In the last decade core states acting through international organisations have attempted to set global standards to combat financial crime, shore up the stability of the global financial architecture and especially regulate 'harmful' international tax competition, targeting in each case small state tax havens. In response the small states in the sights of multilateral regulatory initiatives have successfully employed 'weapons of the weak', particularly 'rhetorical action', in subverting and reversing core states' rhetorical justifications for the inter-related campaigns. Through normative appeals, argument and rhetoric based on deeply held beliefs concerning the virtues of competition and principles such as inclusive, non-discriminatory standard setting, small states have undermined the legitimacy of core state proposals. These global regulatory campaigns came to be perceived as employing coercive methods and embodying double standards in pursuit of anti-competitive goals. With reference to the Organisation for Economic Co-operation and Development (OECD) harmful tax competition campaign in particular, this chapter examines how a coalition of the world's richest and most powerful states has been defeated by an unlikely clutch of small island states and mediæval holdovers through what the editors refer to as a 'mimetic challenge'.

In discussing international organisations, norms and power politics, the chapter deals with central issues for the field of international relations, including how political factors shape the global economy, as well as governance and authority relationships in the international system generally. Yet this chapter diverges from mainstream scholarship in being centred on the actions of a group of forty-one small state tax havens targeted by core states via the OECD, thus turning the spotlight on small, peripheral actors which have traditionally been marginalised by the dominant regulatory framework. More than just curios, small tax havens in the Caribbean, the Pacific and Europe have been crucial in shaping an emerging international tax regime, overturning key policies
favoured by core states and delegated to exclusive international organisations. Thus this chapter returns to the subject of core–periphery conflicts in international political economy that has been partially eclipsed with the decline of the dependency theory approach.

More concretely, it is argued that small states, using ‘rhetorical action’ (Schimmelfennig 2001), were able to defeat these various financial initiatives largely due to the double-edged nature of regime discourse. Having so closely identified themselves with the virtues of competition, core states, and even more so international economic institutions, could not be seen to violate these precepts without losing legitimacy. Furthermore, the nature of international organisations makes them poorly suited to building or changing international regimes via coercive strategies. In analysing how small states’ tactics could be so successful, the chapter takes a distinct line from the ‘neo-neo’ consensus. However, it also challenges some constructivist international relations scholarship. In importing concepts like ‘norm entrepreneurs’ and ‘framing’ from sociology, constructivist scholars must be careful to avoid the voluntarist excesses of the social movement theorists that coined these terms. The need for caution is all the more apparent as these terms are being renounced by their creators. Conversely, the chapter also argues against the view that dominant norms must serve the interests of the powerful. Instead it is argued that a more dialogic conception of discursive politics is needed, in which the principles of the strong can be used for the ends of the weak via a mimetic challenge. The following section presents the background of the ‘top-down’ regulation in building an international tax regime, before explaining how these measures were defeated by tax haven states in the periphery. The argument then moves on to discuss competing sociological inspirations for constructivist international relations theory while the conclusion draws out the policy and normative implications of the material presented.

Global financial reform and ‘top-down’ regulation from 1998

In 1998, spurred by general anxieties about economic globalisation and the recent experience of financial crises in developing markets, the United States and the European Union decided to embark on an ambitious program of reform for the global financial order. Existing international organisations were entrusted with new functions and new bodies were set up to carry out various initiatives under the general umbrella of the Group of 7 industrialised countries (G7). A new Financial Stability Forum (FSF) was set up to counter the problem of financial contagion across borders. The Financial Action Task Force (FATF), operative since 1990
in countering money laundering, was given new powers. Most signifi-
cantly, however, the OECD’s Committee on Fiscal Affairs was entrusted
with a new initiative to combat ‘harmful tax competition’. The United
States and the European Union, although beginning from different prem-
ises, arrived at the same conclusion: that their fiscal sovereignty was
threatened by increased competition for internationally mobile capital. It
was feared that without preventative action, a ‘race to the bottom’ would
ensue, with states engaging in a bidding war of tax cuts, endangering
overall revenue, skewing the tax burden away from mobile capital towards
immobile labour and ultimately undermining democratic accountability.
Radaelli describes the ‘doomsday’ scenario present in Europe as follows:

IFEU countries do not act together, a political time bomb will bring the disinte-
gration of the welfare state. Capital income taxes will spiral down to zero, corporations
will move profits to special tax regimes, and governments will be left with the sole
option of asking for more revenue from low skilled labour. (Radaelli 1999: 670)

As such, concerns about tax competition and, more broadly, financial
stability and crime, reflect general anxieties about the difficulty of main-
taining national economic sovereignty in the face of the global economy.

Although these new initiatives targeted different aspects of the global
financial system, they shared a common diagnosis and solution. Above
all, the FSF, FATF and OECD believed that a few dozen small, under-
regulated jurisdictions were the source of these overlapping problems.
These tax havens not only attracted large sums of money away from
OECD economies, but also served to exert pressure on others to follow
their lead in cutting tax rates and lowering regulatory standards to attract
foreign investment. Tax havens were seen as engaging in ‘unfair’ com-
petition, aiding OECD country nationals in avoiding or evading tax, and
turning a blind eye to criminal activity such as money laundering (OECD
1998; Wechsler 2001). G7 countries, and particularly the Clinton admin-
istration, decided that because of the importance of the issues at stake,
and because of the new realities created by globalisation, a novel strategy
was required. A deliberate decision was taken to avoid working through
the World Trade Organisation, the United Nations or other bodies with
open membership and equal voting rights. These features were seen as a
recipe for drawn-out negotiations, messy compromises and lowest com-
mon denominator solutions. Instead the G7, and particularly the US
and EU, favoured an approach whereby they would work towards design-
ing a new international tax regime, and then impose key aspects on the
rest of the world. The method by which these new standards were to
be spread colloquially became known as ‘naming and shaming’. The
OECD, FATF and FSF would assess non-member jurisdictions against
the new standards and blacklist those which fell short. The former Special Advisor to the US Treasury Secretary explained the logic as follows:

The Clinton administration realised that any new approach had to focus on stemming the proliferation of underregulated jurisdictions and tackling those jurisdictions that were already established ... Furthermore, any strategy had to be global and multilateral, since unilateral actions would only drive dirty money to the world's other major financial centres. Yet Washington could not afford to take the 'bottom-up' approach of seeking a global consensus before taking action; if the debate were brought to the UN General Assembly, for example, nations with underregulated financial regimes would easily outvote those with a commitment to strong international standards ... The three efforts [OECD, FATF and FSF] each followed a 'top-down' approach in which nations would establish international standards and evaluative criteria before engaging with those who lacked the commitment. (Wechsler 2001: 49)

In mid-2000 these organisations each released overlapping blacklists, comprised almost exclusively of micro-state, non-member jurisdictions (see endnote 1), which were judged to be under-regulated. The blacklists were coupled with threats that unless the new regulations on collecting more financial and tax information and sharing this information with foreign authorities were enacted, further measures would be taken.

Small states’ victories

The G7 governments and the international organisations entrusted with imposing new global regulations on tax, finance and banking were confident of their ability to overcome any opposition and the ultimate success of the regulatory projects. This optimism is hardly surprising given that most of the forty-one jurisdictions judged as under-regulated by the OECD were very small (almost all with under a million people, a majority with under 100,000), usually poor, aid-dependent and generally extremely vulnerable to coercion. Yet since 2001 the various ‘top-down’ initiatives have either failed or been modified to become more consensual, inclusive ‘bottom-up’ exercises. Materialist approaches like realism have difficulty explaining this result, taking into account the huge difference in resources between the G7 states and the micro-state tax havens like Liechtenstein and the Bahamas. Instead this chapter argues that regime discourse, and particularly the valorisation of market competition, provided tax havens with an opportunity to trip up core states and the OECD with the very same principles these actors had helped to establish. A mimetic challenge could therefore be established and executed by the tax havens. More generally, the nature of international organisations means that they are just not very good at using coercion to establish new global rules and
standards (see the following section). The confrontational ‘top-down’ approach provided more haste but less speed relative to the more traditional ‘bottom-up’ method. Before developing these points further, it is important to outline briefly progress of the OECD Harmful Tax Competition initiative.

As noted earlier, from the mid-1990s OECD governments were concerned by the spectre of a ‘race to the bottom’ in taxes. Tax havens were seen as catalysing this development, by allowing firms and wealthy individuals to avoid or evade tax. Individuals and firms could transfer their assets to offshore trusts, manipulate transfer-pricing rules, or negotiate with tax haven governments for ‘designer’ tax regimes (Palan 2003). These concessions offered by tax havens to attract investment were most often ‘ring-fenced’, in that they were available only to foreign investors, domestic investors being ineligible. Such concessions were explicitly directed at attracting foreign investment, passing the revenue cost of tax competition onto other countries while protecting tax havens’ domestic tax base. The OECD declared that ring-fenced tax concessions were no longer acceptable in attracting financial services (but allowed continuing ring-fenced tax concessions often used by OECD countries in attracting physical plants). Small state tax havens are crucially dependent on ring-fencing, with next to no domestic investment and few other attractions for foreign companies, and thus perceived that they would be driven out of the market for financial services if they adopted the new standards. Indeed, many tax haven governments alleged that this was just what the OECD wanted, especially those states with large financial centres (Such as London, New York and Tokyo) that stood to gain from removing the competition. Tax havens were also incensed by the ‘top-down’ approach employed, which they characterised as a neo-colonial exercise in bullying and hypocrisy, directly at odds with the sovereign prerogative of states to make their own laws.

From 2000 the OECD was persistently criticised for demanding that small, poor states adopt standards that two of the OECD’s own members, Switzerland and Luxembourg, which engaged in many of the same practices as the targeted states, had rejected. Others objected that as a ‘rich countries’ club’, the OECD was in no legal or moral position to dictate the tax and banking codes of non-member sovereign states, particularly as there had been no effort to compensate the developing states affected. Small states secured a key victory in persuading the United States to defect from the OECD campaign in May 2001. The Washington-based ambassadors of Caribbean nations like Antigua and Barbuda and Barbados managed to channel their arguments through conservative American lobby groups and think tanks, which were incensed by the
prospect of a ‘global tax police’ run from Paris on behalf of ‘socialist’ European welfare states. Taking turns to represent the public face of the opposition, Caribbean representatives and think tankers mobilised a coalition from across the political spectrum against the Harmful Tax Competition initiative. This stretched from Republican stalwarts to the Democrats’ Congressional Black Caucus. After a period of initial indecision, the Bush administration became convinced by the rhetoric of the tax havens and their supporters (Sharman 2006).

Small states were able to appropriate and reverse the OECD’s own rhetoric regarding competition and the ‘level playing field’ to highlight the shortcomings of the campaign. From the standpoint of dominant liberal economic beliefs, tax competition may well constitute a healthy discipline over governments in forestalling illiberal economic policy (Helleiner 1999). The OECD has acted as one of the primary vehicles of these beliefs. Porter and Webb (2004, 11) refer to the organisation’s economic ‘liberalising vocation’ as its fundamental purpose. In line with this vocation, one OECD official remarked with reference to the tax competition campaign: ‘As an economist, how can you ever say anything bad about competition?’ (Economist, 21 September 2000). From the other side, one representative of Pacific tax havens echoed the same point: ‘Harmful tax competition? You’re the OECD, you love competition’ (author’s interview, Suva, Fiji, November 2004). The success of this line of attack can be gauged by the OECD’s confused and defensive reaction, dropping the formula ‘harmful tax competition’ and replacing it with ‘harmful tax practices’, and then charging that tax havens actually undermined tax competition. The extent to which the OECD convinced itself in executing this U-turn is an open question, but it did not convince tax havens or third parties (Gilligan 2004; Webb 2004).

Embarrassed by widely publicised accusations of anti-competitive behaviour and discriminatory standards, by early 2001 the OECD had noticeably softened its stance on sanctions and agreed to negotiate the content of the new regulatory package. Although the campaign was not officially abandoned, the central plank of abolishing ring-fenced concessions was dropped and the ‘top-down’ approach compromised by removing the threat of sanctions and agreeing to dialogue. Tax havens, now referred to by the OECD as ‘participating partners’, managed to extract a further important concession in early 2002 when they gained agreement that they would reform only after all thirty OECD members had taken equivalent measures. As Switzerland and Luxembourg have consistently refused to make any of the necessary reforms relating to information sharing, this concession effectively means that tax havens are under no obligation to adopt new standards.
While the FSF and particularly FATF campaigns have met with more success, there has been a similar tendency to dilute or abandon the ‘top-down’ coercive approach. In November 2002 the FATF agreed to discontinue its annual naming and shaming exercise. Similarly, despite an early commitment to blacklisting and sanctioning, the FSF has ceded its functions to the International Monetary Fund (IMF) which emphasises dialogue, consensus, capacity building and technical assistance. The IMF Offshore Audit exercise specifically rejects blacklists and sanctions, and only makes findings public with the consent of jurisdictions audited. Why has the top-down approach to imposing new global standards for finance and tax brought such meagre results, even when applied to such vulnerable states?

Explaining small states’ victories: regimes and international organisations

Above all, this section argues that the nature of international institutions often at the heart of regimes such as the OECD and FATF provides opportunities for small states to increase their influence on the process of global standard-setting by holding such bodies, and through them large states, accountable to basic and widely accepted principles of justice and fairness in international politics. This sheds light not only on the experience of attempts at reforming global financial regulation from 1998, but also broader questions of power and influence in international relations.

Four characteristics of international organisations in particular are important for small states seeking to influence these institutions, and through them regimes, by the use of mimetic challenges (for an expanded account, see Sharman 2006). Firstly, while often state creations to foster or uphold regimes, international organisations are to a significant degree autonomous from their member states and put a high priority on their own institutional survival and success. Secondly, these organisations are poorly equipped to employ coercion and monitor unwilling compliance in building, maintaining and policing regimes, even in the limiting case of the international financial institutions with conditional lending. Instead the means employed to establish and sustain regimes by international organisations, moral and reasoned suasion, are crucially dependent on their institutional reputation and legitimacy. Attempts to foster voluntary compliance with and ‘ownership’ of specific regulations and more diffuse regimes reflects not so much a normative stand as a pragmatic acceptance that international regimes are unlikely to be effective in the face of resistance from even small and developing states. Thirdly, international organisations can be held accountable or shamed in public debate
when they act at variance with central regime norms such as the importance of competition. As such international organisations are sensitive to the kind of ‘political ju-jitsu’ or ‘accountability politics’ often practiced by non-government organisations, whereby they can be pressured into conforming with widely shared conceptions of appropriate behaviour as well as specific earlier public commitments, whether or not these earlier commitments were sincere or merely expedient. Fourthly, bodies such as the FSF, FATF and even the OECD operate in an environment of ‘institutional Darwinism’, i.e., of many close competitors operating to sustain any given regime, and member states who put increasing emphasis on getting ‘value for money’, creating pressures to adapt and survive. International institutions that fail to live up to members’ expectations or attract too much bad publicity may find themselves marginalised and starved of funds. The ruthlessness of US administrations when dealing with international organisations that have fallen foul of domestic political priorities makes this fact particularly salient.

Although founded, funded and in the last instance controlled by member states, these international organisations have a significant degree of autonomy (Barnett and Finnemore 2004). If they were instruments of states pure and simple there would be no self-interest in maintaining their institutional survival, or promoting their public profile as goals in and of themselves. In fact, however, international institutions such as the OECD and FATF put a premium on organisational survival and success above and beyond the immediate interests of their constituent member states. As such this autonomy and self-interest gives a point of entry for critics. International organisations are concerned with their public profiles and hence vulnerable to bad publicity. For example, although the failure of the Multilateral Agreement on Investment owed a great deal to intra-OECD disagreements, the associated negative publicity for this particular initiative was both consequential and damaging to the OECD as a whole (Henderson 1999). Negative publicity can lead to indirect pressure as politicians fear the electoral repercussions of activist protests and campaigns, and more directly as international organisations worry about their ability to successfully reach specified goals and maintain their budgets (see below). Less tangibly but more importantly such bodies depend on their reputation for embodying the techniques of international best practice and more broadly on their authority as principled participants in international relations.

Because institutions like the OECD, FATF and FSF generally rely on such forms of moral and reasoned suasion as benchmarking, black- or whitelisting, peer review and peer pressure, each of which is in turn reliant on institutional standing and reputation, damage to their public image
very directly translates into reduced effectiveness, and greatly hinders their ability to meet important institutional goals. A paper by the OECD secretariat on the importance of these methods notes that mutual trust between the parties involved is key to the success of the exercise, and that ‘there is a strong linkage between the credibility of the process and its capacity to influence’ (Pagani 2002, 13). Relatedly, the standards agreed on by various specialised bodies often rely on voluntary adoption by other international organisations and governments. As a general rule, standards are only as legitimate (and thus likely to be disseminated and effective) as the bodies that draft them. In turn, this puts a premium on widespread consultation and dialogue rather than a ‘top-down’ approach. Thus the FATF Forty Recommendations have been voluntarily endorsed and reinforced by other international organisations as diverse as the Black Sea Economic Co-operation Council, the Commonwealth Heads of Government, the Offshore Group of Banking Supervisors and the United Nations General Assembly (Galvao 2001), not because of coercion or inducements, but because they are seen as representing international best practice and endowed with the reputation and authority of their institutional author. For the OECD also ‘influence . . . depends critically on the OECD’s identity as an unbiased source of knowledge and advice’ (Porter and Webb 2004, 20). Even coercive strategies like blacklisting and sanctions indirectly rely on third parties judging that such penalties and threats are fair and legitimate in order to be effective. Once again, the extent that the particular sanction is accepted in the international community is closely linked with the reputation of the institution imposing such measures (Hurd 2002).

In light of the above, one of the most productive ways of generating public leverage over international organisations is to compare publicly articulated principles embedded in the regime with actual behaviour. Since the end of the cold war, international organisations have generally been founded to embody and propagate the importance of market competition, non-discrimination, consensual dispute settlement, good governance and so on, and bodies such as the FATF and FSF are no exception. These sort of public and frequently re-affirmed commitments provide an opening for outsiders to hold such institutions accountable to their principles. Tax havens did this well, contrasting the top-down exclusive cast of the OECD campaign with quotes from the official heading the initiative, for example:

The important thing is that as many people as possible have a seat at the table in setting what the rules would be. I see that as a general trend in a lot of our work. We must be opening up; we must become more inclusive; we must try not just be inviting countries to come and listen to what we have to say, but we’ve got to be inviting them and saying, ‘You are here as partners. We’re interested in what your views are, and your views will shape things that come out of the OECD’. (ITIO 2002, 19)
Declarations in this vein from international civil servants could be reproduced *ad infinitum*, but given the selectivity and discriminatory character of at least some of the multilateral initiatives they chair, the question is: are such public commitments anything more than just window dressing?

Taking the most pessimistic and cynical reading of recent efforts to regulate global finance (which is not the position of this chapter), namely that they are exclusively motivated by mercantilist concerns to entrench the G7 countries' dominance of the global financial services industry, there is still good reason to think that pronouncements on the virtues of economic competition and political inclusiveness are consequential. Even if they were never intended to be taken at face value, these sorts of public commitments can be used to bind international organisations and hold them accountable to principles which they may have introduced to the debate solely on pragmatic or instrumental grounds. Recent scholarship on the eastwards expansion of the EU has emphasised how what was at the time 'cheap talk' by existing member governments and Brussels institutions concerning the desirability of an enlarged union, came back to haunt them during the negotiation process. Despite operating from a very weak bargaining position, with little to offer the existing fifteen members in economic or security terms, post-Communist applicants have been able to capitalise on earlier rhetoric by their interlocutors on the need for an inclusive EU incorporating all European democracies. Even those within the EU unconvinced of the merits of expansion have so far been reluctant to admit that they had never really meant what they had said about including post-Communist states (Schimmelfennig 2001).

This sort of 'rhetorical self-entrapment' means that parties looking to dishonour earlier public commitments must weigh costs of losing credibility and legitimacy in the eyes of bargaining partners and the international community at large against the advantage of preaching one thing and practising another. Although international politics is replete with examples of persistent and blatant hypocrisy, there are good reasons to think that international organisations are more sensitive to the costs of violating such norms than states. In their mammoth study of global business regulation in thirteen separate areas based on over 500 interviews, Braithwaite and Drahos (2000) come to the conclusion that by and large dialogue is not only more congruent with international norms of behaviour, it is also more efficient than coercion.

Building on these observations about the ability of outsiders to hold international organisations accountable to earlier commitments, it is also important to note that although these multilateral bodies are in many ways in the ascendant they can be individually quite vulnerable. The very proliferation and convergence of such institutions means that there are
more and more competitors for any given policy area, and that member states are more and more insistent about getting 'value for money'. Although the World Bank and the IMF are well entrenched, even an institution of the pedigree of the OECD cannot be complacent about its survival. Its efforts to expand from being basically a think tank to a venue for regulatory negotiations have not been particularly successful (Marcussen 2004). Former British Chancellor of the Exchequer, Norman Lamont, stated that there is nothing the OECD does that could not be done by the IMF, except the statistical functions which could easily be hived off to another body (Spectator, 1 July 2000: 26). In late 2004 moves were afoot in the US Congress to cut off all funding to the institution as a direct result of its involvement in the tax competition campaign (Financial Times, 19 November 2004). Even representing as they do the world's most powerful countries, the congeries of international organisations currently involved in setting global tax and financial regulations can be successfully contested by groups of small and developing countries and NGOs through everyday tactics such as mimetic challenge.

Non-regulatory constructivism and social movements in international relations and sociology

So far this chapter has argued that small states can be effective in defending their interests by copying the tactics employed by NGOs, in particular using a mimetic challenge to point out the gap between principles that constitute regimes and the behaviour of dominant states and international institutions. In studying the activities of such groups in the international arena, international relations scholars have tended to adopt a particular approach formulated in sociology to analyse social movements. The defining example is Finnemore and Sikkink's piece in the 1998 golden anniversary issue of International Organization, representing the state of the art in the field. This section argues that there are important flaws in this approach, now conceded even by the sociologists who were most important in developing it (McAdam et al. 2001), while the next section presents the beginnings of an alternative approach.

The predominant approach to studying social movements in sociology in the 1990s built on the foundations of the resource mobilisation literature from the 1970s which saw groups as strategic actors. This has been reflected in international relations with the rise of such terms as 'norm entrepreneurs' for social movement leaders. Four basic assumptions are common to this strategic conception of social movements: that collective action is costly, that contenders count costs, that such action is
undertaken in pursuit of collective goods and that contenders weigh up expected costs against expected benefits (Tilly 1978: 99).

In the 1990s there was an effort to combine the insights of resource mobilisation explanations with more directly political and cultural elements. This development occurred in part because of dissatisfaction with the confining economistic assumptions of resource mobilisation. A strict conception of self-interest and selective incentives was expanded to include notions of ‘soft’ or solidaristic incentives (McAdam et al. 1988). The main innovation, however, was the inclusion of ‘framing processes’: ‘the collective processes of interpretation, attribution, and social construction that mediate between opportunity and action’ (McAdam et al. 1996: 2). Frames or framing processes were incorporated into the study of social movements thanks in large part to the work of David Snow. He posed such questions as ‘How do individuals decide to participate in a particular crowd or movement activity? What is the nature of decision-making process? What determines the kinds of meanings that are attributed to particular activities and events? How do these meanings get constructed?’ (Snow and Oliver 1995: 582). The return of interest in such questions was somewhat hyperbolically referred to as ‘bringing culture back in’ (McAdam et al. 1996: 6).

In the most well-developed account of ‘collective action frames’ they are defined as an ‘emergent action-oriented set of beliefs and meanings that inspire and legitimate social movement activities and campaigns’ (Snow and Oliver 1995: 587). The 1996 edited volume, Comparative Perspectives on Social Movements, in many ways the culmination of writing in this vein, disaggregates the concept of frames in a manner that should now be familiar to constructivist international relations scholars: ‘(1) the cultural tool kits available to would-be insurgents; (2) the strategic framing effort of movement groups; (3) the frame contests between the movement and other collective actors – principally the state ...; (4) the structure and role of the media in mediating such contests; and (5) the cultural impact of movement in modifying the available tool kit’ (McAdam et al. 1996: 19). Despite references to social construction, scholars studying social movements in sociology then, and international relations now, stress the strategic ‘tool kit’ nature of frames, strictly in keeping with the general conception of social movements as strategic actors. The sociologist Sidney Tarrow explicitly argues against the view of ‘movements as text’, in favour of the view that ‘meanings are constructed out of social and political interaction by movement entrepreneurs’ (Tarrow 1994: 119). Tarrow cannot conceive of explanations of social movements based on cultural relations and the force of ideas; ‘if meanings are “fixed” by ... rhetorical renderings, who does the rendering
and won’t future movements require agency to be mobilised? (Tarrow 1994: 121). Explanations based on frames are replete with voluntaristic accounts of how frames are chosen, manipulated and created by agents, how conflicting social movements and the state select and employ various elements of the cultural tool kit and so forth. Often the way in which such terms as ‘framing contest’ are used gives the impression that ‘public relations campaign’ would serve as an appropriate synonym. Once again, these features of the sociological literature have now been imported to international relations.

What are the weaknesses of this actor-centred view of social movements and frames in particular in sociology and sociological international relations? First and foremost is the convoluted treatment that reduces culture and a society’s stock of shared meanings to a ‘tool kit’, to be raided and pressed into service when most convenient and efficacious. The idea that social movements may in fact be bound by or even a product of such shared meanings does not seem to be allowed. It is hard to imagine a concept less suited to this voluntaristic pick-and-choose treatment than culture; indeed, this has been one of the main reasons it has fallen into disfavour among wide sections of the discipline. Individuals and groups are enmeshed and socialised within such webs of meaning, even allowing a role for agency, movements could only employ frames in the manner Tarrow et al. suggest they do if actors were completely isolated from society and the dominant ideas of the time.

Thus despite the inclusion of what might initially be regarded as identity-based factors, strategy-based conceptions of social movements and international NGOs have tended to remain just that: focused on the actor, with a highly voluntaristic cast, and premised on rational maximising behaviour. Culture is only presented in the context of another menu of tactical options from which movement leaders can choose. This essential unity of the field is best captured by Münch, who points out that despite the new elements the ‘conceptual framework is still actor-centred, and [the] . . . argument hinges on the strategic problem of getting “from here to there”. Social movement theory is essentially about a variety of resources which organisers or leaders draw upon to constitute a movement’ (Münch 1995: 670). For international relations scholars, constructivist accounts tend to lose their distinctiveness relative to the dominant rationalist theories. Symbols, argument and rhetoric become one more instrument to be pressed into service in maximising actors’ utilities, akin to economic sanctions or military force. At a time when this view is still in the ascendant in international relations, Sidney Tarrow, Doug McAdam and Charles Tilly, the three most important sociologists behind this perspective, have now repudiated it (McAdam et al. 2001).
Rhetorical action as an alternative

Thus a potential problem with the idea of norms as ‘framing’, in which ‘norm entrepreneurs’ use appeals and audiences accept them in a highly calculating instrumental manner, is that it tends to over-correct for structural bias in earlier renditions of norms. If norms are just another resource to be pressed into service by rationally calculating agents in pursuit of their goals, why would anyone be moved or bound by them? (Elster 1989). ‘Challengers cannot simply readily and instrumentally manipulate discourses for their own cynical ends, for this undermines the foundations of mutual understandings that explain the justice of their claims and actions to themselves and others’ (Steinberg 1999: 753).

What is the alternative for international relations scholars? James Scott (1990) and Marc Steinberg see more powerful actors setting the dominant cultural and discursive features of the landscape, but also argue that the ambiguity and non-exclusive nature of rhetoric and culture mean that weaker actors have the opportunity to appropriate and subvert the language and values of the strong to even up the balance between them. Ideas and rhetoric cannot be controlled by the strong in the same way as money or weapons: ‘if collective action discourse is contextual, public and emergent in the processes of mobilisation and action, as most accounts suggest, then exercising control and distribution of it as a resource is highly problematic’ (Steinberg 1999: 742; see also Steinberg 1998). This difficulty in exercising control stems from the very nature of discourse which Steinberg, drawing directly from the Russian formalist literary theorist Mikhail Bakhtin, describes as a social process that is ‘essentially dialectic, dynamic, and riven with contradictions’ (Steinberg 1998: 852). Although elites may dominate the economy and maintain their monopoly of the means of violence, their control of linguistically mediated culture, ideas and norms is always contested and uncertain. The practical upshot of this is that those challenging the dominant elite generally do so using a vocabulary and values developed by the elite themselves, whether the challengers be nineteenth-century British textile workers, Malaysian peasants, international NGOs or tax haven states (Scott 1987, 1990). These features of language attest to ‘the potential for persuasive communication to take a wolfish turn on the activists who rely on it’ (Steinberg 1998: 861). The very principles put into play by the strong can be used to trip them up.

Bakhtin provides an attractive source of inspiration as a way of getting to grips with the tension between the structural nature of norms and agents’ instrumental use of rhetoric, agents who are partly bound by collective understandings and community norms but also partly free
to pursue their own selfish interests (Bakhtin 1985; Holquist 1990). Responding to the structuralist view of language as an unchanging system of rules existing outside the self and totally constraining the production of meaning, Bakhtin argued that there is scope for individual agency and innovation in producing meaning. He was also keen to establish, however, that each unit of discourse (utterance) could not be reduced to the intention of the speaker plain and simple because language is social and collective. Purely idiosyncratic speech is unintelligible to anyone else. Thus there is an analogy in international relations scholarship of dissatisfaction with determinative taken-for-granted norms coupled with unease about reducing normative appeals and moral suasion to a purely instrumental public relations campaign. The middle way for Bakhtin is to see the world as a vast system of contested meanings in which humans try to impose language as an ordering and simplifying system to render intelligible and communicable novel and chaotic events. Individual meanings are produced in a dialogic fashion, comprising an utterance, the social and historical context, and the relation between the two. Because what may seem to be a simple unambiguous statement has to be mediated through social context to be interpreted by the addressee, and this social context is conflicted and dynamic, many potential meanings attached to that particular utterance are put into play. What is the relevance of this for norms, power and international relations?

Bakhtin believes that no matter how much dominant classes or other elites try to establish their preferred norms and discursive themes, the complicating effects of dialogue prevent control over meaning, leaving room for subordinate populations to subvert the themes put into play by the rulers and appropriate them for their own ends. Bakhtin’s work is thus described as fundamentally pluralist and anti-totalitarian (despite living and working in the Soviet Union all through the Stalin era), in that he finds discourse to be irreducibly ‘multi-vocal’ or ‘polyphonic’, creating ‘heteroglossia’. This view thus contradicts international relations scholarship in the ‘critical’ constructivist vein, which sees norms as one more weapon in the arsenal of dominant states in extending their hegemony to the ideational sphere.

There are some parallels between the way tax havens made subversive use of principles of the powerful, and the way ideas developed by Europeans relating to human equality were used to delegitimise European colonial empires. For Crawford the same arguments that were important in shaping the practice of colonialism were ultimately used to bring about its undoing (Crawford 2002: 7). Robert Jackson has taken an even more direct line, noting that the ideational basis of the decolonisation movement ‘flows from the heart of the Western political tradition’, especially in
relation to democracy and equality (Jackson 1993: 134). Drawing on the heritage of this movement, tax haven states in the Caribbean and Pacific often reprised anti-colonial themes in resisting core states’ financial regulatory initiatives. The key difference in these two instances of self-assertion in the periphery, however, is that tax havens were drawing on the principles of the strong to uphold the status quo (a lack of global tax regulation), rather than to undermine it.

Returning to international organisations, writing on the United Nations (UN) Security Council, Hurd echoes these insights, observing that ‘resistance works best when presented in terms borrowed from the language of the authority and where the point is … to argue that the existing authority is not being true to its own professed values’ (Hurd 2002: 47). By this measure the ‘Washington consensus’, advanced by the IMF and World Bank among others, stressing robust competition, financial deregulation, the liberalisation of capital flows and the legitimacy of market outcomes occurring in the context of a level playing field, definitely constitutes a dominant discourse among economic policy-makers. Accentuating this identification is the way these values are epitomised in the OECD’s convention and practices, and the specific principles put into play by the 1998 report and officials’ subsequent statements relating to the tax competition initiative. These include the need to maintain fiscal sovereignty and appropriateness of dialogue and cooperation in setting up cross-border regulatory frameworks. Tax havens and their supporters took these themes and used them to undermine the OECD campaign, to show how core countries were not being true to their own professed values in working to overturn market results through coercively imposing biased regulatory standards on a global scale.

Conclusions

This chapter has briefly presented an explanation of how small states, NGOs and other marginalised actors in world politics can affect important policy outcomes even against the opposition of powerful core states. With reference to Stephen Krasner’s quote in the Introduction, Luxembourg, Samoa, Grenada and others don’t have to be hegemonic to use others’ ideas for their own ends. Following on from the work of Bakhtin as mediated by Scott and Steinberg, the ambiguity of dominant ideas and principles that constitute regimes gives scope for weak actors to appropriate, subvert and reverse the interpretations of powerful actors for subaltern goals. As applied to international organisations by Schimmelfennig, this approach provides ample room for contestation and agency, unlike overly structural understandings of norms, but does
not reduce features of the cultural and discursive landscape to tools to be selected by calculating asocial norm entrepreneurs trading off resource inputs and political outputs at the margin.

Although this chapter has aimed to advance the theoretical treatment of regime change in international political economy, there are also important policy implications. Probably the most apparent is the difficulty of using coercion to establish or modify a regime, especially those regimes that rely on international institutions for their functioning. Even in the limiting and atypical case of conditional lending, the IMF and World Bank have had great difficulty achieving their policy goals in the face of suspicion, hostility and covert opposition from poor, weak recipient countries. Those in international organisations and national policy-makers in the core involved in delegating an increasing range of functions to such organisations enhance their chances of success by promoting inclusive rule-making that at the very least does not leave weak states worse off. This is because securing the unwilling compliance of even small weak states is expensive and difficult. Conversely, those in small and weak states in the periphery may benefit from regimes founded on the ideas of the dominant states, even against the latter’s wishes, by employing mimetic challenges to exploit the ambiguity and flexibility inherent in all such general propositions. By using mimetic challenges, critics in tax havens have been able to hold dominant states and international organisations accountable for their consistent support of markets and competition to delegitimise the OECD’s campaign to restrict tax competition. To be sure, this room for manoeuvre does not erase power differences, but it does mean that contestation over regimes between core and periphery is not a foregone conclusion. One important current policy issue that may be susceptible to such treatment is the continuing protection of agriculture in the European Union, the US and Japan, in spite of these countries’ purported commitment to free trade and market economics.

The final aspect of the issue is a normative one, in line with this volume’s overarching concern with emancipatory politics. It is often too easy to make the transition from identifying small and weak actors, to identifying with such actors, attributing to them morally praiseworthy characteristics and finding them deserving of support merely by virtue of their marginality and vulnerability, especially in conflicts with other more powerful actors or ideas. Yet in the particular case of tax havens such a simplistic conclusion is premature, for even if talk of money laundering and ‘harmful’ tax competition has been exaggerated, this does not mean that some of the charges levelled against tax havens by the United States, the EU and the OECD are unjustified (UNDCCP 1998). In their more candid moments, officials in tax havens admit that
much if not most of their business is derived from wealthy individuals and companies escaping tax liabilities in their home countries. Relating to considerations of justice more generally, governments in peripheral states have often perpetrated, ignored or excused human rights abuses at home and abroad, from Mauritanian slavery, to torture in Burma, state-sanctioned persecution of homosexuality in Africa and the Caribbean and severely discriminatory treatment of women in South Asia and the Middle East, even when these issues have been taken up by the United States and Europe. Weakness is not synonymous with moral virtue any more than strength entails villainy.

Note

1. Andorra, Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Bahrain, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Cyprus, Dominica, Gibraltar, Grenada, Guernsey, Isle of Man, Jersey, Maldives, Montserrat, Netherlands Antilles, Niue, Liberia, Liechtenstein, Malta, Marshall Islands, Mauritius, Monaco, Nauru, Panama, Samoa, San Marino, Seychelles, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Tonga, Turks and Caicos Islands, US Virgin Islands, Vanuatu.