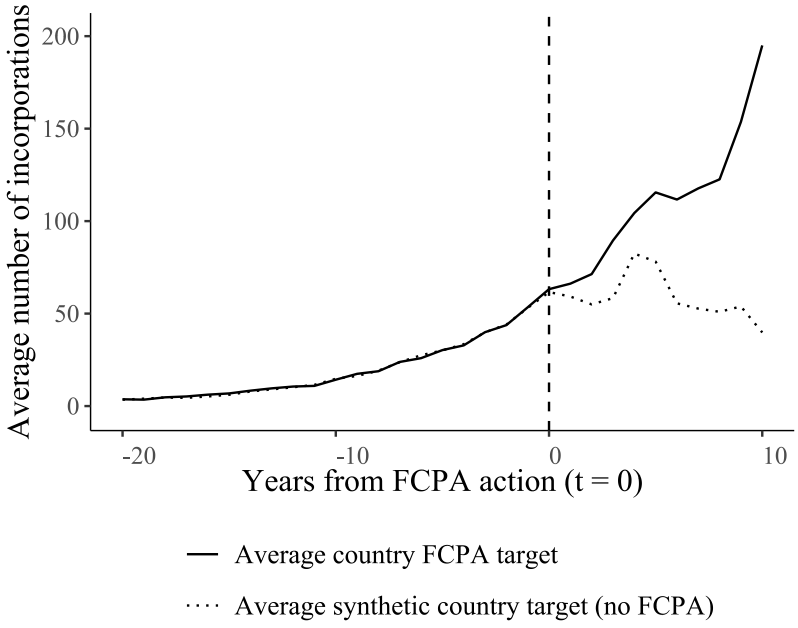
In our application of the GSC, we adopt a two-way fixed effect specification to remove all time-invariant differences between countries and country-invariant differences between years. We also include four control variables to improve the quality of the pre-treatment match: the level of democracy of a country, its GDP per capita, a V-DEM measure for whether the country has

"transparent laws with predictable enforcement" (Coppedge et al., 2023), and a measure of the percentage of agreement between a given country's voting at the UN General Assembly and the US voting (Bailey, Strezhnev, and Voeten, 2017). The latter control variable is particularly relevant to address the potential concern that geopolitical reasons simultaneously affect FCPA enforcement (Tomashevskiy, 2021) and propensity to offshore wealth. We also remove treated countries that do not have at least seven pre-treatment observed time-points, as this produces significantly more similar treated and synthetic counterfactuals pre-treatment. Finally, we use cross-validation to determine the optimal number of latent factors in our panel between 0 and 5. To improve the quality of our estimation, we employ the expectation maximization algorithm by Gobillon and Magnac (2016). Standard errors are estimated with 1,000 bootstrap iterations.

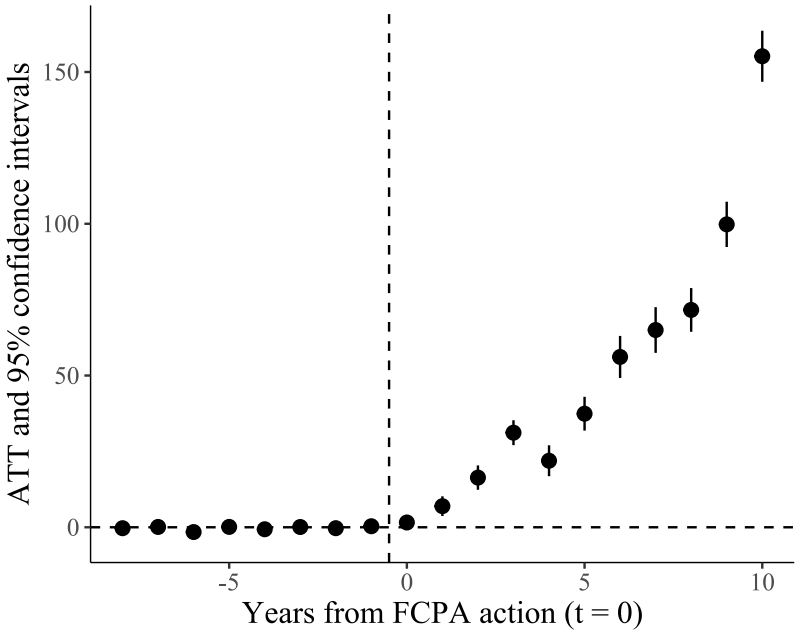
Results

Figure 2 reports our results relative to our main dependent variable—total number of offshore wealth incorporations. We present both average trends between treated and (synthetic) control units—top panel—as well as estimated dynamic effects—bottom. Before treatment, trends of offshore wealth incorporation by treated and synthetic control countries run extremely close, a feature which reassures that the synthetic counterfactual procedure generates control units that are sufficiently similar to the treated ones before treatment. After treatment, we observe a significant increase in the number of offshore incorporations that lasts for the full ten years since the first FCPA enforcement action. The overall estimated ATT of an FCPA action is an increase in the number of offshore wealth incorporations of 65.13 (standard error: 1.63). That is, an FCPA action more than doubles (+179%) the number of outgoing offshore wealth incorporation transactions with respect to the pre-treatment average for treated countries (23.32).

In the appendix, we extensively test the robustness of our findings. First, we show that results are very similar when we do not include any covariate adjustment and just employ the outcome



(a) Average trends of offshore wealth incorporation by treated and (synthetic) control countries target of FCPA action



(b) Average effect of an FCPA action on target countries' offshore wealth incorporations

FIGURE 2: The number of offshore wealth incorporations increases by 179% over the pre-treatment average after the first US FCPA action. Results from a generalized synthetic control method from Xu (2017). Full results in Table C.1.

variable to determine synthetic counterfactuals. Next, we perform a placebo test where we randomly shuffle countries' FCPA treatment status (and timing) and obtain insignificant results, which reassures us that our findings are not an artefact of the GSC design. Second, we estimate our ATTs of interest using seven alternative staggered-treatment estimators,[5] `PanelMatch` (Imai, Kim, and Wang, 2023), and a matrix completion method for estimating a fixed effects counterfactual model (Liu, Wang, and Xu, 2024). Next, we probe the validity of our coding of the FCPA treatment schedule. We show that results are much stronger (statistically significantly so) for countries that were targeted by the FCPA after the ratification of the OECD ABC in 1997, a "sanity check" which aligns with existing evidence that this agreement represented a turning point for US authorities to credibly enforce the FCPA (Brewster, 2017; Kaczmarek and Newman, 2011). We also find evidence against the possibility that our main findings are driven by countries that were repeated targets of FCPA actions. We find no differential effect among countries that were treated once or multiple times, which suggests that a single FCPA enforcement action works as a fire-alarm for foreign corrupt elites. Finally, we perform a jackknife analysis to leave one haven out at the time and show that our findings are not significantly driven by any single haven. Even if we exclude the three havens which are responsible for most of the detected effect (Bermuda, British Virgin Islands, and Malta), our estimates are still positive and statistically significant.

The sizeable, robust, and sustained effects we estimated lend support for our hypotheses **H1**: the exercise of US power via FCPA enforcement leads elites to move their wealth offshore. But where is illicit finance directed to? In order to answer this question, we now turn to our two sets of additional dependent variables of interest: the number of offshore wealth incorporation transactions directed from a given country to havens that have and have not ratified the OECD ABC; and the number of flows directed towards havens that are conduits *vs* sinks.

[5] We use estimators by Borusyak, Jaravel, and Spiess (2024), Callaway and Sant'Anna (2021), De Chaisemartin and d'Haultfoeuille (2020), Gardner (2022), Sun and Abraham (2021), and Wooldridge (2021) alongside a traditional TWFE.

Offshore flows towards havens in and out of the OECD ABC

We replicate our analysis by estimating the effect of an FCPA action on offshore incorporation directed towards havens in and out of the OECD ABC. When considering havens that are under the jurisdiction of the OECD ABC, we carefully consider the status of the UK's crown dependencies and overseas territories which figure heavily in the list of our havens. The status of the OECD ABC in these territories has been subject to heavy discussions since at least 1999 between the OECD Working Group on Bribery and the UK Government. As these territories are under its jurisdiction, the UK alone has the authority to ratify treaties on their behalf. This has led the OECD Working Group on Bribery to repeatedly request that the UK extends its jurisdiction over these territories, which are key nodes of transnational corruption networks (Cooley and Sharman, 2017). However, the UK's general practice has been to devolve decisions to ratify and implement the OECD ABC to the territories themselves, which they eventually did at staggered times.[6] We consider this staggered timing to code whether the OECD ABC extends to UK overseas territories and crown dependencies.

Figure 3 reports our findings. In these cases, too, pre-treatment differences between treated and synthetic counterfactual countries are negligible. After treatment, we observe a significant increase in the number of offshore wealth incorporations directed towards financial havens that are outside of the OECD ABC. Instead, offshore flows directed towards havens in the OECD ABC do not display a clear, positive post-treatment trend. Initially, the effect even appears to be *negative*, albeit substantively negligible. These effects are statistically distinguishable from each other with a level of significance of 0.05 as evidenced by the fact that, when we estimate the overall ATT for these two groups (not reported here), their 83.4% confidence intervals do not overlap.[7]

In the appendix, we offer tests to probe the robustness of this heterogeneous effect. Rather

[6] Of the crown dependencies, the Isle of Man, Guernsey, and Jersey ratified the Convention in 2001, 2009, and 2009 respectively. Of the overseas territories, Cayman Islands, Gibraltar, and the British Virgin Islands ratified the Convention in 2010, 2013, and 2013 respectively. At the time of writing, Bermuda, Anguilla and Montserrat, Turks & Caicos, and other territories in the Southern Oceans have not yet ratified the OECD ABC. More information can be found by consulting the 2023 final recommendations by the OECD Working Group on Bribery relative to phase 4 of

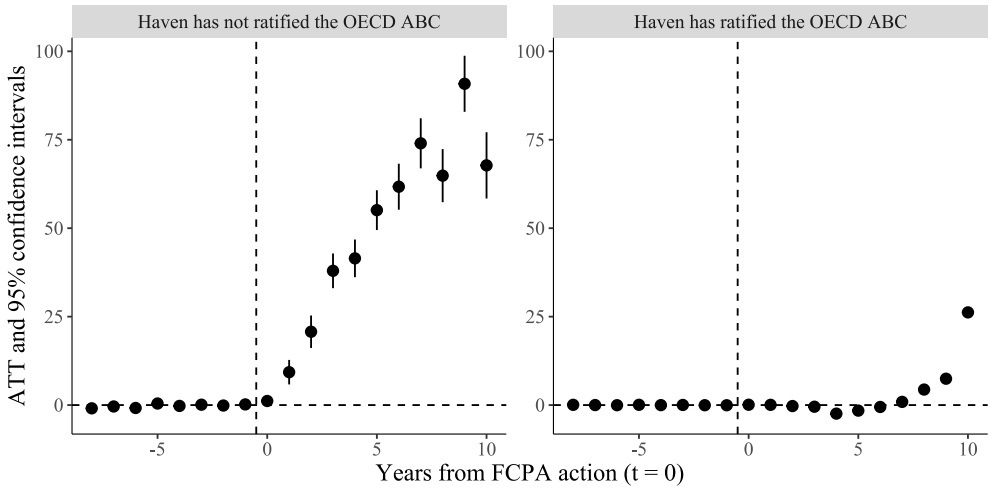


FIGURE 3: The number of offshore wealth incorporations increases, after the first US FCPA action, mainly towards havens that do not cooperate with the US under the OECD Anti-Bribery Convention. Results from a generalized synthetic control method from Xu (2017). Full results in Table C.1.

than distinguishing between havens that have and have not ratified the OECD ABC, we categorize havens based on whether, at a given point in time, they have been themselves target of at least one FCPA action in the past. This group of havens overlaps minimally with OECD ABC signatories.[8] We then re-aggregate our dependent variables measuring the count of offshore wealth incorporation transactions directed towards each group. We find a stronger effect for offshore incorporations headed towards havens that have not been subject to an FCPA action in the past. We also perform a specific case-study focusing only on havens under the UK jurisdiction (crown dependencies or overseas territories) and leveraging their variation in ratification of the OECD ABC and find consistent evidence with the one presented here. These tests further probe our logic that elites respond to an FCPA action by attempting to move their wealth to havens that are more jurisdictionally

the enforcement monitoring of the Convention: https://one.oecd.org/document/DAF/WGB(2023)38/FINAL/en/pdf.

[7] 83.4% confidence intervals are, respectively, [53.01, 57.58] for havens that have not ratified the OECD ABC and [7.60, 7.99] for havens that have ratified the OECD ABC.

[8] Out of 43 havens in our data, 21 were never subject to an FCPA action nor have they ever ratified the OECD ABC; 3 have experienced both; off the diagonal, we have 11 havens that have been target of an FCPA action at least once but have not ratified the OECD ABC and 8 havens that have ratified the OECD ABC without ever being target of the FCPA.

distant from the US.

Offshore flows towards conduit and sink havens

In Figure 4 we replicate our analysis by studying flows towards havens that we classify as conduits *vs* all the others (generically considered as sinks). The generalized synthetic control algorithm still achieves negligible pre-treatment differences between treated and synthetic counterfactual countries. After treatment, we observe that the number of offshore wealth incorporations increases significantly only towards havens that are not classified as conduits, *i.e.*, those that do not tend to experience a significantly large share of all *outgoing* offshore wealth incorporations. This suggests that the offshore transactions leaving a country after an FCPA action are mainly aimed at stashing wealth in safe havens rather than at re-routing illicit activities via a financial offshore center. In this case, too, effects are statistically distinguishable from each other at a level of significance of 0.05.[9]

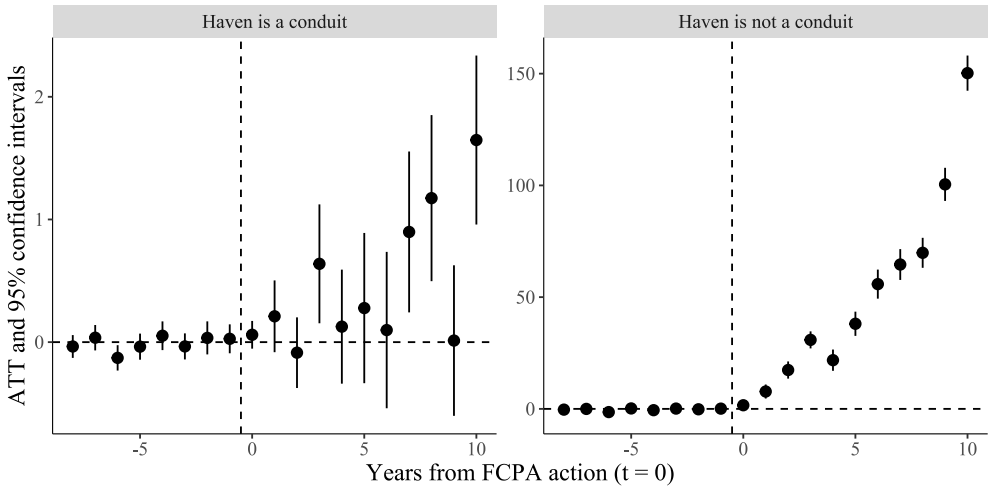


FIGURE 4: The number of offshore wealth incorporations increases, after the first US FCPA action, only towards havens that are not classified as 'conduits.' Results from a generalized synthetic control method from Xu (2017). Full results in Table C.1.

[9] The 83.4% confidence intervals of their overall ATTs are [1.33, 1.71] for conduits and [61.46, 65.74] for non-conduits.

Business control over the political elite

Do domestic political institutions moderate the described effect of FCPA actions? Is the effect weakened for countries where business groups exert strongest control over the political elite? To answer this question, we rely on V-DEM data (Coppedge et al., 2023) and code a binary variable measuring whether business elites are the most important support group of the political regime in a given country-year. Then, we split our panel of country-year data between countries where the business elite has *ever* been the most important support group of the political regime and those where it is not.[10] Finally, we use the procedure proposed by Xu (2017) to aggregate individual GSC-estimated treatment effects from Figure 2 into sub-group ATTs and retrieve uncertainty estimates. Figure 5 reports our results.

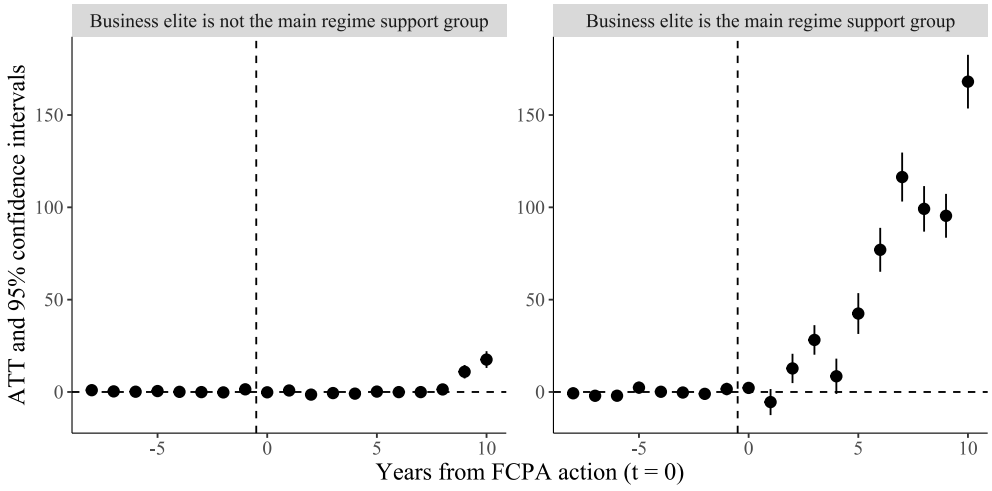


FIGURE 5: The number of offshore wealth incorporations increases, after the first US FCPA action, in countries where the business elite is the main regime support group. Results from a generalized synthetic control method from Xu (2017). Full results in Table C.1.

Findings indicate that offshore wealth incorporations increase, following an FCPA action, only in countries where the business elite is the main regime support group. This finding runs contrary

[10] We resort to this time-invariant version of our dummy variable so that the two splits include a complete panel. The alternative—having countries drop in and out of a given partition based on the value taken by the dummy—would result in two incomplete panels that could cut across the treatment schedule.

to the argument that the importance of the domestic political regime might mitigate the effect of an FCPA action.

The results parallel the recent findings from Kubinec, Morse, and Pandya (2023), which show that elites who are more likely to be targeted by the ruling regime become less likely to offshore. They find *no effects* on offshoring behavior for those less likely to be targeted. In our case, we see no effects on those who are more likely to be targeted and, by contrast, a substantive increase in offshoring by those that are less likely to be investigated. Putting the two analyses together further indicates that rather than the home government being the primary threat, it is action by the United States driving the incorporations following FCPA enforcement.

Concluding remarks

Business is afraid of the state. That is the starting point for much of the Comparative Political Economy research on property rights as economic elites search for formal and informal institutions to protect their wealth. Similarly in International Political Economy, scholarship on Foreign Direct Investment seeks to assess how MNCs mitigate the obsolescing bargain, avoiding the pitfalls of direct and indirect expropriation. In this manuscript we move beyond considering the threats that unconstrained domestic governments or asset-hungry host states pose to capital, and instead focus on the fear inflicted by the hegemon. When the United States investigates corruption in a foreign jurisdiction, we find that elites from that jurisdiction quickly and substantively move their money abroad. Using data on 275,000 offshore incorporations, we illustrate that flows are directed to tax havens that have uncooperative relationships with the US. While the data does not allow us to directly measure the size of the flows, FCPA enforcement substantively impacts the structures of global wealth protection - transfers appear to be less concerned with maintaining the corrupt deals that elites often use to grow their incomes and instead focused on keeping wealth out of the reach of the "global sheriff." The findings indicate that scholars need to begin incorporating

concerns around extraterritorial action into our core models of political economy, especially under conditions where the demands of one's home government and that of the United States may diverge.

This paper takes inspiration from the development of the research agenda on tax havens. While scholars initially focused on why some states choose to facilitate avoidance and evasion, the supply-side (Crasnic, 2022; Palan, 2002), a reciprocal literature focuses on the demand-side, i.e., why do elites from some countries move their money abroad more frequently, how do they choose their enablers, and, most recently, what are the domestic political determinants of an individual's wealth structure (Earle et al., 2019; Kalyanpur and Thrall, 2021; Kubinec, Morse, and Pandya, 2023). Our analysis contributes to these demand factors by showing the *international* political determinants of offshoring. We hope this inspires future work to examine the effects of how international structures interact with individual-level threats such as how a specific elite's relationship with the US or their home government influences offshoring behavior after episodes of economic statecraft.

The dyadic-level analysis has direct implications for tackling corruption. The anti-corruption regime has been lauded for its widespread endorsement and, over the years, growing enforcement. At one-level our findings are encouraging - the financial flows do not appear to be targeted at havens that are frequently used to route and conceal illicit flows. More damaging, incorporations after an FCPA action are concentrated in havens that have not signed up to international anti-corruption efforts, and are thereby under no obligation to share information on the assets stashed within the jurisdiction. Much like in the taxation regime, more enforcement against one set of actors enriches governments not party to the higher standards. This "leakage" has received important recent attention on bribery at the domestic level (Chapman et al., 2021), but we provide a complementary transnational pathway driving wealth protection rather than income generation. The obvious but optimistic solution is for states to take a more multilateral approach. Assuming the US continues its extraterritorial endeavors, an alternative method to curtail the gains and use of safe havens

would be for the DoJ and the SEC to expand its range of proceedings. Rather than investigate repeated instances of corruption in the same jurisdiction, they could investigate bribery with ties to havens that have yet to come under their scrutiny.

Most importantly, the paper has some dire conclusions for US economic coercion. Drezner (2021) famously labelled the hegemon the "United States of Sanctions" so central has cutting off adversaries from American and global markets become to achieving foreign policy goals ranging from improving human rights to nuclear non-proliferation. Much of the action no longer takes place as embargoes against whole government, but instead through the targeting of key firms and individuals essential to the American opponent. Drezner, with a groundswell of other academics and policymakers, fears that the overuse of US economic power will force renegade actors to develop alternate networks, inevitably undermining the liberal order's stated goals. Despite these repeated consternations, trade in the Dollar continues to surge and booming American equity markets are the the envy of foreign governments. While economic sanctions have so far effectively and efficiently cut off the revenue streams of foreign elites as they get locked out of these pillars of the global economy, much of their wealth remains intact when it gets offshored to non-cooperative tax havens. We show that such planning has been going on for decades, implicitly subverting a major deterrent of America's primary foreign policy tool.

In other words, the results indicate that rather than heading into an era of de-globalization, elites have already been charting a path of re-globalization. Weaponized interdependence is now the language and toolkit of the global economy. As the European Union has shown with its response to the Russian Invasion of Ukraine and China illustrates with with the repeated sanctioning of its neighbors, extraterritorial coercion is set to only heighten. Our results indicate that most economic elites will win if havens reject, or are ignored by these actions, likely through playing major economic powers off each other.

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American Economic Coercion and Elite Re-Globalization

SUPPLEMENTARY MATERIALS

Contents

A Data description

A.1 Definition of conduits and sink havens

Figure A.1 reports the total number of outgoing offshore wealth incorporations originating from the financial havens in our data. We consider the top-5 havens in the list by number of outgoing offshore transactions as "conduits."

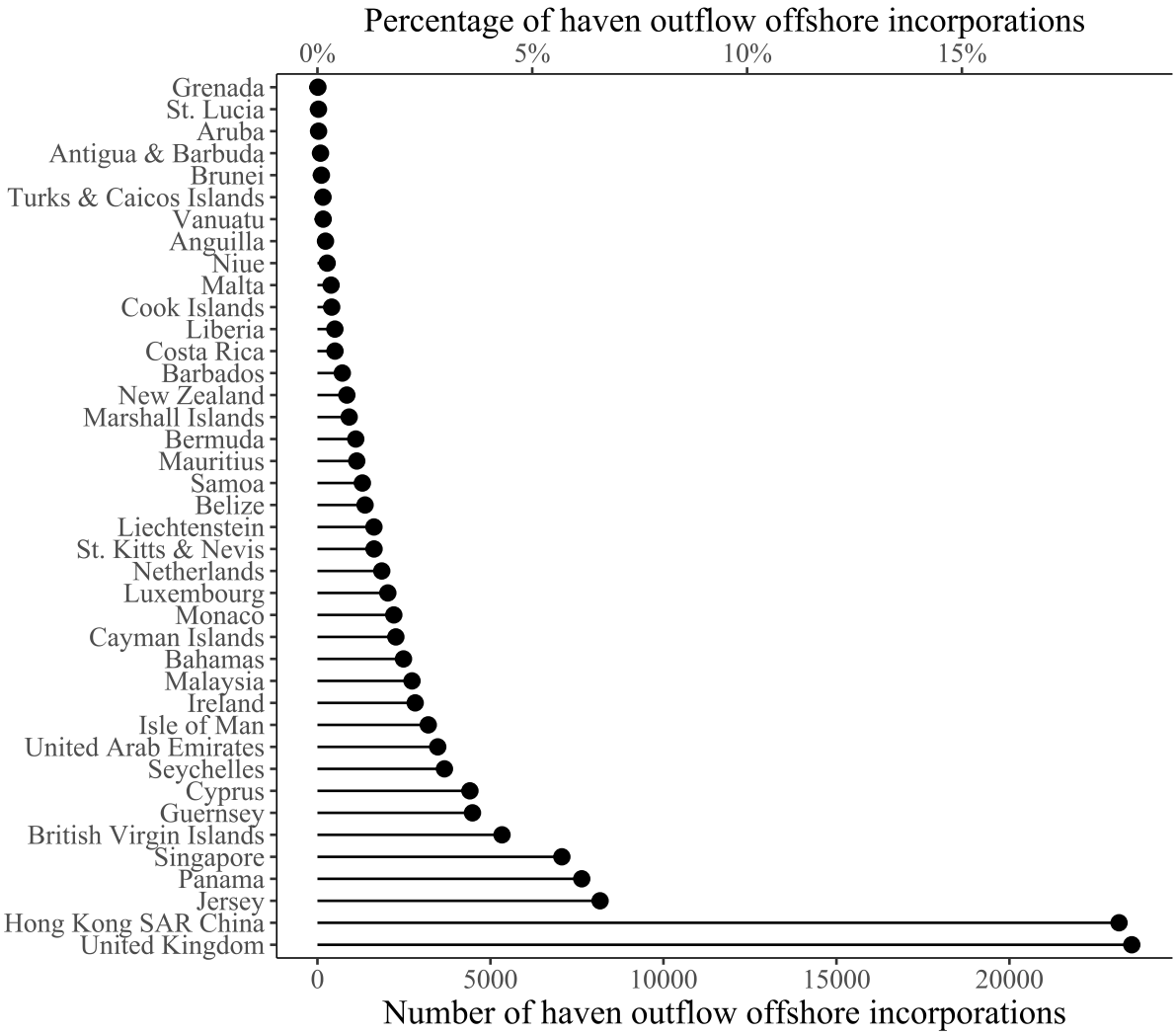


FIGURE A.1: The UK, Hong Kong, Jersey, Panama, and Singapore are the top financial havens by number of *outgoing* offshore flows in ICIJ data. They account for 56% of the total offshore transactions originating from financial havens.

A.2 FCPA actions: treatment schedules and cohorts

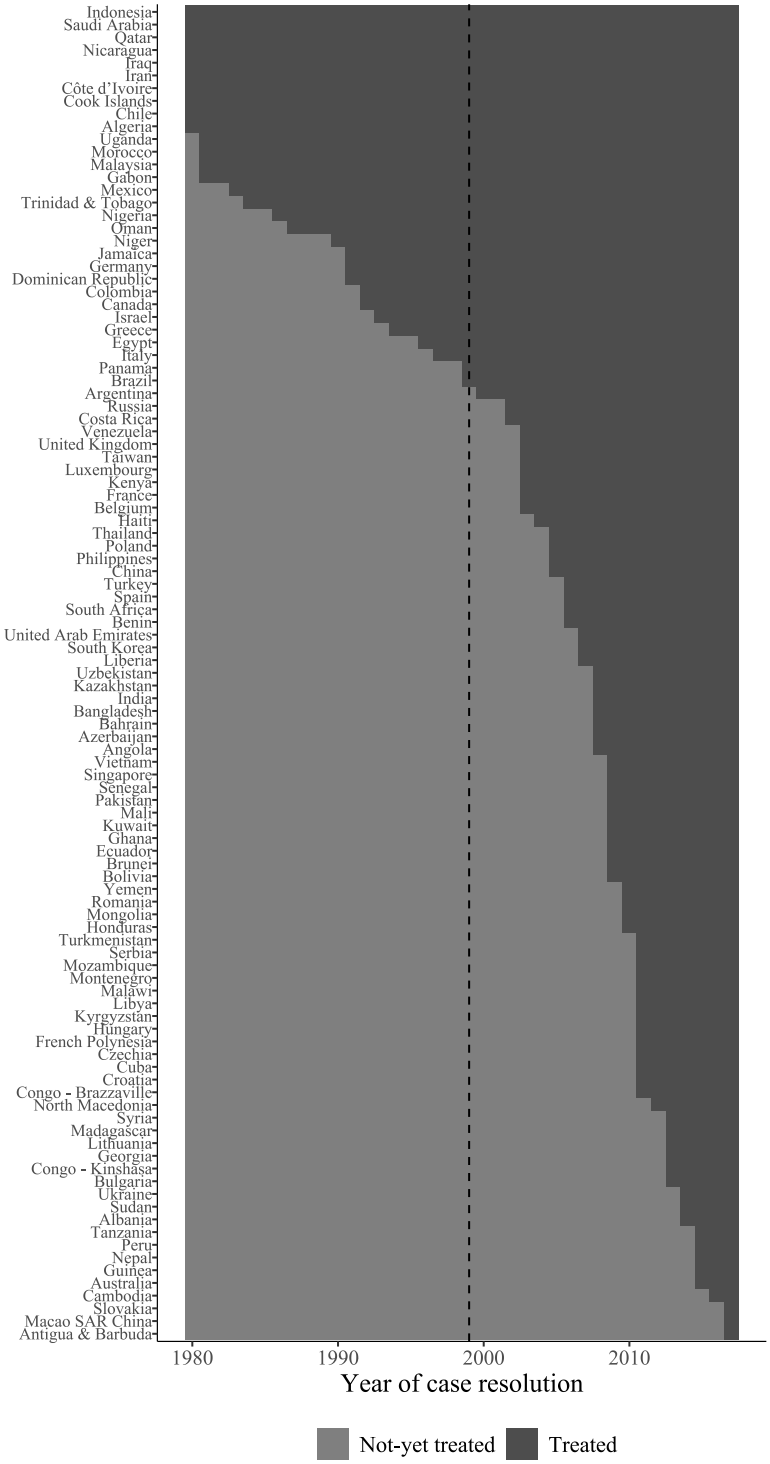


FIGURE A.2: Treatment schedule of countries that have been FCPA target before the end of our panel (2017). The figure represents the first time a country has been target of an FCPA enforcement action. The dashed vertical line represents the entry into force of the OECD Anti-Bribery Convention (1999). Data from Crippa (2021).

B Robustness tests

B.1 No covariate adjustment

We show that our results are robust to the exclusion of the four covariates employed to synthesize counterfactuals. When we replicate the main procedure followed in Figure 2 without covariate adjustent, we obtain the very similar (albeit slightly noisier) results reported in Figure B.1.

B.2 Placebo: randomized treatment assignment schedule

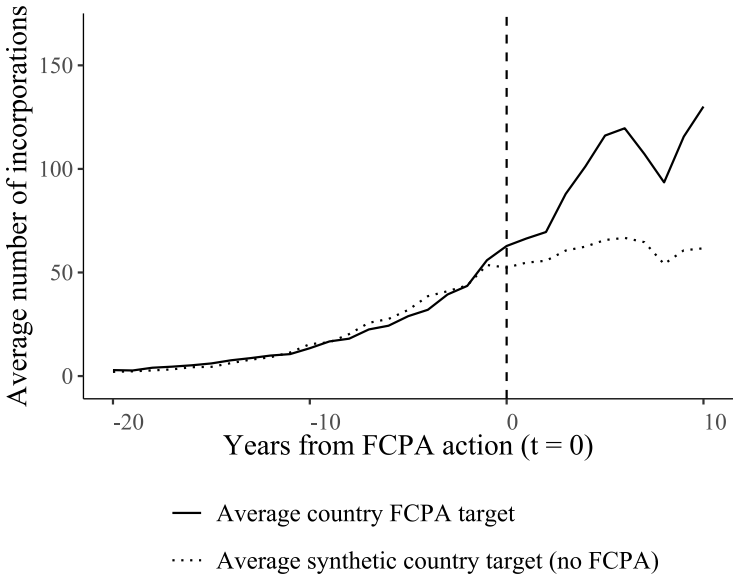
We perform a placebo test for our generalized synthetic control design. We randomly shuffle the treatment status (and timing) of countries included in our main analysis. Figure B.2 reports two panels. The left one presents the real treatment status of countries in our analysis. As the panel shows, the group of treated countries increases significantly in the aftermath of the entry into force of the OECD ABC (dashed vertical line), which gave US authorities a renewed momentum to enforce widely the FCPA (Brewster, 2017). In the right panel, instead, we report our random allocation of countries to their placebo treatment status and timing. This panel maintains the ordering of countries as in the left panel, to allow a comparison between the real and the placebo treatment assignments. Various countries that are, in reality, treated end up in the never-treated group in the right panel (and vice-versa). Many countries that are treated in reality and that are still considered as treated in the placebo allocation presented in the right panel, instead, change their treatment timing at random.

Figure B.3 reports our placebo findings, where we use the placebo data to replicate the same procedure presented in Figure 2. In this case, too, the model achieves a very similar pre-treatment match between the observed, (placebo) treated flows and the synthetic control ones, this being the goal of the design on the pre-treatment data. Post-treatment, however, we do not observe any significant effect if not for a modest *negative* trend in the first post-treatment years and an isolated positive jump after the ninth year since the (placebo) FCPA action. These confused and null effects on a placebo treatment assignment schedule reassure us that the effects documented in the main text are not an artefact of the design, including its selected observations used to construct the synthetic control units.

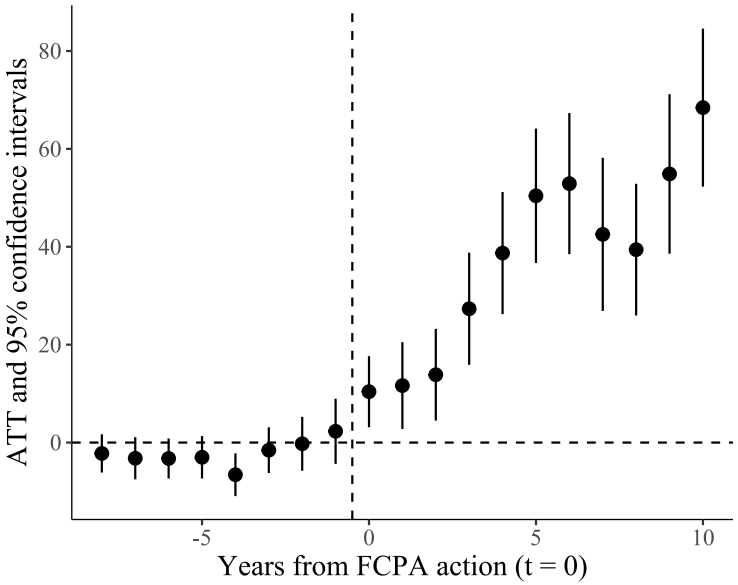
B.3 Alternative estimators

B.3.1 Staggered difference-in-differences estimators

Figure B.4 reports dynamic estimates of the effect of FCPA enforcement on all outgoing offshore incorporations from treated countries when applying seven staggered difference-in-differences estimators: TWFE and those by Borusyak, Jaravel, and Spiess (2024), Callaway and Sant'Anna (2021), De Chaisemartin and d'Haultfoeuille (2020), Gardner (2022), Sun and Abraham (2021), and Wooldridge (2021). Post-treatment estimates inform us that, in the aftermath of the first FCPA enforcement action, countries experience a significantly larger volume of offshore wealth incorporation directed towards all financial havens. Across all seven estimators, we observe an increase



(a) Average trends of offshore wealth incorporation by treated and (synthetic) control countries target of FCPA action without covariate adjustment



(b) Average effect of an FCPA action on target countries' offshore wealth incorporations without covariate adjustment

FIGURE B.1: The effect of FCPA actions on offshore wealth incorporations, results without covariate adjustment. Results from a generalized synthetic control method from Xu (2017). Full results in Table C.2.

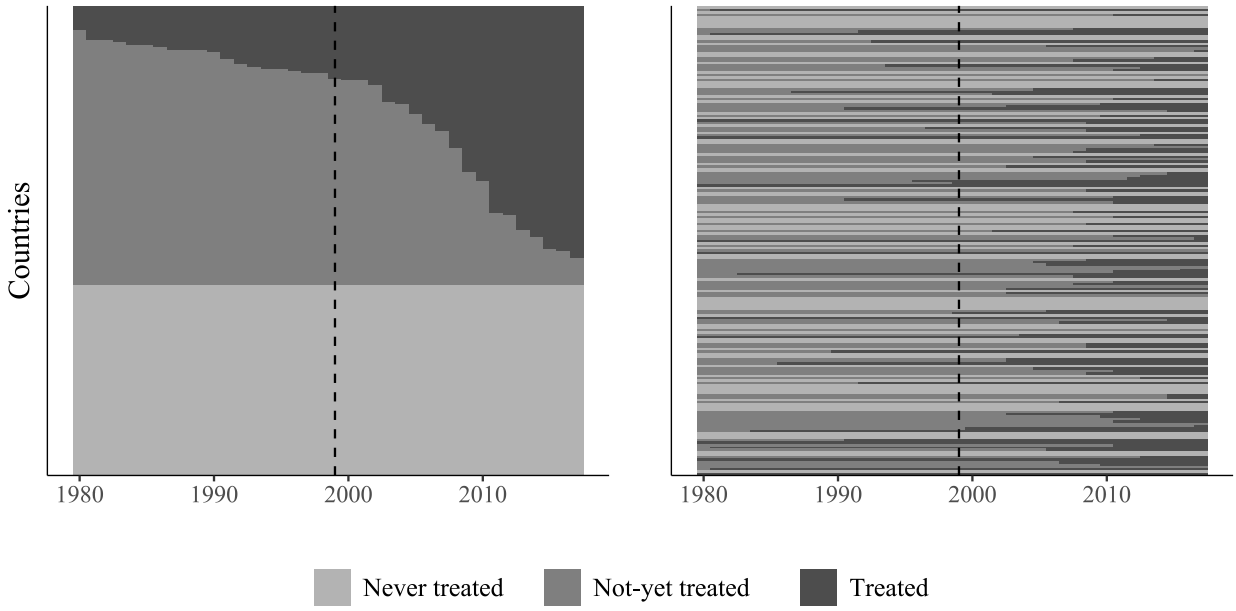


FIGURE B.2: The left panel of this figure reports the real treatment status and treatment timing of countries subject to an FCPA action. The right panel reports the treatment schedule for our placebo test, where status and timing have been assigned at random. The dashed line reports the year of entry into force of the OECD ABC (1999).

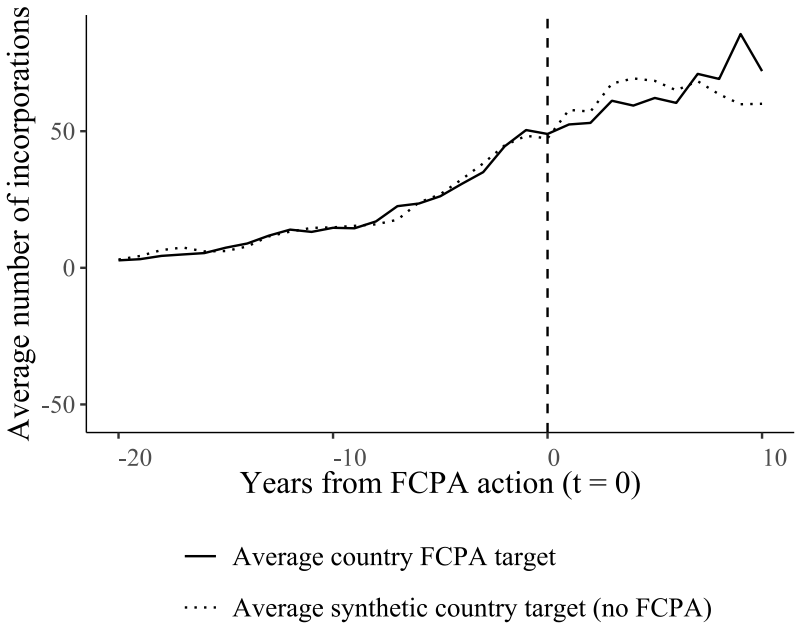
in the number of offshore wealth incorporation from treated countries that is statistically significant since the fourth year following the first FCPA enforcement action. Effects are sizeable. For instance, on year 5 since FCPA enforcement, we estimate that the number of offshore wealth incorporations from treated countries increases by about 55 to 75—depending on the estimator.

However, pre-treatment trends of offshore wealth incorporation by treated and untreated countries appear to be already diverging when we consider the years before an FCPA action. These estimates indicate that, on average, countries that will be treated in later time points experienced slightly *lower* levels of outgoing offshore wealth incorporations before receiving the treatment. This distance diminishes as treated countries approach treatment which suggests the parallel trends assumption might be violated in this case. This observation aligns with the expectation, reported in our main text, that FCPA targets and non-targets likely display pre-treatment diverging trends in patterns of offshore wealth incorporation. For this reason, too, we consider our generalized synthetic control our preferred method for estimating dynamic ATTs (given that it is designed so as to achieve non-diverging pre-treatment trends).

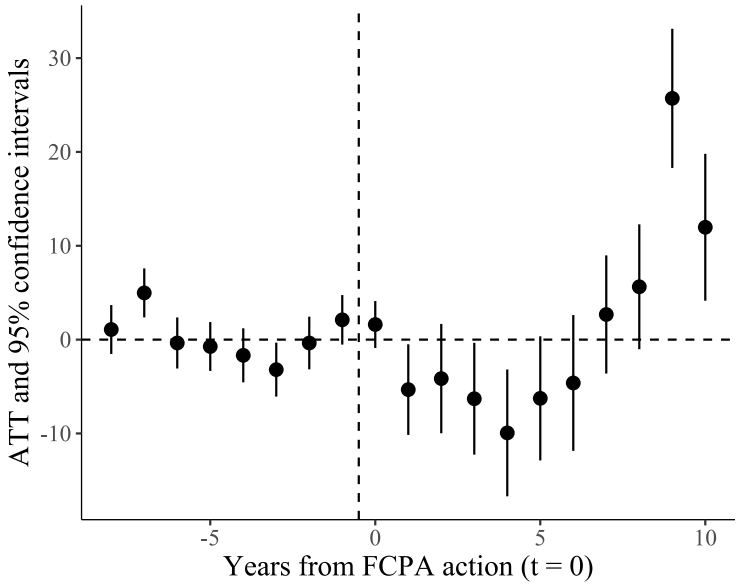
B.3.2 Estimates from `PanelMatch` (Imai, Kim, and Wang, 2023)

We show that our results are also robust to using `PanelMatch`, which we intend as an alternative method for selecting a suitable set of control units to reduce over-time differences among the treatment and control groups before treatment by achieving pre-treatment balance in covariates.

We create four `PanelMatch` groups. First, we impose no refinement method. That is, we



(a) Placebo test: average trends of offshore wealth incorporation by treated and (synthetic) control countries target of FCPA action



(b) Placebo test: average effect of an FCPA action on target countries' offshore wealth incorporations

FIGURE B.3: Placebo test for the effect of a randomly generated schedule of FCPA actions on offshore wealth incorporations. Results from a generalized synthetic control method from Xu (2017). Full results in Table C.2.

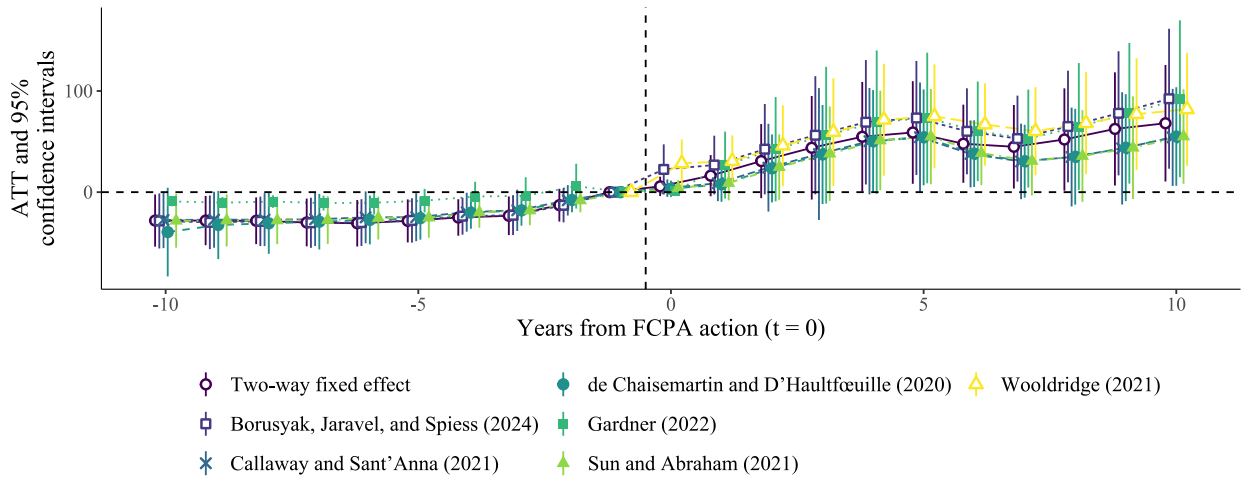


FIGURE B.4: The effect of the first US FCPA action on the number of offshore wealth incorporations. Results from two-way fixed effect and estimators from Borusyak, Jaravel, and Spiess (2024), Callaway and Sant'Anna (2021), De Chaisemartin and d'Haultfoeuille (2020), Gardner (2022), Sun and Abraham (2021), and Wooldridge (2021). Full results in Table C.4.

feed all untreated units into the control group for the estimation. This is useful to illustrate the imbalance in covariates before treatment which motivates diverging pre-treatment trends illustrated in Figure B.4 and serves as a baseline for other adjustment methods. Second, we perform propensity score (PS) weighting on the four covariates which we also feed into our GSC estimation. Third, we perform Mahalanobis distance matching on the same covariates. Finally, we perform covariate-balancing propensity score (CBPS) weighting (Imai and Ratkovic, 2014) on the same four variables. For all our matching procedures, we consider a lag of ten years before the treatment and match units based on the four covariates and the corresponding full matrix of ten-year lags. For Mahalanobis, we match 10 control units for each treated one.

Figure B.5 reports the number of standard deviations between the over-time averages of these four covariates for the treated and matched control units across the four adjustment methods, before treatment. The unrefined matched group shows significant imbalance in covariates before the treatment, with treated countries being significantly richer, with higher levels of democracy, more predictable law enforcement, and with stronger geopolitical alignment to the US than control units. All three refinement methods significantly reduce such differences, however Mahalanobis and CBPS weighting matching achieve comparatively more balanced sets.

We report our `PanelMatch` estimates in Figure B.6. Across all four sets, we estimate a positive ATT after the treatment, detectable until the tenth year following an FCPA action. Effect sizes are comparable to those estimated with the other methods.

B.3.3 Estimates from a FE counterfactual estimator (Liu, Wang, and Xu, 2024)

We provide yet more evidence that our results are not model-dependent by showing that we can obtain similar estimates when applying one of the fixed-effect counterfactual estimators proposed

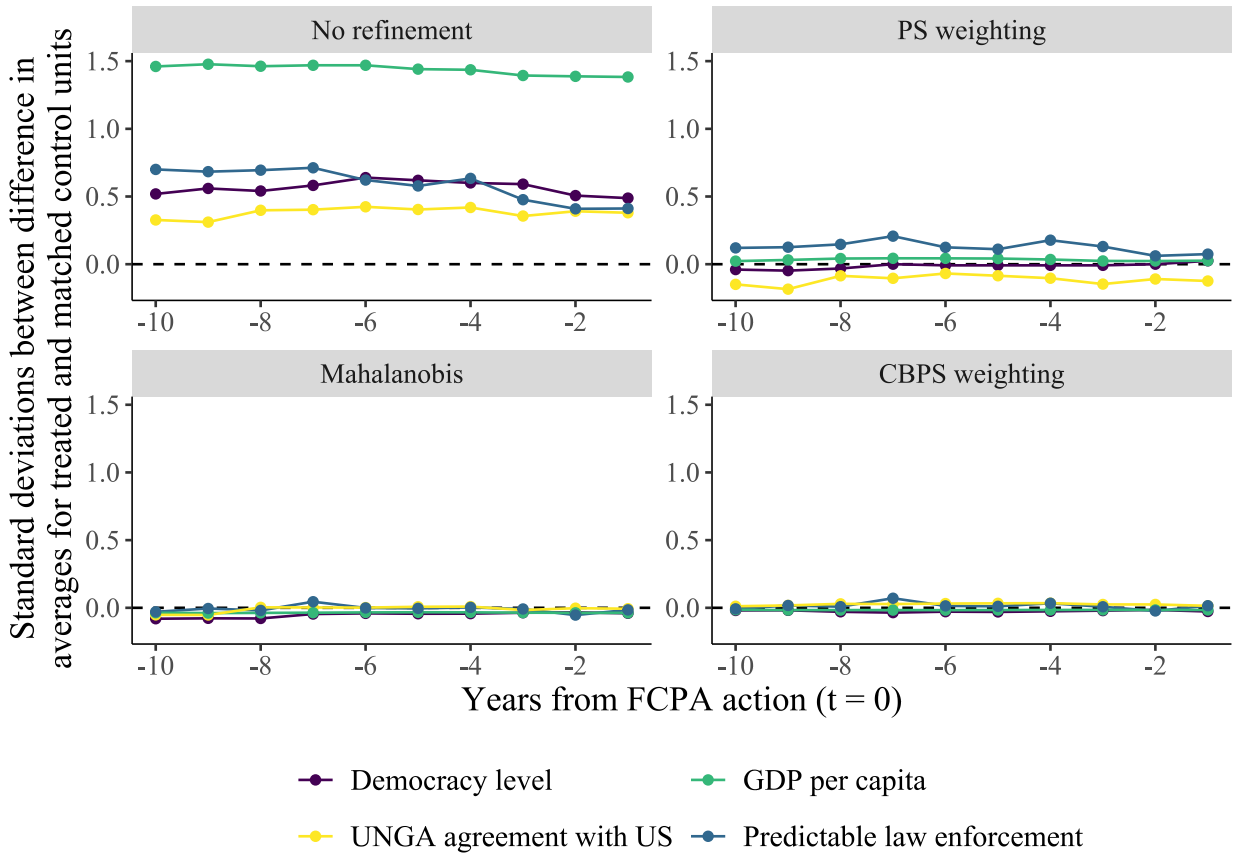


FIGURE B.5: `PanelMatch` estimation. Over-time balance in covariates among treated units and sets of matched control units achieved without any adjustment; with propensity score weighting; with Mahalanobis distance; and with covariate-balancing propensity score weighting.

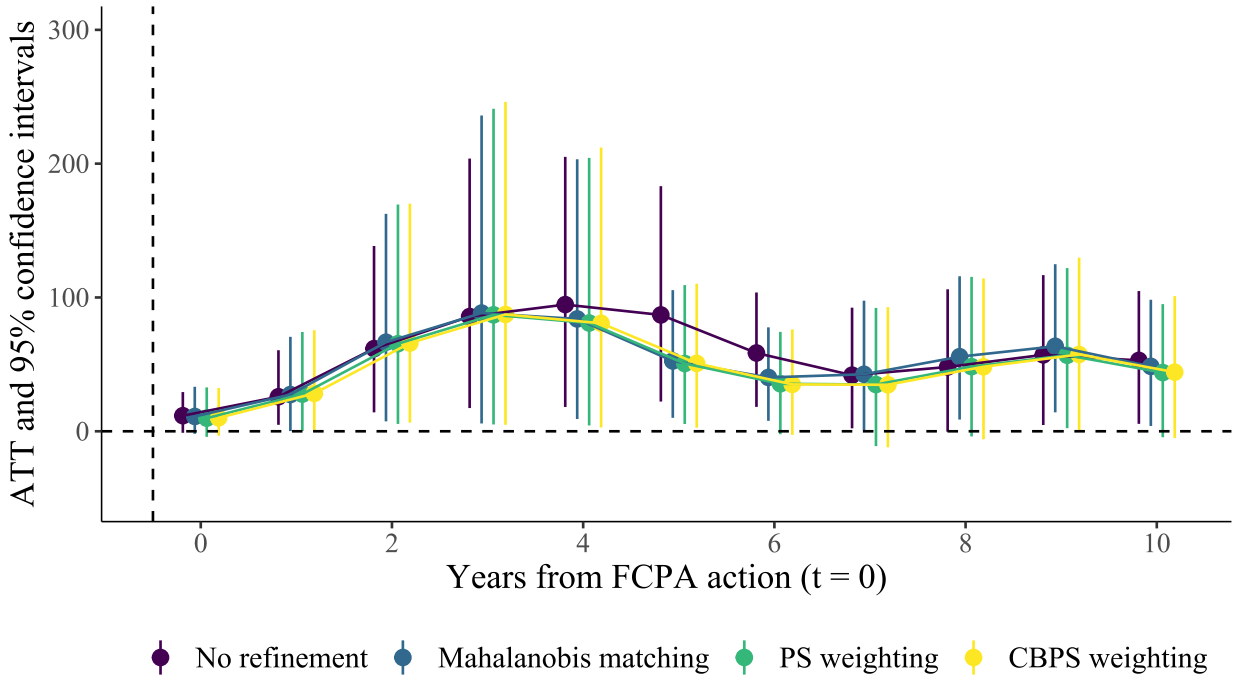


FIGURE B.6: `PanelMatch` estimation. Estimates obtained with no refinement; with propensity score weighting; with Mahalanobis distance; and with covariate-balancing propensity score weighting. Full results in Table C.5.

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by Liu, Wang, and Xu (2024). These estimators impute a counterfactual for each treated unit, in a very similar vein to the GSC proposed by Xu (2017). This family of estimators include a fixed effect models, an interactive fixed effect (like the one we adopt in our GSC method), and a matrix-completion (MC) method. The authors show interactive fixed effect and MC outperform plain fixed effects.

In order to show that our estimates are robust to an entirely different model than our interactive fixed effects procedure, we adopt here MC as a strategy to estimate counterfactual units. Similarly as in our GSC estimation, we drop units without at least seven pre-treatment observations to improve the quality of the counterfactual estimation and include the very four covariates used in the main analysis.

Figure B.7 reports our findings. MC-estimated counterfactuals are very similar to the treated units before treatment. After treatment, there is a clear upward trend in the estimated ATTs, which becomes significant after around the sixth year.

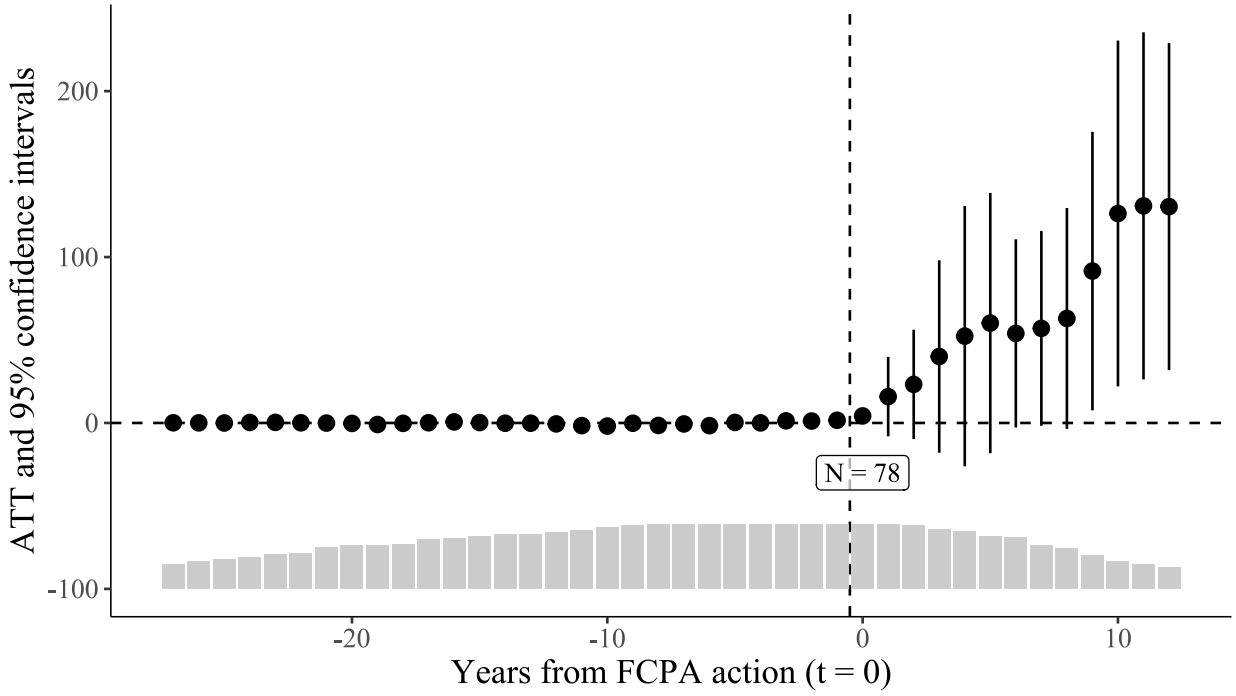


FIGURE B.7: The effect of the first US FCPA action on the number of offshore wealth incorporations. Results from a fixed effect counterfactual estimation using matrix completion (Liu, Wang, and Xu, 2024). Full results in Table C.4.

As suggested by the authors, we perform two tests for evaluating the existence of pre-treatment trends that would invalidate our post-treatment estimates. We report results in Figure B.8. Our estimates largely pass both tests. An F-test on the joint significance of the pre-treatment estimates fails at rejecting the null hypothesis of divergence from zero ($p = 0.115$), which reassures that pre-treatment trends are negligible here. Similarly, we reject the null-hypothesis of the equivalence test introduced by the authors—the "two-one-sided *t*" (TOST) test with a very small p-value (p =

0.000). The latter test certifies an extremely good pre-treatment fitting, as suggested by the fact that the minimum range (grey horizontal dashed lines) is well contained within the equivalence range (red horizontal dashed lines) in Figure B.8. Both tests suggest that, here, pre-treatment trends are negligible and not strong enough to invalidate our post-treatment results.

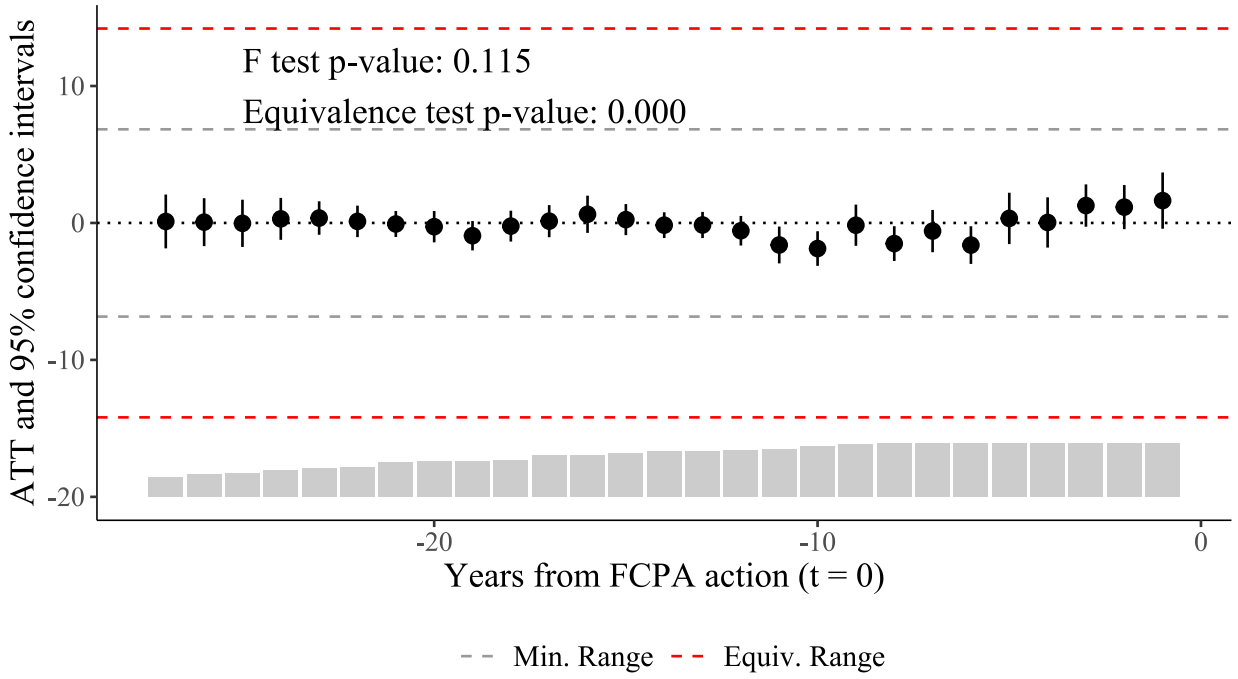


FIGURE B.8: Equivalent tests for pre-treatment estimates obtained with fixed effect counterfactual estimation using matrix completion (Liu, Wang, and Xu, 2024).

B.4 Validity of treatment cohorts

B.4.1 Compare cohorts treated before and after 1997

Here, we show that results are significantly larger for cohorts of countries that were treated with their first FCPA action after 1997 (that is, after the ratification of the OECD ABC). We intend this as an important sanity check for our results, which confirms what observed by scholars before (e.g., Brewster, 2017; Kaczmarek and Newman, 2011): that the ratification of the OECD ABC levelled the anti-bribery playing field of international business and provided US authorities with mutual legal assistance which allowed US authorities to overcome the political-economic hurdles of unilaterally enforcing the FCPA. As a consequence of this dyamic we find that, after the adoption of the OECD ABC, the FCPA became much more of a threat for foreign corrupt elites.

We aggregate results from Figure 2 distinguishing whether the country has been treated with a first FCPA action before or after 1997 (included). To this aim, we use the procedure recommended by (Xu, 2017) for aggregating individual effects, included as a functionality in the `gsynth` R

package. Figure B.9 reports estimated dynamic ATTs. We find a much stronger over-time effect for cohorts of countries that were targeted with their first FCPA action after 1997. The effect is significantly smaller and negligible for cohorts that were treated before 1997.

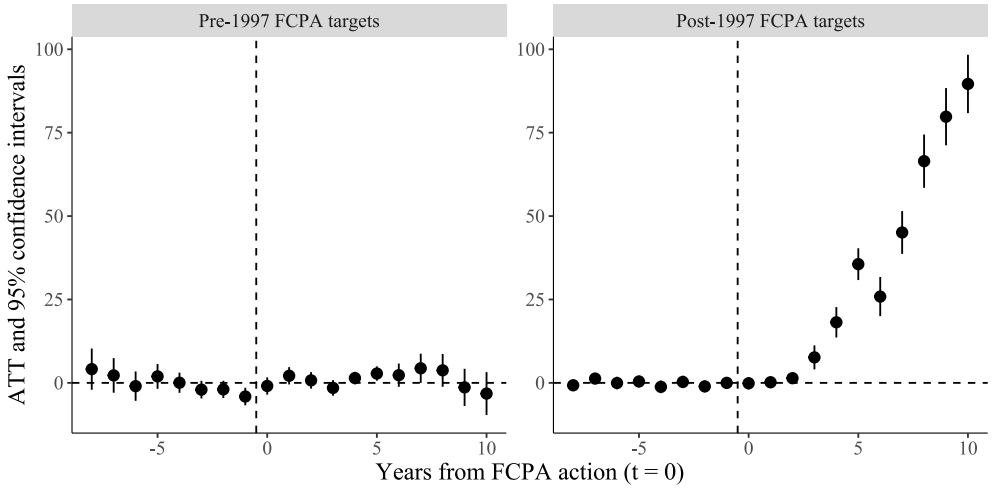


FIGURE B.9: The number of offshore wealth incorporations increases more significantly for countries receiving their first FCPA action after 1997. Results from a generalized synthetic control method from Xu (2017). Full results in Table C.2.

B.4.2 Compare cohorts treated once and multiple times

Similarly to the previous test, here we contrast results for cohorts that received an FCPA action only once and those that received multiple, repeated FCPA actions over time. We use this test to rule out the hypothesis that effects estimated in our main text are driven by the fact that some countries were repeatedly targeted by an FCPA action.

As done in the previous section, we perform this test by aggregating results from Figure 2 distinguishing whether treated countries were target of just one FCPA action or more over time. Figure B.10 reports our findings. For both subgroups of treated countries, we observe a similar, positive increase in offshore incorporations post-treatment.

B.4.3 Domestic cooperation with FCPA action

In Figure B.11 we show that results from the main text are confirmed when considering as treatment only the first time domestic authorities of a country target with an FCPA action cooperated with US agencies in that case.

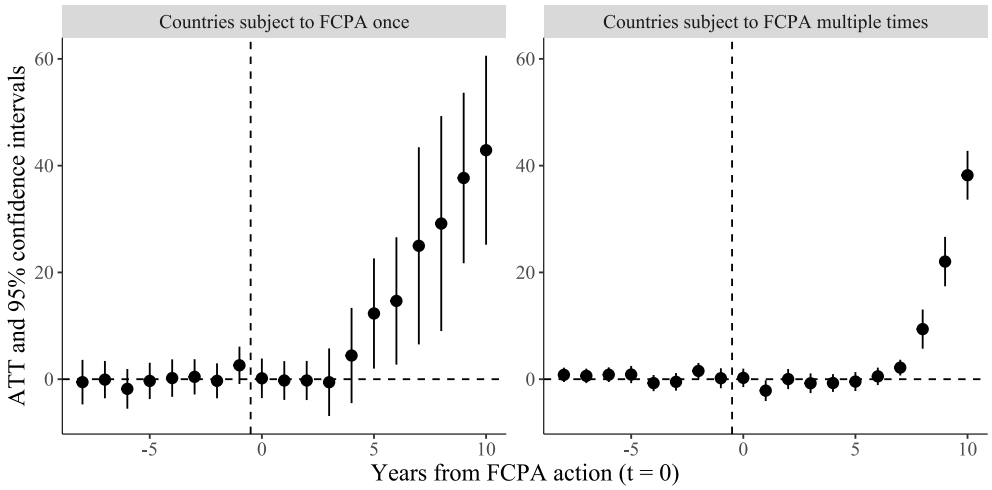


FIGURE B.10: The number of offshore wealth incorporations does not increase more significantly for countries that were target of more than one FCPA action. Results from a generalized synthetic control method from Xu (2017). Full results in Table C.2.

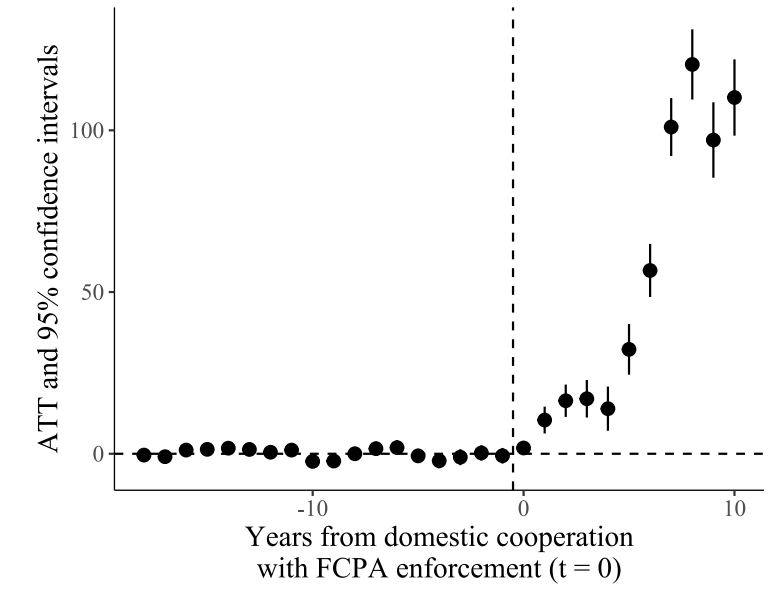
B.5 Haven jackknife results

B.5.1 Leave-one-haven-out

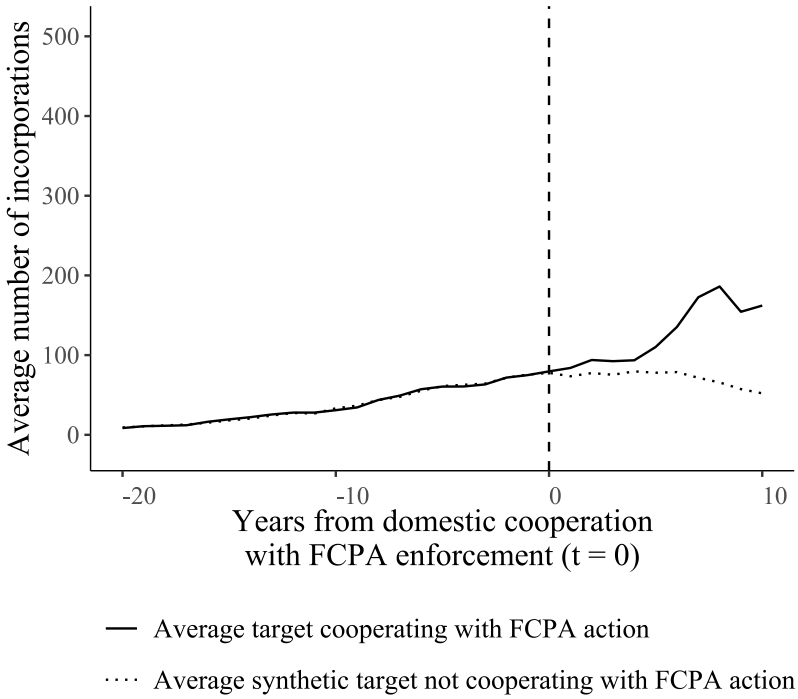
We re-compute our dependent variable for the number of outgoing offshore wealth incorporations after excluding one of the havens at the time and replicate our analysis on these recomputed dependent variables. We intend this as a test for whether incorporations towards any individual haven are driving the effects documented in the main text. Figure B.12 reports the overall ATTs from this jackknife exercise alongside the ATT from our main analysis of Figure 2. Although excluding some havens (namely Bermuda, the British Virgin Islands, and Malta) significantly decreases the size of the estimated positive effect, none of these havens is in itself sufficient to fully account for the positive effect detected in our main analysis, a finding which reassures us that no single outlier is present in the data.

B.5.2 Leave-top-three-havens-out

To complement the previous robustness check, we finally exclude from the data all top-three havens that, as indicated by the previous exercise, drive most of the estimated effect. We then re-compute our dependent variable for the number of outgoing offshore wealth incorporations and re-estimate our ATTs by means of the same GSC of our main text. Results, reported in Figure B.13, still indicate a positive effect in the aftermath of an FCPA action. The post-treatment effect size gets small in this very conservative test, however it is still positive and statistically significant.



(a) Average trends of offshore wealth incorporation by treated and (synthetic) control countries that cooperated with US authorities on an FCPA action



(b) Average effect of domestic cooperation with an FCPA action on target countries' offshore wealth incorporations

FIGURE B.11: The number of offshore wealth incorporations increases after a country is first target of an FCPA action *and* its domestic authorities cooperate with US ones. Results from a generalized synthetic control method from Xu (2017). Full results in Table C.3.

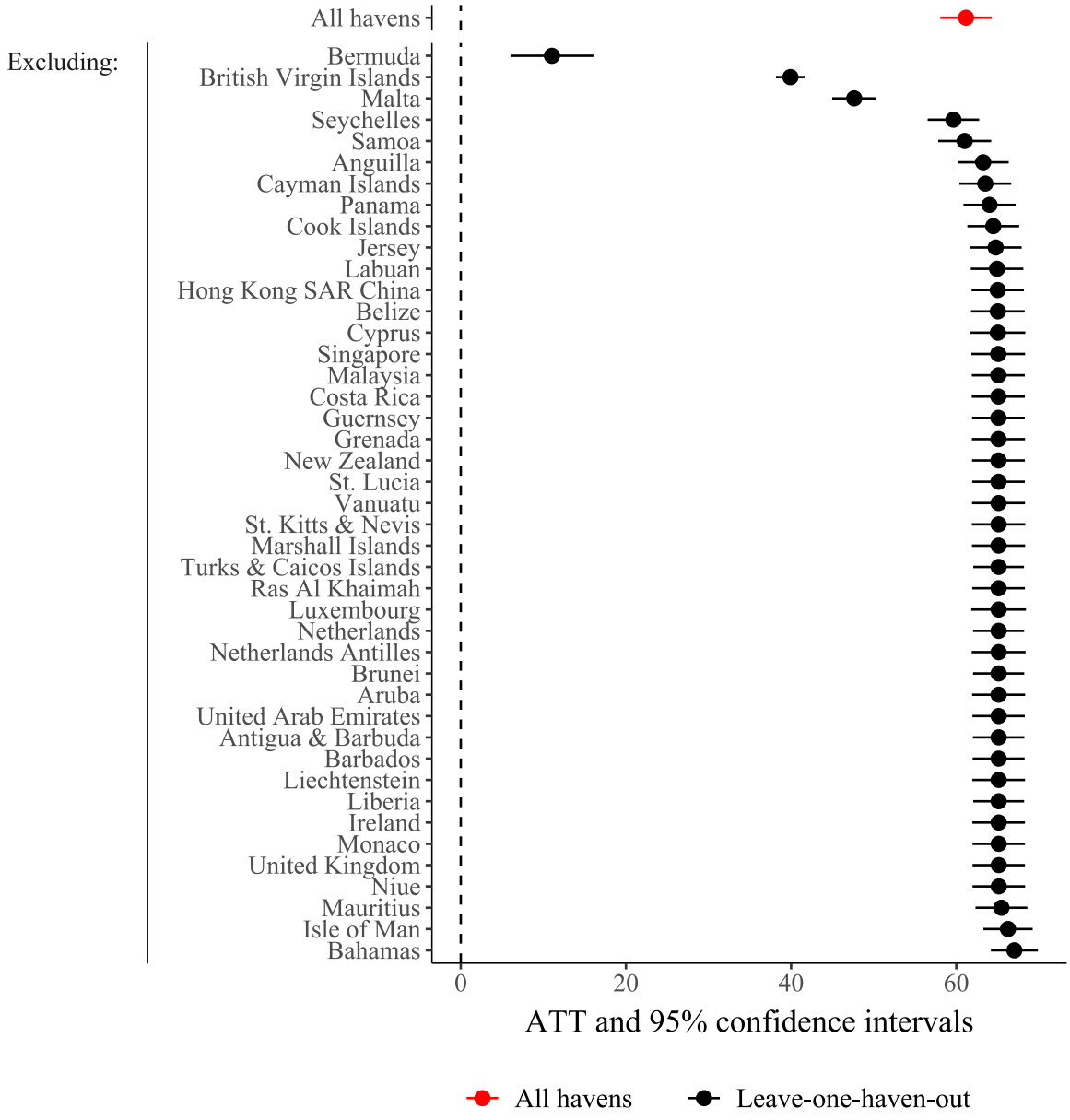
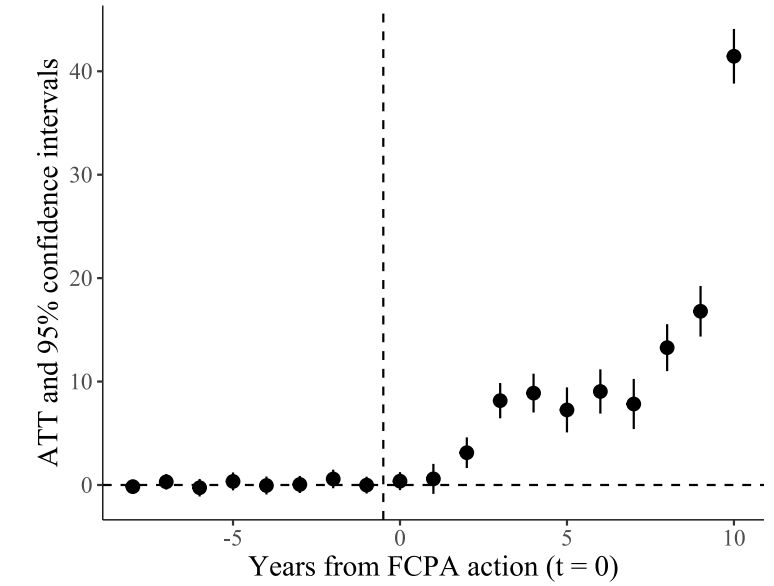
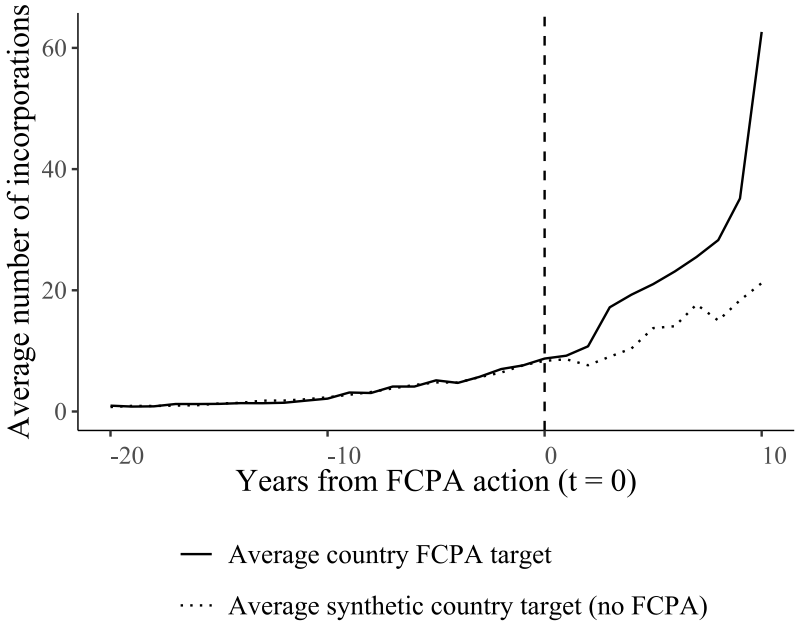


FIGURE B.12: Results from the genrealized synthetic control method from Xu (2017) after excluding one haven at the time and re-computing the dependent variable for the number of outgoing offshore wealth incorporations. Full results of leave-one-haven-out models in Table C.6. Full result of the all havens model in Table C.1.



(a) Average trends of offshore wealth incorporation by treated and (synthetic) control countries



(b) Average effect of an FCPA action on target countries' offshore wealth incorporations

FIGURE B.13: Estimates when excluding offshore transactions directed towards Bermuda, British Virgin Islands, and Malta. Results from a generalized synthetic control method from Xu (2017). Full results in Table C.3.

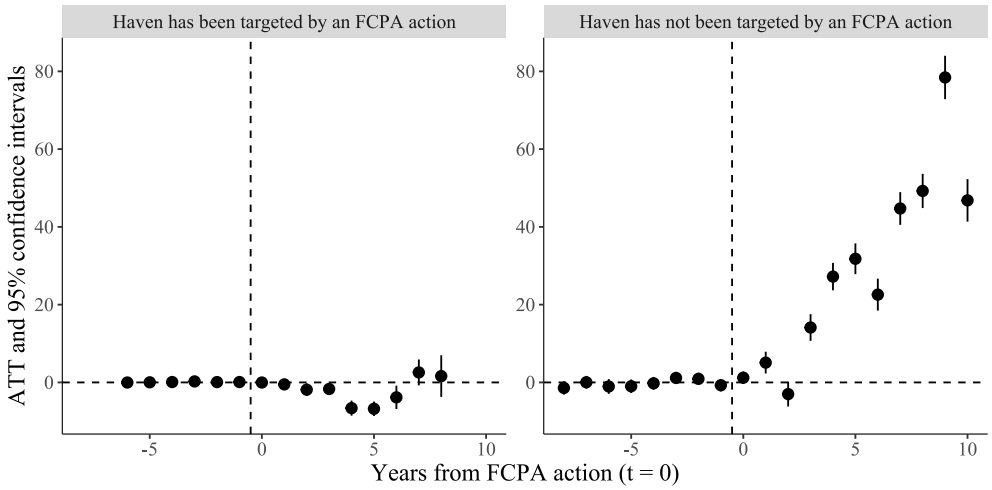


FIGURE B.14: The number of offshore wealth incorporations increases more significantly towards havens that have not been involved in an FCPA action in the past, than towards havens that have been FCPA targets. Results from a generalized synthetic control method from Xu (2017). Full results in Table C.3.

B.6 Havens subject to FCPA actions

Here, we study how offshore wealth incorporation flows respond to FCPA actions distinguishing whether the potential haven has been subject to an FCPA action itself in the past or not. We re-aggregate our offshore wealth incorporation data based on this characteristics and obtain two dependent variables of interest. We then replicate our analysis using these two variables. We report our findings in Figure B.14. Elites in countries that are targets of FCPA actions offshore their wealth significantly more towards havens that have not been targets of an FCPA action themselves rather than those that have. Differences in these effects are statistically significant at a 0.05 conventional level of significance.[11]

B.7 Case study: UK crown dependencies and overseas territories

Here, we perform a specific case study of offshore wealth incorporation flows towards havens that are in the UK crown dependencies (CDs) and overseas territories (OTs). We leverage the variation induced by the CDs and OTs ratifying the OECD ABC at staggered times and we intend this as an additional test to study how changes in the OECD ABC membership of potential destinations for offshore wealth transactions (i.e., havens) resulted in different responses for corrupt elites seeking to offshore their wealth in the aftermath of an FCPA action. We argue this is an important test which removes sources of endogeneity at the level of the destination of offshore transactions between UK and non-UK havens.

We consider only offshore wealth transactions directed towards UK CDs and OTs. That is, we

[11] The 83.4% confidence interval of the overall ATT for flows towards havens that have been subject to an FCPA action in the past is [0.27, 1.41]. For havens that have not been FCPA targets, this is [39.91, 54.96].

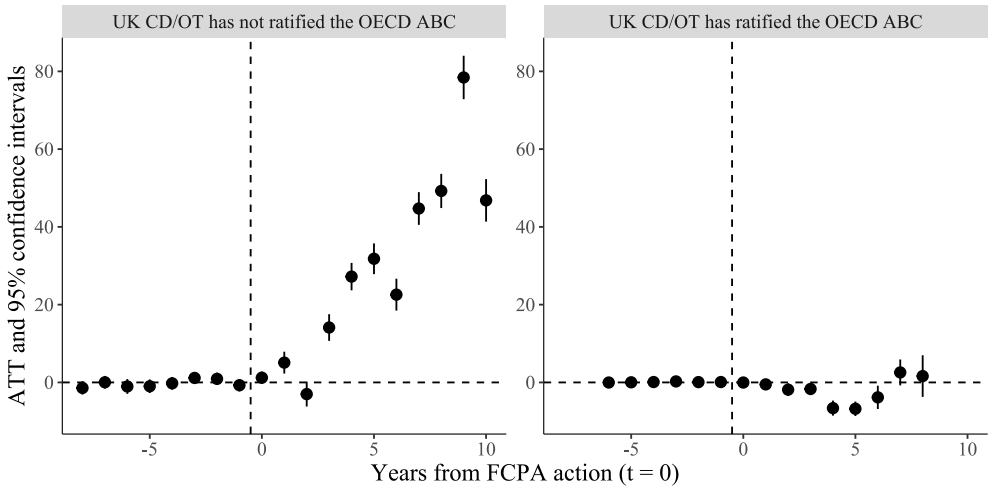


FIGURE B.15: The number of offshore wealth incorporations increases more significantly towards UK crown dependencies and overseas territories that have not ratified the OECD ABC, than towards those that have ratified the agreement. Results from a generalized synthetic control method from Xu (2017). Full results in Table C.3.

consider solely the following havens: the Isle of Man, Anguilla, Bermuda, British Virgin Islands, Cayman Islands, and Turks & Caicos. We then aggregate up offshore wealth incorporations data at the sender country-year level, based on whether the UK CD or OT destination of these flows had ratified the OECD ABC or not. We then perform our GSC estimation on these two dependent variables by studying whether FCPA actions targeting the sender country affected these flows differently.

Our findings, reported in Figure B.15, clearly indicate a positive effect of an FCPA action on offshore wealth incorporation occurring in UK CDs and OTs that have not ratified the OECD ABC. The effect is negligible and at times even *negative* when we consider CDs and OTs that have ratified the OECD ABC.

C Full disclosure of results

We disclose all results presented in the main text in Table C.1. Results presented in the supplementary materials are reported in Tables C.2, C.3, C.4, C.5, and C.6. They are organized in order to optimize space and facilitate reporting.

TABLE C.1: Full disclosure of generalized synthetic control dynamic and overall ATT from Figures 2, 3, 4, and 5.

	Dependent variable: *Number of offshore incorporations*						
	Figure 2	Figure 3 (L)	Figure 3 (R)	Figure 4 (L)	Figure 4 (R)	Figure 5 (L)	Figure 5 (R)
ATT	65.126***	55.286***	7.794***	1.522***	63.602***		
	(1.628)	(1.640)	(0.141)	(0.138)	(1.543)		
t = -8	-0.303	-0.920	0.069	-0.036	-0.334	0.976+	-0.707
	(0.844)	(0.688)	(0.066)	(0.047)	(0.880)	(0.680)	(1.550)
t = -7	0.113	-0.398	0.002	0.036	-0.011	0.327	-2.049+
	(0.792)	(0.655)	(0.064)	(0.053)	(0.791)	(0.684)	(1.505)
t = -6	-1.570+	-0.825	-0.042	-0.128*	-1.432+	0.147	-2.031+
	(0.864)	(0.725)	(0.078)	(0.053)	(0.856)	(0.727)	(1.391)
t = -5	0.126	0.440	0.077	-0.037	0.201	0.501	2.360+
	(0.843)	(0.734)	(0.071)	(0.054)	(0.809)	(0.783)	(1.611)
t = -4	-0.649	-0.241	-0.017	0.052	-0.579	0.076	0.116
	(0.803)	(0.613)	(0.080)	(0.060)	(0.769)	(0.943)	(1.400)
t = -3	0.094	0.107	0.031	-0.035	0.136	-0.065	-0.289
	(0.777)	(0.663)	(0.077)	(0.054)	(0.774)	(0.857)	(1.533)
t = -2	-0.296	-0.131	-0.045	0.035	-0.182	-0.228	-1.010
	(0.829)	(0.672)	(0.095)	(0.069)	(0.794)	(0.987)	(1.526)
t = -1	0.345	0.183	-0.051	0.027	0.113	1.444+	1.609
	(0.782)	(0.642)	(0.094)	(0.060)	(0.747)	(0.826)	(1.708)
t = 0	1.582*	1.149*	0.092	0.060	1.631*	-0.173	2.207*
	(0.743)	(0.548)	(0.096)	(0.058)	(0.703)	(1.000)	(1.308)
t = 1	6.958***	9.297***	0.066	0.211	7.775***	0.809	-5.459
	(1.622)	(1.767)	(0.288)	(0.149)	(1.600)	(0.932)	(3.603)
t = 2	16.370***	20.733***	-0.278	-0.086	17.388***	-1.421+	12.757***
	(2.043)	(2.341)	(0.305)	(0.147)	(1.961)	(1.050)	(4.049)
t = 3	31.167***	37.950***	-0.466+	0.638**	30.873***	-0.593	28.188***
	(2.126)	(2.501)	(0.271)	(0.247)	(1.943)	(0.977)	(4.085)
t = 4	21.923***	41.472***	-2.418***	0.126	21.794***	-0.895	8.508***
	(2.586)	(2.717)	(0.348)	(0.237)	(2.431)	(0.946)	(4.874)
t = 5	37.417***	55.105***	-1.567***	0.278	38.088***	0.217	42.482***
	(2.788)	(2.869)	(0.338)	(0.312)	(2.765)	(0.902)	(5.640)
t = 6	56.124***	61.726***	-0.535	0.098	55.829***	-0.066	76.996***
	(3.438)	(3.316)	(0.395)	(0.325)	(3.316)	(0.987)	(6.069)
t = 7	64.998***	73.994***	0.902*	0.898**	64.595***	-0.062	116.400***
	(3.603)	(3.610)	(0.397)	(0.335)	(3.519)	(0.902)	(6.768)
t = 8	71.617***	64.852***	4.383***	1.174***	69.836***	1.381+	99.171***
	(3.623)	(3.830)	(0.444)	(0.345)	(3.423)	(0.901)	(6.291)
t = 9	99.807***	90.825***	7.451***	0.013	100.456***	10.957***	95.410***
	(3.825)	(4.044)	(0.501)	(0.313)	(3.782)	(1.857)	(6.055)
t = 10	155.198***	67.763***	26.201***	1.648***	150.229***	17.554***	168.061***
	(4.419)	(4.781)	(0.533)	(0.351)	(4.017)	(2.316)	(7.416)
Num. Observations	2808	2808	2808	2808	2808	2808	2808
Num. Treated countries	78	78	78	78	78	59	19
Num. Control donors	55	55	55	55	55	55	55
Covariate adjustment	Yes	Yes	Yes	Yes	Yes	Yes	Yes

+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Notes:
ATT estimates from a generalized synthetic control design (Xu, 2017) estimated using interactive fixed effect. Covariates used for adjustment are the country's level of democracy, GDP per capita, agreement with the US in UNGA, and predictability of law enforcement. Units with less than 7 pre-treatment periods have been dropped. The maximum number of pre-treatment estimates is determined by the algorithm based on the minimum number of pre-treatment observations. The estimation evaluated all factor loadings from 0 to 5. Standard errors estimated with bootstrapping (1000 runs). Columns relative to Figure 5 do not report an overall ATT because they are obtained as sub-group aggregation of estimates from Figure 2.

TABLE C.2: Full disclosure of generalized synthetic control dynamic and overall ATT from Figures B.1, B.3, B.9, and B.10.

	Dependent variable: *Number of offshore incorporations*					
	Figure B.1	Figure B.3	Figure B.9 (L)	Figure B.9 (R)	Figure B.10 (L)	Figure B.10 (R)
ATT	48.678***	-4.293*				
	(5.714)	(1.678)				
t = -8	-2.221	1.078	4.118	-0.726	-0.552	0.817
	(1.994)	(1.330)	(3.153)	(0.869)	(2.128)	(0.685)
t = -7	-3.204	4.980***	2.242	1.290+	-0.078	0.626
	(2.196)	(1.332)	(2.650)	(0.779)	(1.782)	(0.690)
t = -6	-3.248	-0.357	-0.984	-0.049	-1.808	0.845
	(2.089)	(1.389)	(2.246)	(0.957)	(1.897)	(0.700)
t = -5	-3.009	-0.733	1.943	0.416	-0.323	0.872
	(2.210)	(1.328)	(1.900)	(0.888)	(1.735)	(0.824)
t = -4	-6.568**	-1.673	0.046	-1.199	0.212	-0.729
	(2.231)	(1.468)	(1.546)	(0.966)	(1.788)	(0.771)
t = -3	-1.560	-3.199*	-2.032+	0.281	0.442	-0.497
	(2.383)	(1.465)	(1.352)	(0.941)	(1.683)	(0.842)
t = -2	-0.250	-0.359	-1.951+	-1.057	-0.308	1.545*
	(2.810)	(1.432)	(1.316)	(0.901)	(1.670)	(0.760)
t = -1	2.307	2.109	-4.093***	-0.003	2.603	0.181
	(3.397)	(1.347)	(1.343)	(0.868)	(1.785)	(0.955)
t = 0	10.398**	1.611	-0.929	-0.117	0.166	0.253
	(3.704)	(1.278)	(1.322)	(0.937)	(1.892)	(0.880)
t = 1	11.641*	-5.327*	2.129+	0.184	-0.247	-2.143**
	(4.528)	(2.464)	(1.324)	(0.886)	(1.853)	(0.993)
t = 2	13.859**	-4.154	0.752	1.403*	-0.241	0.025
	(4.782)	(2.973)	(1.262)	(0.835)	(1.871)	(0.959)
t = 3	27.340***	-6.299*	-1.514	7.642***	-0.566	-0.759
	(5.847)	(3.040)	(1.193)	(1.837)	(3.231)	(0.941)
t = 4	38.713***	-9.939**	1.442**	18.161***	4.436	-0.714
	(6.364)	(3.448)	(0.953)	(2.323)	(4.552)	(0.850)
t = 5	50.413***	-6.259+	2.799***	35.588***	12.310*	-0.445
	(7.006)	(3.375)	(1.092)	(2.431)	(5.269)	(0.904)
t = 6	52.899***	-4.620	2.305*	25.869***	14.660**	0.535
	(7.356)	(3.692)	(1.780)	(2.990)	(6.085)	(0.835)
t = 7	42.539***	2.680	4.374**	45.083***	24.984*	2.169***
	(7.978)	(3.213)	(2.230)	(3.272)	(9.421)	(0.754)
t = 8	39.413***	5.631+	3.758*	66.460***	29.152**	9.381***
	(6.867)	(3.395)	(2.510)	(4.075)	(10.272)	(1.873)
t = 9	54.876***	25.711***	-1.352	79.788***	37.691***	22.033***
	(8.312)	(3.783)	(2.842)	(4.379)	(8.147)	(2.361)
t = 10	68.428***	11.973**	-3.214	89.613***	42.894***	38.202***
	(8.237)	(3.993)	(3.282)	(4.461)	(9.028)	(2.334)
Num. Observations	3306	2232	2808	2808	2808	2808
Num. Treated countries	87	62	10	68	19	59
Num. Control donors	90	74	55	55	55	55
Covariate adjustment	No	Yes	Yes	Yes	Yes	Yes

+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Notes:
ATT estimates from a generalized synthetic control design (Xu, 2017) estimated using interactive fixed effect. Covariates used for adjustment are the country's level of democracy, GDP per capita, agreement with the US in UNGA, and predictability of law enforcement. Units with less than 7 pre-treatment periods have been dropped. The maximum number of pre-treatment estimates is determined by the algorithm based on the minimum number of pre-treatment observations. The estimation evaluated all factor loadings from 0 to 5. Standard errors estimated with bootstrapping (1000 runs). Columns relative to Figures B.9 and B.10 do not report an overall ATT because they are obtained as sub-group aggregation of estimates from Figure 2.

TABLE C.3: Full disclosure of generalized synthetic control dynamic and overall ATT from Figures B.11, B.13, B.14, and B.15.

	Dependent variable: *Number of offshore incorporations*					
	Figure B.11	Figure B.13	Figure B.14 (L)	Figure B.14 (R)	Figure B.15 (L)	Figure B.15 (R)
ATT	63.751***	10.677***	0.804***	63.247***	26.107***	-2.617***
	(2.119)	(0.616)	(0.097)	(1.575)	(1.004)	(0.524)
t = -8	0.005	-0.161	-0.015	-0.596	-1.419	
	(1.088)	(0.324)	(0.045)	(0.858)	(0.867)	
t = -7	1.577	0.307	0.012	0.143	0.034	
	(1.115)	(0.406)	(0.044)	(0.766)	(0.833)	
t = -6	1.900	-0.263	-0.020	-1.681+	-1.039	-0.022
	(1.172)	(0.430)	(0.044)	(0.877)	(0.968)	(0.242)
t = -5	-0.655	0.346	0.011	0.240	-0.982	0.032
	(1.117)	(0.431)	(0.045)	(0.809)	(0.890)	(0.235)
t = -4	-2.160+	-0.050	0.000	-0.542	-0.231	0.098
	(1.188)	(0.437)	(0.047)	(0.752)	(0.834)	(0.225)
t = -3	-1.054	0.051	-0.003	0.495	1.154	0.257
	(1.260)	(0.405)	(0.044)	(0.745)	(0.784)	(0.191)
t = -2	0.257	0.581	-0.025	-0.022	0.917	0.084
	(1.201)	(0.447)	(0.047)	(0.795)	(0.809)	(0.257)
t = -1	-0.614	-0.011	-0.001	0.112	-0.719	0.098
	(1.232)	(0.413)	(0.042)	(0.739)	(0.817)	(0.266)
t = 0	1.788+	0.371	0.033	1.399*	1.212	-0.025
	(1.048)	(0.452)	(0.037)	(0.707)	(0.809)	(0.300)
t = 1	10.415***	0.592	-0.053	6.545***	5.096***	-0.506
	(2.112)	(0.709)	(0.126)	(1.636)	(1.433)	(0.701)
t = 2	16.389***	3.123***	-0.842***	16.060***	-3.001+	-1.862*
	(2.550)	(0.760)	(0.113)	(2.049)	(1.629)	(0.833)
t = 3	17.008***	8.154***	-0.367*	30.296***	14.120***	-1.684*
	(2.954)	(0.857)	(0.158)	(2.057)	(1.748)	(0.740)
t = 4	13.934***	8.883***	-1.286***	20.630***	27.215***	-6.613***
	(3.486)	(0.968)	(0.165)	(2.480)	(1.800)	(0.988)
t = 5	32.273***	7.258***	0.149	35.721***	31.801***	-6.778***
	(3.991)	(1.007)	(0.205)	(2.782)	(2.019)	(0.952)
t = 6	56.665***	9.042***	-0.178	55.647***	22.577***	-3.840*
	(4.190)	(1.117)	(0.214)	(3.429)	(2.093)	(1.530)
t = 7	101.017***	7.832***	1.119***	63.988***	44.726***	2.570
	(4.568)	(1.229)	(0.245)	(3.826)	(2.146)	(1.699)
t = 8	120.371***	13.278***	0.183	69.891***	49.242***	1.627
	(5.535)	(1.086)	(0.260)	(3.550)	(2.244)	(2.731)
t = 9	96.994***	16.797***	0.057	97.752***	78.429***	
	(5.950)	(1.149)	(0.242)	(3.798)	(2.849)	
t = 10	110.142***	41.452***	2.355***	152.329***	46.819***	
	(6.015)	(1.365)	(0.234)	(4.196)	(2.790)	
Num. Observations	2412	2808	2808	2808	2808	570
Num. Treated countries	67	78	78	78	78	38
Num. Control donors	83	55	55	55	55	55
Covariate adjustment	Yes	Yes	Yes	Yes	Yes	Yes

+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Notes:
ATT estimates from a generalized synthetic control design (Xu, 2017) estimated using interactive fixed effect. Covariates used for adjustment are the country's level of democracy, GDP per capita, agreement with the US in UNGA, and predictability of law enforcement. Units with less than 7 pre-treatment periods have been dropped. The maximum number of pre-treatment estimates is determined by the algorithm based on the minimum number of pre-treatment observations. The estimation evaluated all factor loadings from 0 to 5. Standard errors estimated with bootstrapping (1000 runs).

TABLE C.4: Full disclosure of staggered difference-in-differences dynamic ATTs from Figures B.4 and B.7.

	Dependent variable: *Number of offshore incorporations*							
	CSA (2021)	TWFE	SA (2021)	dCDH (2020)	G (2022)	W (2021)	BJS (2024)	LWX (2024)
t = -10	-27.462+	-28.100*	-28.310*	-39.463+	-9.198***		-28.464*	-1.869**
	(14.219)	(13.153)	(13.585)	(22.363)	(2.426)		(13.897)	(0.639)
t = -9	-27.255+	-28.089*	-28.017*	-32.459+	-10.363***		-29.823*	-0.166
	(14.118)	(12.438)	(13.124)	(17.203)	(2.782)		(13.525)	(0.768)
t = -8	-27.169*	-28.301*	-27.972*	-30.826*	-9.301**		-28.858*	-1.507*
	(13.357)	(11.783)	(11.955)	(15.370)	(3.165)		(12.464)	(0.650)
t = -7	-26.886*	-29.981*	-27.555*	-29.196*	-10.788**		-30.285*	-0.593
	(13.468)	(12.038)	(12.033)	(13.994)	(3.767)		(12.638)	(0.808)
t = -6	-24.935+	-30.760**	-25.609*	-27.482*	-10.474+		-30.084*	-1.616*
	(13.071)	(11.726)	(10.845)	(12.311)	(5.977)		(11.790)	(0.696)
t = -5	-24.739*	-28.424**	-25.256*	-25.711*	-8.397		-27.950*	0.333
	(12.084)	(10.848)	(10.108)	(10.847)	(5.936)		(11.192)	(0.976)
t = -4	-19.824*	-25.043**	-20.126**	-20.255*	-4.318		-23.766*	0.037
	(9.820)	(9.201)	(7.660)	(8.120)	(7.440)		(9.311)	(0.956)
t = -3	-17.943+	-23.372*	-18.133*	-18.038*	-3.625		-22.850*	1.271
	(10.418)	(9.748)	(7.430)	(7.696)	(9.357)		(9.971)	(0.820)
t = -2	-8.098	-12.883	-8.200	-7.750	5.914		-12.993	1.156
	(7.662)	(8.260)	(5.988)	(6.202)	(11.299)		(8.607)	(0.824)
t = -1								1.632
								(1.053)
t = 0	3.992	5.687	3.988	3.333	0.661	28.454*	22.460+	4.245**
	(4.419)	(4.882)	(3.995)	(4.125)	(0.428)	(12.080)	(12.650)	(1.535)
t = 1	8.838	16.303	8.986	7.717	26.794	30.744*	26.794+	15.890
	(9.048)	(10.393)	(8.724)	(8.789)	(16.857)	(12.969)	(14.792)	(12.476)
t = 2	24.181	30.704	24.716	23.483	42.475	45.964*	42.475+	23.252
	(22.134)	(18.673)	(16.506)	(17.146)	(26.311)	(20.397)	(22.770)	(17.343)
t = 3	37.652	43.859+	38.034	37.226	56.244	59.407*	56.244+	40.049
	(33.268)	(26.108)	(23.795)	(24.956)	(34.489)	(27.149)	(29.794)	(30.139)
t = 4	50.362+	54.755*	51.052*	50.290+	69.116+	71.581*	69.116*	52.331
	(26.842)	(27.638)	(25.117)	(25.819)	(36.180)	(28.217)	(31.377)	(41.018)
t = 5	54.311*	58.965*	54.918*	54.152*	73.327*	74.925**	73.327*	60.203
	(27.584)	(25.870)	(24.021)	(24.186)	(32.917)	(26.165)	(28.745)	(40.729)
t = 6	37.758*	47.858*	38.565*	38.073*	60.145*	66.891**	60.145**	53.986+
	(16.881)	(19.710)	(16.179)	(16.817)	(25.098)	(20.742)	(21.680)	(29.237)
t = 7	30.385	44.849*	30.842+	30.543+	52.946*	60.210**	52.946*	57.019+
	(19.052)	(21.068)	(17.434)	(18.382)	(24.698)	(22.198)	(21.673)	(30.747)
t = 8	34.737	52.052*	35.720	34.973	64.882*	68.156**	64.882*	62.993+
	(24.924)	(25.796)	(23.115)	(24.175)	(31.977)	(25.725)	(28.144)	(35.388)
t = 9	43.263	62.490*	43.919+	43.969	77.939*	77.105**	77.939*	91.550*
	(28.328)	(28.546)	(25.868)	(26.973)	(35.472)	(28.180)	(31.310)	(44.773)
t = 10	54.146*	68.097*	55.001*	55.013*	92.338*	81.882**	92.338**	126.237*
	(24.469)	(29.389)	(23.827)	(24.852)	(39.558)	(28.467)	(35.291)	(56.065)
Num. Observations	6878	7410	7409	6397	6878	7410	7410	4788
Covariate adjustment	No	No	No	No	No	No	No	Yes

+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Notes:

ATT estimates from various staggered-treatment difference-in-differences designs. Estimators included are, respectively: Callaway and Sant'Anna (2021); Two-way fixed effect; Sun and Abraham (2021); de Chaisemartin and D'Haultfœuille (2020); Gardner (2022); Wooldridge (2021); Borusyak, Jaravel, and Spiess (2024); Liu, Wang, and Xu (2024). Estimators are referred to using initials of authors' surnames and publication year (except for two-way fixed effect). Estimator in LWX (2024) is the matrix-completion method for fixed-effect counterfactual estimation. Standard errors clustered at the country level. Year -1 serves as a baseline for all estimators but LWX (2024). Wooldridge (2021) only estimates post-treatment values thus the model reports no pre-treatment estimates.

TABLE C.5: Full disclosure of `panelMatch` ATTs from Figure B.6.

	Dependent variable: *Number of offshore incorporations*			
	No refinement	Mahalanobis matching	PS weighting	CBPS weighting
t = 0	11.642	11.072	9.801	10.033
	[-1.401, 27.926]	[-2.438, 33.054]	[-4.179, 32.426]	[-3.474, 33.295]
t = 1	25.805	27.452	27.757	28.288
	[4.662, 55.804]	[0.316, 72.716]	[0.361, 75.032]	[0.303, 76.739]
t = 2	61.779	66.583	65.460	65.916
	[13.069, 131.031]	[6.874, 171.049]	[6.983, 172.907]	[6.260, 172.028]
t = 3	85.748	88.338	87.020	87.289
	[12.877, 189.520]	[5.556, 247.347]	[6.007, 245.497]	[4.355, 249.021]
t = 4	94.676	83.962	80.920	80.725
	[15.596, 192.166]	[8.941, 210.988]	[6.912, 207.840]	[3.924, 210.486]
t = 5	86.961	52.545	50.642	50.733
	[20.586, 182.477]	[9.412, 108.662]	[7.080, 104.949]	[5.158, 110.468]
t = 6	58.504	40.248	35.501	35.026
	[21.109, 99.671]	[7.866, 79.068]	[1.597, 78.480]	[-0.606, 78.697]
t = 7	41.923	42.603	34.919	34.765
	[3.856, 85.408]	[0.143, 100.066]	[-11.170, 96.333]	[-9.303, 100.238]
t = 8	48.049	55.755	48.314	48.221
	[3.378, 99.002]	[6.465, 121.205]	[-4.025, 118.475]	[-3.100, 120.672]
t = 9	57.123	63.510	56.828	57.387
	[8.010, 114.433]	[10.141, 128.026]	[4.257, 127.215]	[5.219, 128.092]
t = 10	52.976	48.510	43.858	44.185
	[4.997, 106.776]	[1.715, 102.056]	[0.204, 100.093]	[-1.131, 101.844]

Notes:
ATT estimates from four `panelMatch` adjustments. Adopted adjustments are, respectively: No refinement; Mahalanobis matching; PS weighting; CBPS weighting. Covariates used for matching are the country's level of democracy, GDP per capita, agreement with the US in UNGA, and predictability of law enforcement. For all our matching procedures, we consider a lag of ten years before the treatment and match units based on the four covariates and the corresponding full matrix of ten-year lags. For Mahalanobis, we match 10 control units for each treated one. We report 95% confidence intervals obtained with 1000 bootstrapped iterations.

TABLE C.6: Full disclosure of overall ATTs from generalized synthetic control designs leaving-one-haven-out from Figure B.12.

Excluded	ATT
Bermuda	11.04*** (2.56)
British Virgin Islands	39.91*** (0.89)
Malta	47.64*** (1.36)
Seychelles	59.65*** (1.59)
Samoa	61.01*** (1.64)
Anguilla	63.25*** (1.58)
Cayman Islands	63.51*** (1.60)
Panama	64.02*** (1.61)
Cook Islands	64.48*** (1.60)
Jersey	64.77*** (1.60)
Labuan	64.94*** (1.62)
Hong Kong SAR China	65.02*** (1.62)
Belize	65.03*** (1.66)
Cyprus	65.04*** (1.69)
Singapore	65.08*** (1.66)
Malaysia	65.09*** (1.64)
Costa Rica	65.09*** (1.64)
Guernsey	65.10*** (1.63)
Grenada	65.10*** (1.64)
New Zealand	65.11*** (1.63)
St. Lucia	65.11*** (1.62)
Vanuatu	65.11*** (1.64)
St. Kitts & Nevis	65.11*** (1.65)
Marshall Islands	65.12*** (1.64)
Turks & Caicos Islands	65.12*** (1.57)
Ras Al Khaimah	65.12*** (1.63)
Luxembourg	65.13*** (1.69)
Netherlands	65.13*** (1.58)
Netherlands Antilles	65.13*** (1.66)
Brunei	65.13*** (1.58)
Aruba	65.13*** (1.64)
United Arab Emirates	65.13*** (1.62)
Antigua & Barbuda	65.13*** (1.59)
Barbados	65.13*** (1.61)
Liechtenstein	65.13*** (1.63)
Liberia	65.13*** (1.57)
Ireland	65.13*** (1.62)
Monaco	65.14*** (1.62)
United Kingdom	65.14*** (1.62)
Niue	65.15*** (1.62)
Mauritius	65.46*** (1.60)
Isle of Man	66.26*** (1.52)
Bahamas	67.03*** (1.45)

Notes:
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Overall ATT estimates obtained from the generalized synthetic control method in Figure 2 when leaving one haven out at the time. For ease of reporting, we present ATTs, levels of significance, and standard errors on the same line. Dependent variable is the number of offshore incorporations.