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International Tax Avoidance and National Public Concern: A Novel Force within the OECD Project on Base Erosion and Profit Shifting.

This paper is divided into two sections based on the exploration of two questions. One is how public salience fits into an overall explanation of tax avoidance. It is put forward that the absence of public salience has been overlooked by literature which sought to explain the pre-BEPS status quo of international taxation. With the conclusions of the first section, the second question looks at whether salience between 2012 and 2016 led to more successful participation by civil society in BEPS when compared to multinationals. Here, salience is seen as a proximate factor contributing to a reappraisal of the international tax regime. Original data is gathered to explore this topic.

Salience, Tax Avoidance and the OECD Project on Base Erosion and Profit Shifting

Introduction

Every year, money similar in scale to the revenues of major world economies exits the country within which it was made and escapes taxation. Such offshore accounts sit the S&P 500 and the famous alongside the corrupt and infamous. 40% of multinational profits globally are estimated to flow offshore havens (Tørsløv et al., 2018). Although the most intuitive concern is the retention of capital by wealthy individuals at the expense of public finances that serve society, tax avoidance has many other repercussions. Tax avoidance is most easily achievable when assets are mobile. Specific factors, or businesses that rely on assets tied to physical locations such as manufacturing, have reporting requirements and cannot pass their assets through different tax jurisdictions (Frieden, 1991). Contrastingly, nonphysical assets are moveable between jurisdictions. One category of nonphysical assets is “intangible” assets. Intangibles is a somewhat ambiguous group term, bunching together web-based assets such as search engines and streaming services with intellectual assets such as patents and brand recognition, the latter of which can avoid tax through ambiguities in the accounting laws governing the internal trading practices of multinationals (Hines & Rice, 1994). Currency and financial equities are predominantly nonphysical units of account that exist in databases and registries and developments in communication have long made foreign transactions efficient (Ferguson, 2009). Resultantly, an arbitrary competitive advantage exists for companies that involve nonphysical assets. In a similar vein, the tax burden has shifted to labour due to its immobility and the fact that states must seek to compensate for lost revenue (Rodrik, 1998; Loretz, 2008). In a feedback loop, tax avoidance causes a double dip into the pockets of labour. Meanwhile, for those native to haven jurisdictions, taxes remain as high as anywhere else. The privilege of nominal rates is solely for foreign investment.

Larger multinationals have a further competitive advantage by affording the counsel of top accountancy firms who specialise in finding international tax loopholes – creating a disparity with smaller businesses seeking to expand (Jones, 2014, p.213). Equally, multinationals have the finances for lawyers when the state challenges these practices. Certainly, the way that some domestic lobby groups have targeted governments on policies concerning tax avoidance could generate accusations of rent-seeking, which disincentivises productivity elsewhere and limits the talent pool which seeks to work in innovative industries (Murphy et al., 1991). Administrative costs for firms and tax code enforcement costs for governments are wasteful resource expenditures caused by tax havens (Slemrod & Wilson, 2006). The pervasive and harmful economic distortions resulting from tax avoidance are largely unknown to the public.

This study looks at how the public salience of tax avoidance affects the extent to which tax avoidance occurs. It then places salience in the context of seismic change seen during the Organisation for Economic Cooperation and Development (OECD) and G20's project against base erosion and profit shifting (BEPS). This study lifts the definition of salience put forward by Wong (2012) as the creation of focus in media coverage and political debate. The particular concern of this study rests on when and why tax avoidance becomes salient within the public. As will be problematised, the practices of multinationals specifically gained salience within the public around 2012, despite multinationals being one of the actors and forces implicated in the passage of untaxed earnings. For analysis, it is assumed at the very least that tax avoidance is salient when the public is questioning the status quo. The marked increase in public salience during 2012 did not lead to widely supported policy proposals in the public debate. Instead, salience motivated governments to recommit to diplomacy, propelling the authority of civil society interests who had long participated in international tax forums while undermining the technical authority of multinationals. Salience is deeply relevant to change, a key concept explored in this thesis, because issues rarely receive public focus for long. When public salience dies, what Kingdon (1984, p.38) called the "policy window" is more likely to close. Even though it is the constant role of the politician to seek to address issues raised by constituents, the likelihood of politicians persevering decreases when a topic goes cold yet remains controversial to sectoral interests. Going cold was a possible scenario that BEPS faced. As is argued, the salience of unequal taxation is crucially lacking in scholarship that seeks to explain the prolonged lack of change and cooperative developments which has left tax avoidance prevalent.

Although the term "multinational" primarily refers to a business that operates in multiple states, as will be explored, a business that only operates and generates productive income through its domestic market needs only register one account offshore to avoid tax. For convenience, such businesses are still considered multinationals despite de facto existing within only one nation.

Section one seeks to answer the question of how public salience fits into an overall explanation of tax avoidance. It is put forward that the absence of public salience has been overlooked by literature which sought to explain the pre-BEPS status quo of international taxation. Part one highlights how the semi-permanent trend of open markets has been essential for offshore money flows. However, the anti-globalism of recent decades has focused on trade competition and system crisis, overshadowing tax avoidance in the public mind. Although technological proliferation has greatly lowered the costs of offshore structuring, it is a permanent innovation clearly immune from criticism. Part two examines the tax haven model, and problematises why tax haven practices have experienced much less criticism than multinationals. Tax havens have both practised opaque privacy laws, preventing information on specific multinationals from reaching the public, yet overtly advertising the tax breaks they offer. It is posited that tax havens dislocate revenue obligations, but the physical presences of domestic-based multinationals are proximal to the public rather than dislocated. Part three examines the interaction of normal states and tax havens under the benefits and arm's length principles. It is discussed that governments have no interest in acknowledging the system's dysfunctionality to the public as they had no means of redressal. Through looking at the schema of transfer pricing, the unparalleled confidentiality measures surrounding cross-border taxation are identified as a crucial barrier to public awareness. Part four looks at interest group theory at the intergovernmental level, and why multinationals have overwhelming collective action advantages when participating. Further, contrasting sources of expertise are identified for civil society and multinationals, and the demand IGOs create for capacity-filling is embraced by multinationals, but which is not typically paralleled by civil society. These takeaways are carried to section two, which seeks to answer the question of whether salience between 2012 and 2016 led to more successful participation by civil society in BEPS when contracted to multinationals. Within, part five examines this period's political climate alongside the progression of BEPS. Public salience is weighed against other factors for its importance in strengthening BEPS as a legitimate project. Parts six and seven present original research, observing and analysing the categories of organisations who submit comments on the article of agreement "discussion drafts" published by the OECD. Results suggest that civil society does not experience increased submissions over time, as groups issue-specific to tax were established before salience. Business lobbyists increase in participation over time, potentially due to the realisation that BEPS is a legitimate project. Finally, part eight explores how civil and multinational interests engaged in Action 13 on transfer pricing, considering all the conclusions drawn. A discussion follows.

<u>Section 1</u>
Public Salience within General Explanations of Tax Avoidance.

I: Structural Trends

Tax avoidance results from the structure of interaction between tax havens, normal states and multinationals in the international system. Despite this, more proximate forces can be attributed to the international policy action of the last decade. Analysing the structure of tax avoidance is relevant for several reasons. First, there is an importance to identifying which actors hold responsibility for tax avoidance. Second, the contestation of structural causes between experts suggests that a rational public have equal difficulty in assigning blame and identifying remedial policies to get behind.

Considering that the scale and salience of tax avoidance have surged in recent decades, many authors have focused on how the structure of the international economy has changed. Open market and technology are two areas that come to the fore, situated deeply in the literature on globalisation and the waning policy-setting power of the state. The important commonality for international taxation is that each has enabled money to move unhindered throughout the international system. First, following America's decision to end dollar-gold convertibility in 1971, states have widely opted to remove capital regulations while either floating or pegging exchange rates. Scholars of Open Economy Politics, expanding on the classic trilemma model (Fleming, 1962; Mundell, 1963), have asserted that the free flow of capital limits the ability of a government to set independent monetary policies such as interest rates, as capital will leave an economy if sufficiently higher interest rates abroad enable a greater rate of return on investments (Frieden, 1991), which has been empirically supported using large n studies (Obstfeld et al., 2004). The trend of capital account liberalisation in monetary policy also limits the ability of governments to set tax rates. Following equivalent logic, capital will leave an economy if sufficiently lower tax rates abroad enable a greater return on investment (Musgrave, 1969; Zodrow & Mieszkowski, 1986), or an average 3.3% decrease in foreign direct investment for every 1% increase in the tax rate according to a prominent study by De Mooij and Ederveen (2003). Notwithstanding, high-tax states can have many of the conditions that make them attractive for capital, such as political stability, a highly educated labour force and prominent legal and professional services (Garret, 1998).

Globalisation has been publicly salient worldwide and fuelled populist political movements in particular (Mudde, 2004, 555-556; Rodrik, 2017), however trade competition and systemic crisis have been the primary sources of attention, and tax avoidance is overshadowed in public thought. Nevertheless, the anti-globalisation movement has not been overwhelming. The opening of the world economy has occurred alongside widespread growth, a fact which many people in society look to. Indeed, lessening taxation was a concept that united the economic theories which culminated in Neo-liberalism in 1980s America (Blyth, 2002, p.126). Within this movement, preventing tax-driven disinvestment was framed to incentives freedom of entrepreneurship and economic activity, which would ultimately expand the tax base. Words such as “deregulation” and “liberalisation” do indicate that it has been the state that has negotiated these policies (Sassen, 1999), although this is more elite-driven than voter-driven.

The second structural force driving tax competition has been the advances in technology and telecommunication. How technology can compress the distance in space and time that separates human interaction has long been a research focus. In modern society, technological development in areas such as standardised calendars and the complex organisation of material resources first caused the widespread “disembedding” of economic activities from the limits of specific physical locations (Giddens, 1984). The rise of telecommunications and borderless cyberspace signifies an even greater jump in the integration of economic activity (Wriston, 1992), complicating taxation. Indeed, cross-border financial flows boomed for around five years before countries dismantled capital barriers in the 1990s (Garrett, 2000, p.949), a result that discerns the independent impact of technology.

As the other key structural source of economic inequality, of which tax avoidance is an element, technology has understandably not been a source of salience. Openness is a policy, whereas technology is an irreversible innovation with wide-ranging benefits and access. As Floridi (2015, p.175-176) details, the state has steadily lost its prior monopoly of patronage and control over technology. By nature, the internet and computing are self-democratising towards those who can control and access it. A result of the increasingly universal access to information technology is that multinationals can coordinate cross-border accounting quickly and easily move capital to a select offshore locations, a concept further explored in part two.

The most prevalent dismissal of tax avoidance in modern society is that it has been a problem throughout history, meaning it is to be expected and is no more relevant today than ever (Maddison, 1995). Such arguments are therefore not a denial of the structural drivers of globalisation. Economic historians have given examples, such as that before WWII many forms of taxation, such as that on income, were simply not attempted by governments as they could be straightforwardly evaded through international financial movements (Eichengreen, 1992). While fiscal policy has been influenced by cross-border flows since the emergence of the international economy, how new technology has dramatically lowered the cost of financial communication is entirely unique (Baldwin & Martin, 1999), as is the width and depth of market integration that enables tax arbitrage. Neither does an appreciation of the history of globalisation justify tax avoidance in the minds of politicians and society. Multilateral innovations have gone a long way to stabilise the possible shocks of newfound integration (Bordo et al.,1999). Yet, multilateral efforts concerning tax avoidance have been crucially lacking until recently.

Realist scholars highlight how technological development, although national policies of openness have been reversed in the past and can be again (Gilpin 2001, p.364, Krasner 1994, p.18). However, increasingly openness looks to be a permanent feature of domestic policies worldwide. The globalised nature of finance is crucial for the context for tax avoidance. It further highlights interrelating concerns of many separate national publics and the multilateral process needed to address the issue.

II: Tax Havens

The following section first emphasises the independent role of tax havens in enabling avoidance. It explains why a country or jurisdiction might choose to become a tax haven, before problematising why the responsibility of tax havens is not as salient as that of multinationals. Bucovetsky (1991) provides a model where capital is perfectly mobile, states seek to rationally maximise their tax base, and state endowments are identical except for population size and the subsequent local tax base. By isolating the influence of population on investment, the model distinguishes the preferences of small and large states. Small states cannot easily attract foreign investment with the scale of their industry endowments but can use lower tax rates instead. This preference to set lower tax rates is furthered by small states' lower tolerance for experiencing a decline in the tax base. The 35 countries named "non-cooperating tax havens" by the OECD in 2000 had at that time an average population of 284,000 and constituted 0.15% of the world's population (Slemrod & Wilson, 2006, p.3). This is powerful evidence for the importance of population size. Despite being nominal, the tax payments from businesses that are attracted to operating in tax havens comfortably exceed the demand for local public services (Palan, 2002). This is, as assessed shortly, related to residency laws. In fact, for the havens which require zero tax the employment created by administrative fees is enough to exceed demands on public services. Although many island states were motivated by competitive emulation in the 1970s, many states have over time come to find specific niches such as patent royalties, licensing fees or captive insurance that evidence the uncoordinated emergence of the offshore phenomenon (Palan, 1998).

Tax havens are countries or jurisdictions with nominal or zero tax. The literature also defines preferential tax regimes, where corporate tax sits typically at around 10% and is only available to multinationals who take up residence, however the structure and investment incentives of tax havens are set to up make them a "pure" enabler of aggressive tax avoidance (Palan, Murphy & Chavagneux 2013, p.213) which is more overtly against standard taxation norms and therefore making it more relevant to the analysis of salience. Bank account confidentiality from the public is a global norm, however, havens are used to incentivise investment by also providing secrecy from foreign regulatory bodies. However, since secrecy also obscured tax evasion and criminal money in 2016 bipartisan support in the US emerged in favour of leveraging a multilateral treaty on the automatic exchange of banking information (Hakelberg, 2016, p.520). In direct contrast to the confidentiality businesses experience from the public, the governments of tax havens outwardly advertise the financial services they provide, leaving little doubt over the purpose of their economic model (Shaxson, 2012). Accountancy firms also outwardly advertise tax avoidance schemes and services. Since no barriers exist to the public in identifying the role of havens in facilitating tax avoidance, there must be a normative element which makes action towards havens less salient than towards business.

Another important feature of tax havens is that they do not require residency. As Ronen Palan (2002, p.158) observes, the governments of tax havens "commercialise" the profound normative concept of citizenship in "purely utilitarian terms". This means that in a best-of-both-worlds manner, multinationals can be de facto headquartered in a country where it has sunk costs and benefits from a workforce and infrastructure, and de jure headquarter its subsidiaries to benefit from nominal taxation. For the citizens where the multinational is de facto headquartered, there is a dislocation between presence and tax obligation which does not exist with PTRs. The likely reason why the public views the practices of multinationals as more salient than the practices of tax havens is because of the immediacy of seeing and knowing that multinationals work from within their own countries without paying taxes.

III: Interstate Tax Cooperation

A multinational generates income in one country, known as the source, and is headquartered in another, known as the resident. International taxation then faces its perennial issue: that both jurisdictions have recognisably legitimate claims to taxation (Christians, 2012). Why do normal countries not just tax multinationals anyway considering that havens demand nominal taxes? An explanation is attempted, and in the latter half of this section, it will be discussed why for most citizens this question is neither accessible nor satisfactory. It is then discussed through an investigation of transfer pricing why the uniquely stringent confidentiality measures surrounding tax are a crucial barrier to information and public salience.

Law scholarship and bargaining scholarship are two areas that give a complementary understanding of why multinational income is frequently only taxed in havens, rather than competing. Bargaining scholarship also assumes states as rational maximisers, and that states will realise that opening markets and forgoing taxation to some extent creates greater returns than limiting markets and only taxing the local base. Furthermore, when they share cross-border investment with one another, states realise that taxing at source and residence, known as double taxation, further deters investment. Resultantly, governments have strong incentives to coordinate the precise principles for when each state forgoes taxation.

Coordination today has been dominated by the “benefits principle” that emerged between the 1920s and 50s and came to exist in thousands of bilateral treaties. The principle assigns a multinational’s active income to taxation in the source country and the passive capital investment to taxation in the residence country (Picciotto, 1992). The benefits principle is still the organising principle of the BEPS agreement (Avi-Yonah & Xu, 2017). The benefits principle arose because it is an intuitive way to divide legitimate claims to tax. International institutions provide cooperating states with a more credible form of commitment to principled cooperation of this kind. In their absence, bilateral cooperation relies on repeated game interactions. Here, the expectation is that states won’t defect in favour of short-term gain, jeopardising the credibility of their commitments, when repeated trade and investment in the future yield greater gains (Acemoglu & Robinson, 2005, p.135). In the decades after t establishing the bilateral treaty network, small states realised setting low taxation was more beneficial than repeated interactions. This form of defection has led to the characterisation of tax cooperation as a prisoner’s dilemma (Hallerberg & Basinger, 1998), as the outcome is individually rational for small states but collectively sub-optimal. Setting lower taxes violates the more even distribution of gains otherwise provided under the benefits principle but does not violate the legal content of the treaty. This situation evidences the power multinationals hold through disinvestment. For commodity MNCs, this power is often made greater due to the global supply chains that exploit mismatches in the cost of labour and infrastructure in developing states with weaker bargaining positions (Cerny, 1995) .

Because one state always provides tax relief under the benefits principle, multinationals that locate subsidiaries in tax havens ensure tax is avoided in both jurisdictions. On one side, investment income is taxed nominally by the haven, while the source state provides relief. Conversely, multinationals can make productive income appear as if it was generated by the tax haven subsidiary rather than the true source country, known as transfer pricing. Transfer pricing stems from another foundational principle which arose since the post-war, that intra-subsidiary trade must be accounted at market price as if the organisations are unrelated, or at “Arm’s Length”. This is fundamentally flawed, as multinationals compete successfully by creating integrated efficiencies between their subdivisions. This leads Picciotto (2015, p.175) to underscore that the distinction between source and residence is impractical for multinationals. As Picciotto (p.167). The OECD Transfer Pricing Guidelines reflect the inherent uncertainty regulators face in distinguishing transfer pricing from efficiency. Within four decades of its inception, the document amassed 370 pages of revisions only creating “complexity through elaboration”.

As Rixen (2008) describes, the bilateral treaty network was partly a result of path dependence: states developing the benefits and arm’s length principles did not foresee open markets, technology and jurisdictions innovating nominal tax competition. This outcome is understandably not explained to the public by governments because of the optics of an unfavourable treaty. And by assuming that the government do not sign unfavourable treaties, the public's intuition perhaps is that multinationals must be using malign methods. The content of tax avoidance under the benefits principle is legal. Neither is it evident to the public that the benefits principle reduces administrative costs for the state and taxpayers, increases investor certainty and improves foreign relations to apply the benefits principle evenly (Dagan, 2000, p.988). Logistically, it is impossible to bilaterally crack down on every tax haven. When certain tax havens are targeted over others this would lead onlookers to wonder why the sovereignty of said tax havens is not respected while the sovereignties of other tax havens are respected. Similarly, a government targeting its domestically based multinationals only reduces their international competitiveness, while attempting to tax the productive income generated by a foreign-based multinational practising transfer pricing only risks souring relations with the multinational's respective government. Again, it is logistically impossible to tax all multinationals evenly and impartially.

For tax avoidance to be salient, the general public needs to identify an issue that spurs call for change. Admittedly, the issue does not need to be why governments reached a status quo relationship with tax havens. So why is it instead difficult to identify multinationals that practice tax avoidance? As discussed, a public understanding of these issues is marred by the strict norm of tax confidentiality. This extends to tax dispute and arbitration processes, which often deal with the complexities and incoherence of transfer pricing and applies far greater confidentiality than other legal remits (Christians, 2012, p.1441). The scale of transfer pricing can only be judged by examples like the US balance of payments, which suggests that US companies generate more productive income in Luxembourg and Bermuda than in China or Germany (Setser & Frank, 2018). Balance of payments figures give no insights into which multinationals practice transfer pricing, removing outlets for public criticism even if the prevalence of transfer pricing is well-known. State flexibility in policymaking might be a priority alongside confidentiality (Christians, 2012, p.1411), and assumedly confidentiality is competition driven to shield criticism and potential advantages. Kleinbard (2011) notes how American state-owned companies must publish their hypothetical tax burden to inform investors publicly, but the repatriation of offshore earnings need not be added as a potential liability. He then points to two studies, one that used confidential government data (Graham, Hanlon & Shevlin, 2011) and another that interviewed the state-multinationals' tax executives (Blouin, Krull & Robinson, 2012). Both found that reporting standards deterred repatriation and incentivised overseas reinvestment. This is competitive, hence why the US government allows it, but it may also be influenced by public scrutiny. It is not an issue of whether governments can trace the movement of capital across borders. Despite public perceptions that technology inhibits tracing, the SWIFT system of international payments between financial institutions creates a clearer trace than cash and began requiring identification in 1992 at the behest of states (Helleiner, 1999). In 2016 a treaty on common reporting standards was reached that mandates the automatic exchange of tax and account holdings information (Hakelberg, 2016). Despite information existing, taxpayer confidentiality is a long-established domestic norm and not solely leveraged as a tool for industry competitiveness in the international realm.

IV: Interest group theory.

In this section, a generalisation is made for multinationals' preferences over tax payment. Business operations and wealth maximisation are tautological terms in economic theory. Using assumptions of rational actor modelling, Joseph Stiglitz (1985) offered the conditions where tax avoidance is wealth maximising long-term. Specifically, this is when the benefits of tax avoidance outweigh the combination of costs, including successful accountancy, the risk of being caught, and the severity of the penalty. Regarding penalties, courts have at most handed fines firmly below the profits tax avoidance generates (Cohen, 2010; Lau, 2020). Scholars have also suggested that legal norms affording protection to businesses leaders such as limited liability and “the corporate veil” motivate risk-taking (Jensen & Meckling 1976), which can include skirting or breaking the law (Bratton, 2002). Further, parent multinationals and those in head offices are legally insulated by subsidiary separation, despite making many decisions on behalf of the subsidiary (Ruggie, 2018).

The counter position asserts that companies frequently pay tax based due to social responsibility. Businesses should see taxation as justified because it is “in proportion to the revenue which they respectively enjoy under the protection of the state” (Smith, 1776, p.1103). This paper's stance is that taxation's defined burden on multinationals' economic purposes creates a perpetual incentive to find avoidance methods (Picciotto, 2015, p.170). However, in-group anxiety has been shown to have a significant influence in forming the economic preferences of individuals (Mansfield & Mutz, 2009). This suggests that multinationals practice tax avoidance to the extent that they do not come under criticism. Criticism causes multinationals to change their practices for both economic and reputational reasons.

As well as an increase in the salience of tax avoidance, many scholars agree the role of non-state actors and particularly multinational interest groups in intergovernmental affairs has increased. A large literature exists on how interest groups achieve their policy preferences. For multinationals specifically, the branch focuses on how the threat of disinvestment leads legislators to favour business interests in policy (Lindblom, 1977), including in areas of taxation (Bell & Hindmoor 2013). This highlights how important it is for BEPS to have international participation when setting common standards to prevent multinationals from seeking lower tax rates. Without wide participation, disinvestment is an unspoken bargaining strength. This will be revisited in section III.

The other prominent branch of interest group literature focuses on the deliberate actions that can be taken to influence policymaking. Prior scholarship has defined “instrumental” power of this kind in terms of control. This focus on capture may be more relevant at a localised level, however at the international level the influence, if at all, of interest groups is not as incisive. Here, Fairfield's (2015, p.2) definition of instrumental power gives a more useful understanding, based on the “resources” available to interest groups. These include collective action advantages, relationships with decision-makers, expertise, and finances. The seminal theory on the ability of interest groups to organise collectively was put forward by Mancur Olson

(1965). Here, interest groups such as multinationals and civil society must operate so that the benefits of lobbying outweigh the costs for each individual member. A proportionally small number of individuals working for multinationals stand to gain significantly from reducing the taxation on their business income. In comparison, whole segments of society are interested in higher public revenue from reduced tax avoidance, but the benefit is small and spread across the entire population. Large benefits across a cohesive population mean multinationals effectively organise to invest in lobbying. With a weaker incentive structure, civil society interests instead face members “free riding”, or avoiding having to invest in lobbying in the hope that other members will invest instead.

The concept of investment can be pushed into the realm of information access, especially for potential civil society members. One reason for a lack of fierce engagement is that it is hard for a rational public to sense the effect of tax avoidance on government spending. Furthermore, blame can only be assigned imprecisely. Multinationals are aware of the tolerance of voters in this regard (Becker 1983). An inherent asset to multinationals is that commodity chains are opaque and efficient (Przeworski & Wallerstein 1988), suppressing information on tax avoidances that might spur salience. In a collective action lens, the costs of obtaining information relating to the policy efforts of business are very high (Lohmann 1998). Furthermore, policies that businesses commonly lobby for like tax breaks and subsidies can be assigned clearly to one law, reducing information costs, whereas tax avoidance is the product of how laws interact in jurisdictions across the globe. When considered together, the public faces high barriers to an informed opinion that decreases civil society engagement in international tax matters.

Some resources are less relevant to an analysis of BEPS. Political contacts and privileged access to decision-makers are still a concern internationally. The OECD has shown a conscious effort to increase the transparency of lobbying practices within its structure, perhaps in response to its history of staff movement to and from the private sector (Fung, 2017, p.82). Access to political contacts is more commonly attributed to multinational interest group, and the elite revolving door. In late 2022, Pascal Saint-Amans retired from the highest leadership role at the Tax Policy arm of the OECD and promptly joined Brunswick, a top public relations firm where he consults in areas including the “reputational” implications of multinational tax practices (Saint-Amans, 2023). Despite this, the sway of contacts is weakened in IGOs such as BEPS where stakeholder participation is typically much higher than the domestic level. Contacts are a resource because of their exclusivity meaning they can’t benefit a significant portion of any one stakeholder group. Having contacts does not mean an interests group’s strategies are persuasive or compatible with IGO interests.

A distinction can be made between elite connections and “peer recognition” shared between elite IGO bureaucrats and elites in the public sector, the private sector and academia who have excelled in somewhat interrelated fields (Tsingou, 2015, p.226). Some studies have focused on the elite movement from the private sector to IGOs, which leads IGOs to have both a particular respect for the expert opinions that multinationals have concerning economic policy and a proclivity to inform multinationals of changes in the legislative progress before public announcements through appreciation of how it will affect their business operations (Bouwen, 2002; Lall 2012). This can then afford multinationals more time to react. Respect is part and parcel of the discursive power held by multinationals and other actors, which gives legitimacy to their policy expertise (Fuchs, 2007). For multinationals, expert legitimacy mainly rests in success and wealth creation. Adair Turner (2009), ex-head of the UK Financial Services Authority, stated, “there is a tendency for a very successful industry to create a general assumption that what it is saying must be sensible”. Multinationals often do persuasively argue to the public as well as politicians how the burden of tax is detrimental to productivity and employment (Bell & Hindmoor, 2013), although this does not cross into explicitly arguing for zero tax. Here, commonly used phrase selections such as “tax relief” help frame taxation as an affliction that it is healthy to remove (Lakoff, 2006, p.13). Multinationals inherently confront tax laws and have tax experts in their employment. Furthermore, multinationals are needed to confirm whether policy proposals, often from non-business experts, can be feasibly implemented. Indeed, it is likely that multinationals claim that certain unfavourable policies are not implementable when they are in fact implementable, leveraging their expertise in the process. Goldstein & Keohane (1993) put forward two categories of ideas that push institutional change. One is agreement on the principled ideas on the normative goals of the institution. The other agreement on the casual ideas that equates more to the technical means through which the institution will obtain its goals. Civil society principally rely on principled expertise and lack technical expertise, while for multinationals it is the opposite. As Seabrooke & Wigan (2016, p.360) note, the global tax reform is a technical agenda and a normative goal. The strength of principled and technical expertise varies over time and is important to understanding the BEPS process.

However, it is not just that the voices of such experts are listened to. It is difficult for an IGO to have all the competencies for policymaking, meaning they often reach out and co-opt other actors (Abbott & Snidal, 2009). It is true that IGOs, conscious of their legitimacy, commonly invite various interest groups and stakeholders (Zürn, Binder & Ecker-Ehrhardt 2012). However, multinationals have the financial and personnel resources to constantly be present during the consultative phase of policymaking. Here, the logic of collective action re-enters. Lobbyists of multinationals are tasked with a dual role in trying to influence the policy process and simply monitoring progress to inform management (Woll, 2006, p.462). Most multinationals can comfortably invest in the full-time work of lobbyists and pay the branch of their firm to which the policy is relevant to draft responses and strategies. It is much harder for civil society to mobilise a comparative number of individuals for such tasks.

As Mattli & Woods (2009) highlight, there must be demand-side interest from societal interest groups that recognise the costs of capture and then mobilise their own expertise and voice. Several points beyond collective action stand out. Firstly, the idea that IGOs are generally trusted by the global citizenry is tenuous. A wave of anti-globalist criticism has hit IGO during the most recent decade. Previous OECD efforts have received criticism from groups particularly engaged in international taxation, however, there does not appear to be any notable public distrust. Anxieties over the erosion of domestic authority in the face of globalised finance are squarely the concern of BEPS. Secondly, because civil society participation in particular is a recent phenomenon, civil society may still consider it a novel idea to participate in international politics. Notwithstanding, the asymmetry in the concentration of payoffs remains relevant to collective action at the intergovernmental level, meaning IGOs need to make efforts to prevent capture beyond simply promoting broad stakeholder participation (Keohane, Macedo & Moravcsik 2009, p.7). Here, the financial resources of multinationals are influential not through "buying" the support of policymakers (see Grossman & Helpman 1994), but through having lobbyists constantly present to leverage their expert authority and plug the competencies needed by IGOs. Farrell & Newman (2010) analyse how status quo policies concerning international market regulation can create payoffs that reinforce and embed client interests, who then remain informed and mobilise against policy change.

Overall, civil society and multinational interests display a number of differences when participating in intergovernmental forums such as BEPS. Civil societies rely on principled expertise and multinationals rely on technical expertise. The distribution of payoffs when lobbying gives businesses significant collective action advantages. Information is crucial, both the costs the public face and the arguments the public hear that influences the extent that civil society mobilises. In comparison, multinationals can invest in information and personnel to a greater extent.

The traditional explanations of tax avoidance describe a nexus of interaction between large states, low-tax states, multinationals and absent IGOs in a system of open markets and technological integration. Tax avoidance occurs because the system together is more than the sum of its parts. The influence of the public is very absent yet is a necessary component to understanding the phenomenon of rising tax avoidance internationally. Furthermore, when tax avoidance experiences a wave of salience, businesses come under criticism. Using the framework of resource comparison between civil society and multinationals, as well as problematising the opaque nature of the tax avoidance world, even when individuals are willing to assume the informational cost, the next section looks at the salience of tax avoidance during the progression of BEPS.

<u>Section 2</u>
Public salience and the effectiveness of multinational and civil society and interests within BEPS

V: Salience and the Progression of BEPS, 2012-2016

This section will explore how salience motivated the strengthening of BEPS between 2013 and 2016, alongside other competing explanations. Salience is found to have motivated governments to recommit to diplomacy, propelled the authority of long-participating civil society interests and undermined the technical authority of multinationals.

The BEPS agenda is best understood in light of the OECD's previous attempts to change the international tax regime. The project on "Harmful Tax Competition" was conceived in 1998 and in the following years focused on the culpability of tax havens. With frayed consensus, the OECD pursued a policy of "naming-and-shaming" towards island tax havens in the Western Hemisphere and threatened economic sanctions. Several factors contributed to its failure to gain change. The OECD's hegemon the United States defected in 2001 with the arrival of the Bush administration. Normative factors also undermined the project: the tax practices of several OECD members were excluded from naming-and-shaming and the successful assertion of exclusive sovereignty by tax havens (Sharman, 2006). Ultimately, the project legitimised tax havens as equal voices on the international stage more than it delegitimised tax competition (Palan, Murphy & Chavagneux, 2013, p.220). Public salience did not motivate the project but instead tax competition concerns from a predominantly left-leaning state elite. In this regard, the project highlights how the OECDs first real attempt at an overhaul of the regime chose to target tax havens practices rather than multinational practices. This is likely because the approach was initially thought of as an easier method of addressing tax avoidance, however it underscores how tax haven practices do not garner public attention to the same extent as multinationals. In 2012, the Centre for Tax Policy and Administration launched the BEPS project with the goal of involving the G20 and OECD in an intergovernmental process. There was pressure from both organisations to speed up progress. What changed in the intervening decade following the Harmful Tax project that led states to push a reappraisal of the issue of international taxation where cooperation had previously failed?

Some authors identify greater public salience as the prominent force propelling BEPS (Büttner & Thiemann, 2016, **more**), while virtually all studies concerning the progression of BEPS acknowledge an increase in public salience. Necessary for salience to emerge were several public hearings that began around 2012. However, a crucial element was the attention that these stories received in the media, readily presenting information to the public. Websites that detail public hearings and leaked information are not easily located and do not give typically give executive summaries and signposting. Particularly in the case of leaks, vast data files are dropped onto the internet containing thousands of spreadsheets and legal documents that are difficult to decipher without accountancy training and take hours to sift through. Investigative journalists obtained the Paradise Papers in 2016, but it took a year for the governing body to release the findings. This delay may have been due to legal preparations. News outlets' reporting significantly cuts the costs of understanding the situation for the public, whether it be a public hearing or a leak containing many thousands of documents. In turn, the attention of specialised trade unions, civil society and business media increased reporting on the topic (Grinberg, 2016, p.1160).

One of the most prominent early examples was Starbucks. Starbucks was not only being examined by a British parliamentary committee in late 2012 for avoiding tax but also claimed business expenses against tax meaning that it was in fact gaining money from the British state. Furthermore, Starbucks reported losses were in clear contrast with the expansion in locations which the coffee chain had undergone across the UK (Christians 2013, p637). One explanation for why Starbucks gained media attention is because of its expansion. A Starbucks can be found on highstreets across the UK, making it a business that much of the British public has at some time engaged with.

Oxfam's (2016) briefing paper notes that it was “world-renowned” multinationals including Apple that faced accusations. Most families own an Apple product. When publicly criticised, multinationals commonly highlight that they have paid all the taxes that the law requires. Some accounting executives have gone further in saying that it is up to governments to close loopholes (Jones, 2014, p.217-218). Although this is a public relations line, it is because the accounting of multinationals violates the spirit of the law that tax avoidance becomes salient to the public (Vaughan, 2019). Given that we rely on the state for many elements of social security, it can be taken as far as suggesting that tax avoidance violates the social contract between the individuals who own organisations and the state (Christensen & Murphy, 2004).

Multinationals may break the law as they were intended, but those high up the decision-making ladder remain legally protected even if the multinational is identified as overstepping the law. Such protection starkly contrasts with those leaking documents. The penalties for breaking confidentiality laws surrounding financial institutions deter the risk of leaking documents and the prospect of losing your job and being blacklisted from the accountancy profession. Concerns of wrongdoing are the only motivation for individuals to risk whistleblowing.

How did public salience play into tax leaks? The UBS leaks of 2008 are commonly pointed to as the first large-scale exposure of confidential tax records. It is worth considering that tax avoidance is considered to have become commonplace after the 1980s. The salience of UBS was restricted to policy circles and then after a short period of quiet three leaks occurred in four years that were salient for a public audience, the 2014 “Luxleaks”, the 2016 “Panama Papers” and the 2017 “Paradise Papers” (Christensen & Hearson, 2019, p.1079-1080). It is relevant that more attention rested on the greater magnitudes of these leaks compared to UBS. However, these leaks came after the string of hearings against household multinationals in the UK and US that had brought tax avoidance out as a salient issue. It may well be that the moral questioning of tax avoidance by a global citizenry gave some individuals enough motivation to risk leaking the documents.

It is possible to suggest that increased salience influenced several democratising features seen in BEPS that were not seen in OECD practices previously. One is transparency, where previously it was extremely difficult to monitor what was being discussed within the OECD stakeholder forum the “Committee of Fiscal Affairs” (Christians 2010, p.21, 28). However, this remains the case for member state forums. The OECD has further raised participation by sharing comments from organisations and individuals in response to their published “requests for inputs” and “discussion drafts”.

A competing explanation concerning the emergence of BEPS is that it was pushed for by the powerful non-Western states of the G20. Although this section has focused on the West, tax avoidance is like banking crisis because it is an equal opportunity menace (Reinhart & Rogoff, 2013). Although for citizens in the deindustrialised West tax avoidance comes at a time when questions about rising inequality and plateauing growth are being asked, tax avoidance has been identified in a literature survey as an important factor explaining why the tax revenues of developing states are half that of the developed world as a proportion of GDP (Fuest & Riedel, 2009). It is true that the West has greatly profited from the status quo by being able to tax the investments of its dominant financial multinationals in developing countries as residents (Avi-Yonah

& Xu, 2017, p.4). Indeed, the benefits principle and its resultant inequalities are still present in BEPS. However, multilateral cooperation stands to significantly improve national welfare in all countries that is otherwise undermined by tax competition (Rixen, 2008, p.44). Indeed, the cooperation of all countries and not just the West is needed to prevent a country from defecting and setting low tax rates. Grinberg (2016, p.1147) identified how, in contrast to the bottom-up elements that the **CFA** previously promoted, agenda setting in BEPS has been handed down from the powerful states in the G20. This disputes the hypothesis that civil society interests upload the preferences of the public in favour of governments, whose interests have been in line with the public throughout BEPS.

Genschel and Rixen (2015) describe tax competition as a trilemma in which states can only ever prioritise two policies from a choice of preserving sovereignty, avoiding double taxation, or curbing tax competition. In this lens, sovereignty won out over curbing tax competition during the “Harmful Tax Practices” era, while the opposite is true during the BEPS era. In fact, the goal of BEPS is best understood as preventing double non-taxation. BEPS has consciously framed itself as targeting “multinational practices” as opposed to tax haven practices because it is unpalatable to admit how the treaty limits sovereignty. Focusing on multinationals also makes BEPS seem more apolitical when the promotion of the benefits principle by the West is not the only attempt by powerful states to set favourable terms (Büttner & Thiemann, 2016, p.762)

Another popular explanation for the emergence of BEPS that is closely related to salience is the impact of the 2008 financial crisis, which caused the discipline of International Political economy to deeply examine the status quo (Helleiner, 2011) including what was left to be desired in international taxation (Christensen & Hearson, 2019). Scholarship has explored how this is common following large financial crises (Blyth 2002). Writing before the crisis, Rixen (2008) highlighted the need for a “critical juncture” to overcome international taxation's policy incrementalism. In a period of stagnation and austerity, the implications of tax justice became more important to the public of Western states such as the UK and Australia (Vaughan, 2019). By putting tax revenues under a greater microscope, it is unlikely to think government elites were not reassessing the issue of tax avoidance. However, the sentiment of unequal treatment between the public and all multinationals, not just the banks at the source of the crisis, was a crucial factor motivating public salience. It has even been suggested by Shu-Yi & Ring (2018) that in response to the moral uproar of the leaks governments had to appear to be doing something, which led to poorly prepared policy.

The economic damage caused during the crisis deeply called into question the technical expertise of multinationals and removed the idea in intergovernmental circles that multinationals should be allowed to self-regulate. In parallel, public salience inserted moral expertise into the debate that was deaf to the technical reasonings presented in OECD forums of the past. The concept of public pressure on international cooperation was so remote before 2008, that it was never seriously considered by the academic literature (Grinberg 2016, p1156).

In some works (Shu-Yi & Ring, 2018; Essers, 2017) , civil society's "moral" expertise is over-prioritised. The leader of the civil society group UK Uncut described how they created a separate legal entity to avoid the appearance of a "rowdy bunch of campaigners" that erodes political respectability (Jones, 2014, p.223). An organisation like the Tax Justice Network had already pioneered the idea of "country-by-country reporting" that was advocated by the EU Commission in 2007 (Seabrooke & Wigan, 2016, p.367).

VI: Data Collection

In order to get a sense of the level of participation by different stakeholder organisations, the data collected covers all the comments that the OECD made public between the years of 2013 and 2016, when BEPS first took shape and public salience for tax avoidance was at its peak. This consists of a total of 37 discussion drafts containing a total of 1741 submissions. 365 different organisations submitted at least one response in this period. The count includes 139 multinational lobby groups, 8 societal lobby groups, 70 accountancy groups, 30 law groups, 81 individual multinationals, 18 think tanks and 6 international actors outside of the OECD/G20. Universities are included in the category of think tank. After consideration, it was decided that lobby groups representing the accountancy industry should be categorised under the accountancy category rather than multinational lobbyists. This decision was made because a much more significant part of an accountancy firm's income is contingent on tax avoidance, meaning they are more likely to mobilise comments. The distinction between accountancy firms and law firms was made, although it may not be a particularly useful one. The industry specialising in facilitating tax avoidance is dominated by accountants, lawyers and bankers (Primma & Hampton, 2005). It must also be noted that there were 103 submissions from individuals, although the uniqueness of each was not recorded. Care was taken here, as often high-ranking multinational accountants would submit comments that were claiming to represent their own sole opinion while advertising the logo of their multinational throughout in a manner that suggests otherwise. In rare cases, different regional offices or a subsidiary and parent multinational would submit comments on the same draft. In these cases, the organisation was counted once. Multinationals were also categorised by their yearly adjusted revenue in US$ by categories of less than 500m, between 500m and 2bn, between 2bn and 5bn, and those above 5bn.

VII: Data Analysis

Some discussion drafts were issue-specific and attracted organisations that otherwise did not participate. Such examples include the operation of ships and aircraft (OECD, 2013), the treaty residence of pension funds (OECD, 2016), and methodologies to collect and analyse data (OECD, 2015). Future data examination could control for issue specificity, however this analysis looks at the totality of submissions.

Although the number of unique multinationals submitting comments is not far from the number of unique accountancy and law firms, the mean share of total submissions reveals that accountancy and law firms submitted three times as many comments. The greater payoffs that accountancy and law firms stand to gain from preserving the status quo have motivated collective action. For accountancy firms, part of participating in the progression of BEPS is obtaining information on the likelihood of change and readying innovation, as the practice of identifying loopholes is akin to fashioning new law that is only subject to ex-post scrutiny in court (Pistor, 2019, p.162).

Multinational lobbyists take up a comfortable 45% of total submissions. When considering that each lobbyist group represents many multinationals, the disparity between multinational and public representation is comprehended. The length of the comments that multinationals submit is much greater than other organisations, including civil society. For instance, since the Harmful Tax project, the OECD has coordinated working groups to enhance public-private collaboration (Christians, 2010, p.4). Two such groups are Business at the OECD (BIAC) and the newer BEPS Monitoring Group (BMG). In the discussion draft with the greatest engagement, "Article 13: Transfer pricing documentation and country-by-country reporting" (OECD, 2014a), the BMG submitted an eleven-page document while its industry counterpart BIAC submitted 45 pages.

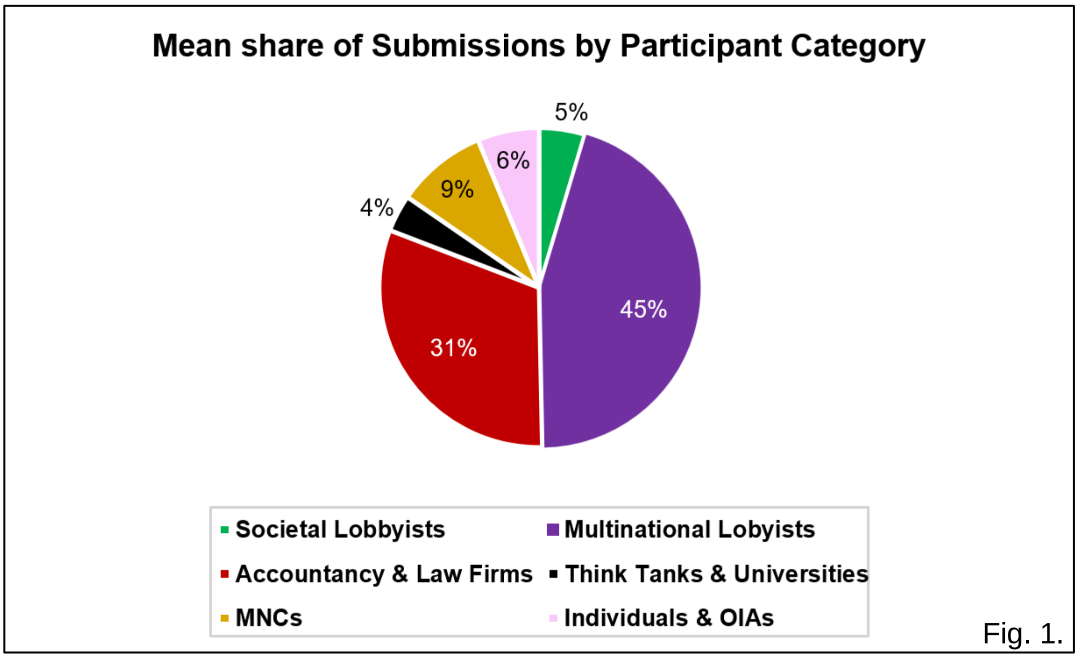

Fig. 1.

Retrospectively, different yearly adjusted revenue bounds could have been used to gain greater insights into the size of multinationals that submit comments. 33 companies under the combined boundaries had under 5bn yearly revenue and 18 companies had under 500m yearly revenue, which is a significant proportion of the total multinationals. The prevalence of small multinationals is likely because they are in niche markets whose revenue is dependent on the status quo, such as patents, aerospace and offshore drilling, which do not have a representative lobbyist group but which still have a strong incentive to mobilise. Pension funds were a modest fraction of the multinationals under 5bn, considering they specialise in safe investment yet have enormous resources to invest in mobilising.

Business lobbyists and accountancy show consistently spaced fluctuation, often with the peak of one category moving towards the trough of the others. This represents the cycling of issues contained in the discussion draft. Multinationals are much more prepared to comment on accounting matters relating to the valuation of their products, such as transfer pricing, commodity transactions and profit splits. When topics move away from product valuation, their presence drops in relation to accountancy and law firms, which specialise in the range of topics brought forward in BEPS.

Trends in proportional participation of comments (Fig. 2) were compared with the distribution of news stories identified on the Factiva database using a keyword search string that included one of the following words, “tax avoidance”, “tax haven” and “offshore finance” (Fig. 3). News stories are used here as a proxy for public salience. The period identified spanned 2008 to 2020 to emphasise this paper’s macro-claim that public salience increased markedly between 2012 and 2016, which is the case. For this window, the number of news articles is relatively even at around twenty thousand. Civil society interests remain relatively even in this period, thanks mainly to the consistent submissions of the BMG and Chartered Institute of Taxation (CIOT). Although media salience was even, one might have expected that more civil society groups would have mobilised as time passed. However, in terms of the number of comments civil society participation actually decreased as part of a common pattern across participant categories. In comparison, multinational lobbyists showed a firm trend of increased proportional representation. Given the fluctuations, a line of best fit would place this increase from around 25% to around 50% across the entire period. The increase of multinational lobbyists cut most prominently into the proportional share of accountancy and law firms, which show a decrease from around 45% to around 30%.

These trends suggest that civil society does not overcome collective action costs more effectively when tax avoidance is publicly salient. As explored in the following section, civil society groups advocated against tax avoidance before the topic became publicly salient. Over time, business lobbyists perhaps sensed that addressing tax avoidance was now a concern of the public and governments and that the BEPS treaty was increasingly more likely to become viable. Only, business lobbyists are more attuned to overcoming collective action.

If anything, the comments of multinational lobbyists and accountancy firms are being stated at such volume that they are taking up the thought of diplomats and OECD bureaucrats to a much greater extent than the comments of civil society. Although the arguments of different multinationals are no doubt nuanced, they share broad preferences for weaker tax regulation so must show some convergence in argumentation. airing this convergence with the proportion of submissions conveys a sense of consensus, even when the sentiments of civil society are underrepresented.

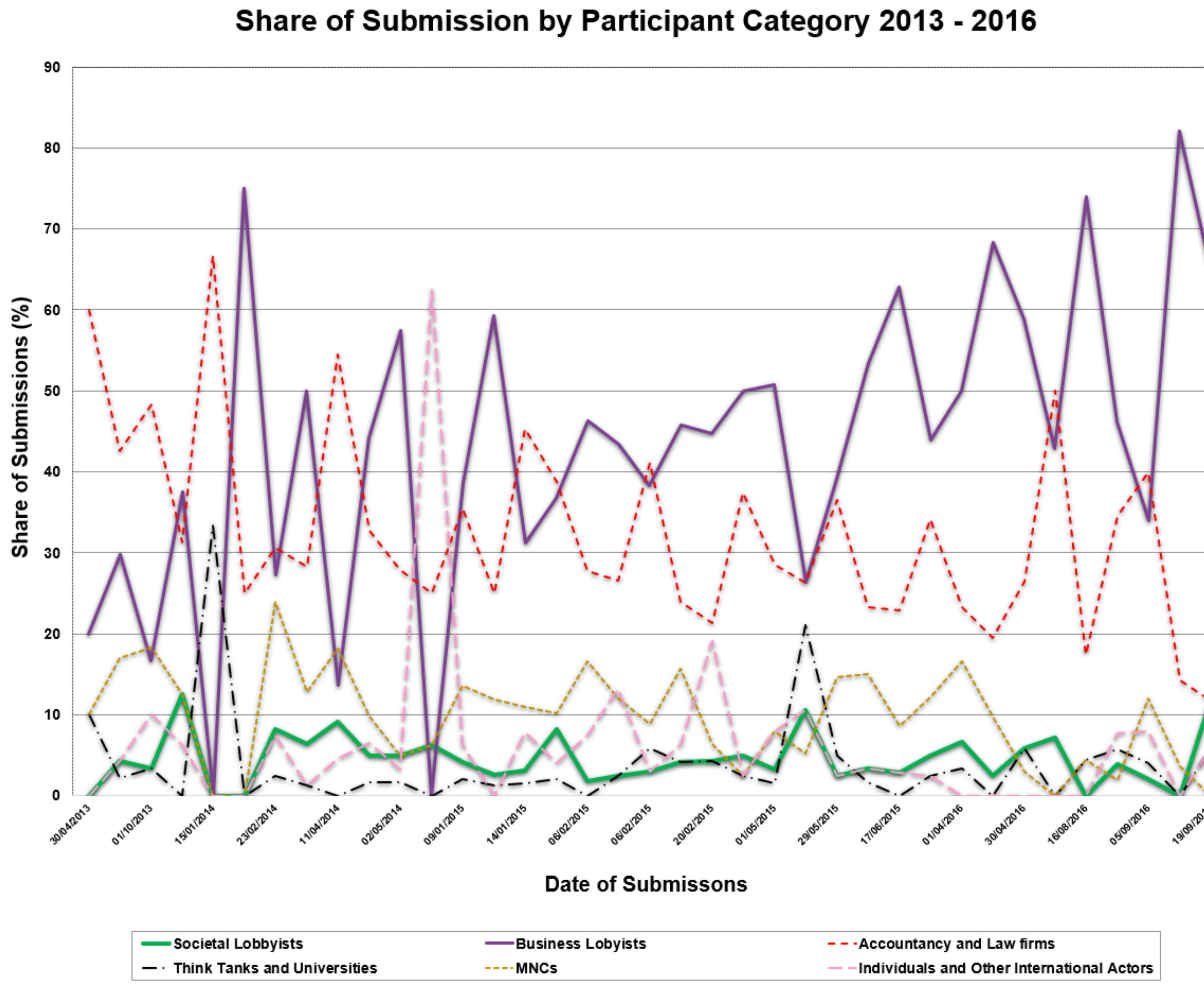
Share of Submission by Participant Category 2013 - 2016
Share of Submissions (%)
Date of Submissons
Societal Lobbyists
Business Lobyists
Accountancy and Law firms
Think Tanks and Universities
MNCs
Individuals and Other International Actors

Fig. 2.

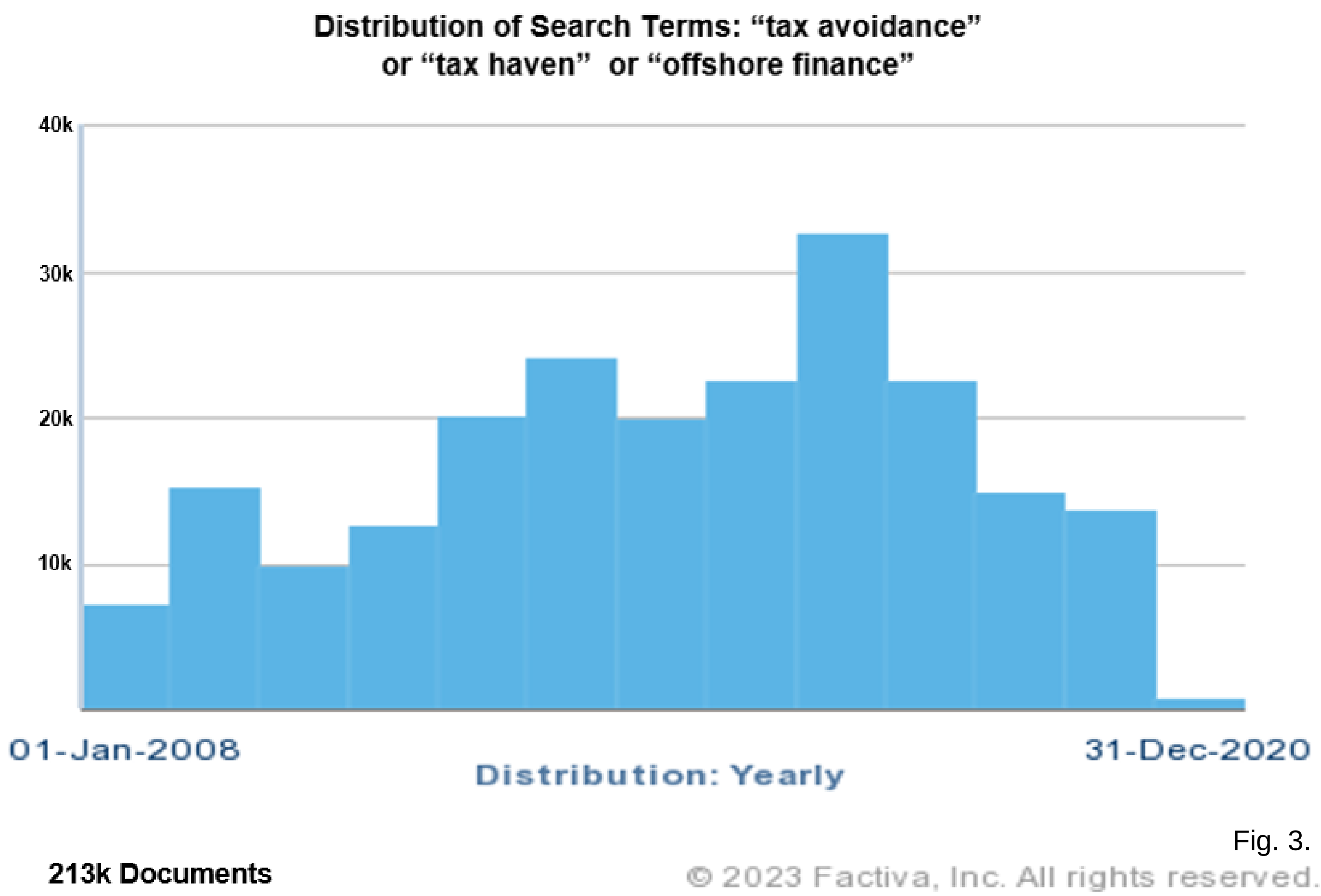
Distribution of Search Terms: "tax avoidance" or "tax haven" or "offshore finance"
40k
30k
20k
10k
01-Jan-2008
31-Dec-2020
Distribution: Yearly
213k Documents
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Fig. 3.

VIII: Case Study: Action 13

Transfer pricing comes under Pillar One of what is now a two pillared BEPS treaty. Pillar One underwent significant transformation during negotiations, initially focusing on the taxation of intangibles in the digital economy before branching into an assessment of intra-firm transactions (OECD, 2021, p.3). Considering that 40% of all global trade is intra-firm (Clausing, 2003, p.2207), BEPS likely moved towards transfer pricing to preserve legitimacy (Lips, 2019, p.104). Transfer Pricing is most squarely addressed in Action 13. The Article 13 discussion draft received 121 comments, while 45 comments were the average across all other drafts.

Civil society had already contributed to a common vocabulary of ideas in the transfer pricing debate before BEPS began (Grinberg, 2016, p. 1158). These included recommendations for interest expense deductibility, a form of transfer pricing where related subsidiaries borrow money from each other but pay a higher interest rate than would be rational if they were not subsidiaries but instead unrelated organisations. Similarly, Common Reporting Standards (CRS) was a proposal that enabled regulators to obtain balance sheets that can be assessed for transfer pricing practices. As identified, civil society organisations were aware of tax avoidance before the topic became salient. In their Action 13 submission, Christian Aid state they have been describing the challenges of transfer pricing “in developing countries since 2008” (OECD, 2014a, p.258). As La Plateforme Paradis Fiscaux et Judiciaires note, they previously submitted comments on CRS at the European Commission’s Internal Markets Consultation in December 2010 (OECD, 2014b, p.112). These comments suggest that organisations are keen to signal that their interest is not spurious and uninformed but longstanding. CRS was implemented within Action 13 and civil society can be said to have plaid a leading role. The influence of civil society on the valuing of intangibles was different. Which multinationals might be relevant here?

As already referenced from Picciotto (2015), multinationals are viable because of integrated efficiencies. Reassessing transfer pricing requires identifying when economic justification is absent for a payment. The moral lens through which civil society weighs this is ineffective, as there is no one fraction below the market price that conclusively justifies the competitiveness of a price mismatch. Businesses are rightly concerned that monolithic transfer pricing laws will affect their profitability and require greater accounting resources, although it is deliberately overstated. The resource problem is mirrored in states. Even with current CRS, authorities do not have the capacity to detect and dispute transfer pricing across the economy (Carrero & Seara, 2016, p.219).

The fact alone that there is strong contestation implies that the broadening of stakeholders and the strengthening of civil society have some influence (Grinberg, 2016; Büttner & Thiemann, 2017) as a mouthpiece of public disapproval. This is alongside the eroded trust in technical multinational expertise which is also partly a hangover of 2008. Although it is enough for a few states, spurned by public salience, to push transfer pricing onto the agenda, it requires a consensus of states to become an element of the treaty. There are still strong interests and sunk costs in administrative terms in moving away from arm’s length (Avi-Yonah & Xu, 2017, p.24)

Discussion

Data collection on civil society is not entirely representative, as the CFN houses many of the other civil society advocates that have been influential to international taxation, including the Tax Justice Network. If all you are doing as an organisation is commenting, this cannot truly be called participation in decision-making (Essers, 2017).

The number of comments is one way to measure the pervasiveness of arguments being presented at the OECD. However, not all organisations are born equal. The OECD-sanctioned working groups receive special attention from the OECD bureaucracy. Several established organisations that can be considered as transnational policy networks as well as multinational lobbyists have built prestige over many decades at the OECD and other intergovernmental forums. These include the International Chamber of Commerce and the International Fiscal Association. What's more, an investigation into the intersecting memberships of these organisations and BIAC would help identify how elite technical expertise becomes consistent (Christians, 2010, p.22). Two trade union groups come under the category of civil society, one of which is an OECD-conceived working group similar to BIAC and BMG. An interesting investigation could be made into how trade union representatives weigh the issues of higher business tax burdens and strained public revenues.

Ultimately, the results of the data only infer weak correlation and not causation. Further thick analysis of forces in BEPS such as other non-OECD countries and the financial crisis could give richer insights. Salience is one compelling reason why BEPS is the first successful attempt at international cooperation in one hundred years. Interestingly, the entry of civil society may further gridlock a policy space that Is already deeply contested. What might be seen in face-to-face negotiations between interest groups is cycles of lobbying and countervailing lobbying.

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