

Summary of Clausing

Tyler Merrill

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Professor [Redacted]

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A Bird's Eye Perspective

It's said that you can't argue with results: and multi-national corporations certainly deliver them. One lesson economics, the Cassandra of the humanities, as a discipline has to proffer (and perhaps will always be destined to) is a lesson zealfully forgotten as if ever-swallowed by a sort of recurring Kulturpessimismus:¹ that parties often don't voluntarily engage in an action unless they think they will gain thereby. In other words trade, as an act of praxis, is burdened with the presumption of doubt in its favor. The assumption is therefore that there is an incentive structure to explain why entities, like corporations, get to behave as and accumulate the power they do.² Not in her head to bear, is the wise inquirer, a conspiracy forged from the naked earth, howled onward by the wickedness residing squarely in the fanged maws of shareholders. Or so she may have heard...

So thus Dr. Sandbu ably tackles four areas of concern regarding the impact multi-nationals have on world affairs. In order, they are: their size and scope, downsides for workers, the ability of governments to regulate them, the challenge of taxing them.

On the first point, she concludes that their size has increased tremendously over the past few decades. They have most likely increased their relative market share, and brought on the associated risks thereby. Excess profits have also tangibly increased. On the second front, tie in that while firms have gotten more productive over time, more and more of the gains of this efficiency is being translated to kapital, the C-suites, and not the laboring class. She warns that the effect of multi-nationals greater control over markets shifts the social contract ever more in their favor. *Would you want to be the congressman who 'lost' your district's jobs, or would you back another tax abatement?*

Speaking of taxes, after concluding that disparate responses in regulatory matters by nation-states does not always lead to a 'race to the bottom', she demonstrates that modern corporations have indeed evaded a fair share of their taxes. While a successful enterprise must do business where business is done, it can and does hide its windfalls where they can blow most strongly. She finds that most corporate profits are 'earned' in ingeniously nestled tax-havens. To bill the impact of all that up looks like about \$300 billion a year in revenue is lost for the governments that actually provide a market place (read: administer a society) for multi-national's earnings.

Clausing then goes on to provide some guiding precepts that governments can use to better tax modern corporations. She mentions that, wherever possible, nations should not undertake independent actions to inflict harm on each other by competing in the realm of 'providing better business incentives than your neighbor'. Such 'prisoners dilemmas' are inescapable except via broad multi-country consensus on some provisions that can then be tailored to national proclivities within an acceptable range. She cites the EU's concordance with Canada and T-TIP's architecture as ideal accords to model from.

She then specifically proffers some responses that countries can actuate on their own behest without causing ripple effects in the wider world. These percepts centralize around three

¹ Such redivivus may be due to the 'nature of the beast's' moral persuasion more than any ouroboros of ideological inrectitude. Hence its ever presence, unlike say, that of dead theories of matter or other outcrops of the inherently unethical sciences. The boldness of that last stance just taken, while noted, will here be presently ignored for the benefit of the most dependable and hence most forgettable god of the ancients: time.

² Of course historically some course or another has lead away from such presumption to their 'empire of and in fact', as it were (as is, indeed, it is). But that is precisely why we are here. Or at least why Dr. Clausing was: to hypothesize and explain why so, as opposed to why not.

points: Don't engage in tax and regulation gutting, protect the tax base from shared profits, and, finally, pay attention to the soundness of economic base-lines. With these norms adhered to, Dr. Clausing hopes that corporations can be given a more fair bent in modern society. Indeed we may all so hope. Taking such recommendations as a guiding stalk, the very real fruits of multinational's output may start to taste a little more sweet.