

# **Back from oblivion? The rise and fall of the early initiatives against corporate tax avoidance from the 1960s to the 1980s**

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Tax havens and tax avoidance have gathered much interest, e.g., in the United Nations (UN) negotiations on the post-2015 development goals. The analyses of initiatives against corporate tax avoidance typically focus on developments from the mid-1990s onward. This article shows that contrary to the common perception, the country-by-country reporting initiative and many of the other contemporary policy responses had already been developed and discussed in the 1970s by the United Nations Commission and Centre for Transnational Corporations. I demonstrate how the weakening of the policy community of the UN and the failure of the Organisation of Economic Co-operation and Development (OECD) to refer to the earlier discussions, not only in the UN but also in the OECD, contributed to the passing into oblivion of these ideas. Other factors were the reframing of the UN work on multinational enterprises to human rights issues and the transformation of academic theories of the firm. The examples demonstrate how ideas shape world politics and how the oblivion of certain ideas can have concrete impacts on the power relations between its actors. The oblivion of the earlier debates paved the way for the triumph of more business-friendly discourses centred on the anti-corruption and corporate social responsibility arguments.

Keywords: United Nations, transnational corporations, development, transfer pricing, country-by-country reporting, accounting

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## 1. Introduction

*Transnational corporations should/shall not, contrary to the laws and regulations of the countries in which they operate, use their corporate structure and modes of operation, such as the use of intra-corporate pricing which is not based on the arm's length principle, or other means, to modify the tax base on which their entities are assessed. – Draft United Nations Code of Conduct on Transnational Corporations, 1983*

*Exchanges of information between tax administrations through the application of tax agreements could not be regarded as a very effective method of putting an end to the flight of capital, and more comprehensive international co-operation was therefore required in that field. – United Nations Ad Hoc Group of Experts on Tax Treaties between Developed and Developing Countries, 1970*

In September 2013, the G20 group mandated that the Organisation for Economic Co-operation and Development (OECD) start the Base Erosion and Profit Shifting (BEPS) project, which aimed to produce international tax rules that would tax transnational companies (TNCs) where economic activities take place and where value is created. This marked the start of an intensive two-year negotiating process, with the outcome documents agreed upon and published in October 2015. The rules that govern intracompany trade received some fixes and improvements, and a few pressing initiatives, such as country-by-country reporting, saw significant progress. However, the results failed to impress critical observers, as much of the present corporate tax avoidance will continue unabated even after the BEPS resolutions take effect (BEPS Monitoring Group, 2015).

Despite its deficiencies, the BEPS process can be seen as the culmination of the OECD-led efforts to champion the international tax regime (Ring, 2007: 598), especially since the publication of the OECD's *Harmful Tax Practices* report in 1998 (OECD, 1998). The report was an answer to the 1996 call from the G7 countries to develop measures to counter the distorting effects of harmful tax competition on investment and financing decisions and the consequences for national tax bases.<sup>1</sup>

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<sup>1</sup> Specifically, the 1998 report set out a proposal to establish guidelines on the identification of harmful preferential tax regimes, called for the creation of a forum on harmful tax practices, called for the development of a list of tax havens and suggested a number of recommendations for action at the level of national legislation and in tax treaties.

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Since then, the history of anti-tax haven and anti-tax avoidance initiatives has usually begun with reference to that 1998 report, which had the bold subtitle of *An Emerging Global Issue* (OECD, 1998; see also Eccleston, 2012: 100; Eden and Kudrle, 2005: 107–108; Hampton and Christensen, 2002: 1659; Weiner and Ault, 1998: 601).

This is not a big surprise, as the 1998 report made no reference to any studies published prior to the 1980s. Illustratively, the first sentence of the introduction set the general tone, stating that “historically, tax policies have been developed primarily to address domestic economic and social concerns” (OECD, 1998: 13). Ironically, the OECD even failed to refer to some its own earlier work to counter tax avoidance and tax evasion. However, this article demonstrates the need to look further back in history in order to understand both the origins of the policy discussions on tax havens and the initiatives to tackle the international tax flight. Specifically, the article illuminates the rich body of analyses and policy initiatives produced by the various agencies and groups under the United Nations (UN) umbrella. I show how the UN and its Centre for Transnational Corporations (UNCTC) originally developed, considered and promoted many of the initiatives that have gained prominence especially in the post-financial crisis era.

With this exercise, I provide new information for the intensifying policy-focused and analytical debates on tax havens, tax evasion and tax avoidance (e.g. Christensen and Murphy, 2004; Christensen, 2011; Dietsch and Rixen, 2016; Palan et al., 2013; Picciotto, 2011; Pogge and Mehta, 2016; Slemrod and Wilson, 2009). Moreover, I aim to provide historical context for research on the initiatives that tackle the problems caused by tax havens, international tax evasion and corporate tax avoidance (Eden and Kudrle, 2005; Hasseldine and Morris, 2013; Murphy, 2007; Murphy, 2009; Preuss, 2010; Seabrooke and Wigan, 2013; Sharman, 2006; Sikka, 2010; Sikka, 2013; Spencer, 2014). Indeed, a common feature of many of these analyses has been that they discuss the growth of tax havens and corporate tax avoidance in the context of recent economic and financial globalization. Finally, the article contributes to the discussions about the epistemic communities, emergent entrepreneurs and the role of ideas and memory in the studies of international relations and international political economy.

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The demise of theoretical work on the societal powers of corporations in past decades has most likely reinforced these tendencies. Some inadequately resourced work conducted by UNCTAD notwithstanding, the UN had effectively withdrawn from working on the political and power aspects of TNCs in 1998. Moreover, the UN abandoned its work on the United Nations Code of Conduct on Transnational Corporations (CoC) in the early 1990s, rebuilding its work in this field with a less controversial angle on business and human rights in the late 1990s. Against this background, it is no surprise that the late 1990s and early 2000s saw a rediscovery of some of the initiatives developed in the 1970s, but this time in the context of human rights, good governance and anti-corruption efforts. It took the global financial crisis of 2007–2009 to push world leaders to gear up international policy work to a level distantly comparable with the UN efforts, but this time steered especially by the OECD. In addition to these findings, this article contributes also to the discussion on private global governance. I suggest that the International Accounting Standards Committee (IASC) has had an important role in providing an excuse for scaling down the UN work on regulation of international accounting.

This study draws on a large body of research. The material includes the key academic publications and UN policy documents from the late 1960s to the early 1980s. I selected the policy-related material by reviewing all the relevant material issued by the UN and the UNCTC and the reports and documents that preceded its creation. Not all UNCTC publications were used, as I focused the analysis on those reports with the most significance for the subject.<sup>2</sup> The documents were fetched from the website [archive.org](http://archive.org), as the UNCTC website ([unctc.unctad.org](http://unctc.unctad.org)) of UNCTAD was no longer operational. Finally, as background work for this article, I conducted semi-structured interviews of Klaus Sahlgren and Kari Tapiola in the summer of 2015<sup>3</sup> in Finland. Mr. Sahlgren was the first Executive Director of the UNCTC (1975–1983), and Mr. Tapiola was the Special Assistant to the Executive Director of the UNCTC (1976–1978).

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<sup>2</sup> The UNCTC published 265 documents during its existence (Hamdani and Ruffing, 2015: 49). There are necessarily gaps in the content of this article. However, enough information has been provided to establish a revelatory (Yin, 2003: 42) case study that provides enough material to question the earlier understanding of the phenomenon that is being researched.

<sup>3</sup> Sahlgren was interviewed in Korppoo and Tapiola in Helsinki.

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The early discussions on international tax avoidance and tax evasion emerged from three main sources in the late 1960s and during the 1970s. Of these, the most important were material produced by international agencies, especially the UN, as well as some notable work by the U.S. scholars. Moreover, these discussions were reflected in the domestic policy debates in the United States, such as the initiatives by the Kennedy administration and the hearings of the U.S. Senate on these topics (Rixen, 2010: 17; Webster, 1961). Since the 1910s, the international community had been addressing the phenomenon of double taxation in the League of Nations, the International Chamber of Commerce and other supranational bodies (Rixen, 2008: 88; Rixen, 2010). Only after the problem of double taxation had been at least somewhat resolved did the issue of undertaxation become relevant (Rixen, 2010: 4).

In the 1960s and 1970s, the most important policy initiatives focused on the accounting rules of TNCs and on model tax treaties. I start by presenting the organizational setting of the early attempts to develop an international anti-tax avoidance regime and then review the key discussions and materials produced by the UN organizations and the OECD. These documents were significant in providing far-reaching analyses of tax havens, tax avoidance and tax evasion, and in advocating various reforms to the international corporate tax systems, including the initiative for country-by-country reporting as well as the proposal for unitary taxation and discussion on automatic, multilateral exchange of information. All of these initiatives are currently discussed in various international bodies without proper awareness of their history. I contrast the early UN discussions with the aims of the OECD's BEPS project, as well as to the 1998 *Harmful Tax Practices* report. I argue that although the UN efforts related to regulating TNCs are relatively well known within the scholarship on development studies and global political economy studies, there has been a lack of substantial analysis of the UN proposals that would have benefited later research on tax avoidance and evasion.

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## 2. The organizational setting and the work on exchange of tax information

After heated and unsuccessful discussions in the UN's newly formed Economic and Social Council (ECOSOC), the post-World War II work on international taxation became an OECD-led initiative with an explicit focus on eliminating double taxation (Picciotto, 1992: 48–51; Rixen, 2008: 96–97). In contrast to the Keynesian mainstream of the time, the OECD generally advocated laissez-faire stances in much of its economic policy (Williams, 2008: 118). In 1956, the OECD's Fiscal Committee, made up of government officials and tax experts, began to elaborate a draft convention with the aim of providing solutions to the problem of double taxation among OECD member countries. The outcome of the Committee's work was adopted in July 1963 under the title *Draft Double Taxation Convention on Income and Capital*. While focusing on double-taxation issues, the convention also contained articles regarding the elimination of discriminatory tax provisions in internal laws and the reduction of international tax avoidance through the exchange of information between national tax administrations (Surrey, 1978a; Rixen, 2008).

In addition, the OECD also briefly addressed tax and development issues in its report titled *Fiscal Incentives for Private Investment in Developing Countries* (OECD, 1965). Although mostly faithful to its title, the report also noted how it is of major importance for a capital importing country to adopt provisions which would keep it from becoming a tax shelter for investors from industrialized countries. Moreover, the report highlighted the problems caused by round-tripping capital: capital that is first transferred out from and then back to the country of origin in order to gain tax benefits (OECD, 1965: 55). What is more, it also noted the importance of establishing tax treaties with developed countries (OECD, 1965: 58). However, the report did not provoke further research by the OECD at the time. With the exception of the OECD work on tax treaties, the UN soon took the lead in developing analyses of and initiatives against corporate tax avoidance and evasion.

The UN work occurred in two partially overlapping processes. The first originated from the Economic and Social Council's resolution 1273 (XLIII) in August 1967, which requested the Secretary-General to set up an ad hoc working group consisting of experts and tax

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administrators to explore ways and means for facilitating the conclusion of tax treaties between developed and developing countries. Made up of representatives nominated by governments, this working group published several reports in the 1970s. The second strand of the UN work arose from the UN efforts to regulate the operations of TNCs and was in part directed to addressing accounting issues. Establishing new international accounting standards was one of the priorities for dealing with the challenges created by TNCs. This process fed into the UN Code of Conduct on Transnational Corporations, which was negotiated for several years but finally abandoned in the early 1990s.

The Ad Hoc Group of Experts on Tax Treaties between Developed and Developing Countries was composed of 20 tax officials and experts nominated in their personal capacity.<sup>4</sup> The Group convened in 11 meetings from 1968 to 1977 to pursue the task of exploring ways and means for facilitating tax treaties between developing and developed countries “including the formulation, as appropriate, of possible guidelines and techniques for use in such tax treaties which would be acceptable to both groups of countries” (Economic and Social Council resolution 1273 (XLIII), August 1967, quoted in UN, 1979). Subsequently, in 1974, ECOSOC emitted a resolution stating that the provisions that the Group had been working on “could be standardized, with only a small number of clauses to be negotiated in particular cases, they would in fact amount to an international agreement on taxation, which ... [would be] the final objective”. The work then culminated in the draft model double-taxation treaty accompanied with a manual for implementation, first published in 1980. Based on this draft, the UN secretariat then produced the model convention that reproduced the Ad Hoc Group’s work, which itself was built partially on the double-tax convention that the OECD had produced (Surrey, 1978a).

By its resolution 1980/13 of 28 April 1980, ECOSOC renamed the Group of Experts as the Ad Hoc Group of Experts on International Cooperation in Tax Matters. After a period of inactivity, the group reconvened in 1997 and was renamed again in 2004 as the Committee of Experts on International Cooperation in Tax Matters – commonly

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<sup>4</sup> These countries were initially Argentina, Chile, France, Germany, Ghana, India, Israel, Japan, the Netherlands, Norway, Pakistan, the Philippines, the Sudan, Switzerland, Tunisia, Turkey, the United Kingdom and the United States. In later years, the membership varied and was expanded further.

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referred to as the UN tax committee (Rixen, 2008: 147–148; UN, 2002). Though inadequately resourced and relatively poorly known outside tax policy circles, the UN Tax Committee still updates the Model Tax Treaty. The UN version gives more taxing rights to source countries, whereas the OECD's treaty leans more towards the residence principle (Surrey, 1978a). In this way, the UN Model Treaty is more favourable for most of the developing countries. From early on, the Group stressed many of the concerns that are familiar from the contemporary debates (UN, 1969, 1970, 1972, 1973, 1975, 1976, 1978, 1979). Even though the group had a special focus on tax information exchange, it touched upon many other issues – from tax havens to transfer pricing, which was the special concern of the 1975 report (UN, 1975: 14).

At the July 1972 meeting of ECOSOC, the Chilean representative required the UN to appoint a high-ranking expert commission to study the role of multinational corporations (Rahman 1998: 595; Sagafi-Nejad et al., 2008: 43–47). The call was ignited by a 1971 U.S. Senate subcommittee report that confirmed the alleged involvement of the International Telegraph and Telephone Corporation (ITT) in destabilizing the democratic government of Salvador Allende in Chile (Rahman, 1998: 595; Sagafi-Nejad et al., 2008: 42–43; Hamdani and Ruffing, 2015). The ECOSOC resolution stated, “The international community has yet to formulate a positive policy and establish effective machinery for dealing with the issues raised by the activities of these corporations” (ECOSOC, 1972: 3). Hence, ECOSOC decided to appoint the 20-member Group of Eminent Persons (GEP) in 1972. The group included nine members from the public sector, six from academe, and five from public and private enterprises and on a broad geographical basis (Sagafi-Nejad et al., 2008: 57). The group was assigned to study the role of multinational corporations and their impact on the process of development (ECOSOC, 1972: 4). This marked the beginning of the other strand of the UN work on anti-tax avoidance initiatives.

The GEP finished its report in 1974 and recommended, among other things, that a Commission for Transnational Corporations and an Information and Research Centre on Transnational Corporations be established under ECOSOC (Rahman, 1998: 599; Hamdani and Ruffing,



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2015).<sup>5</sup> A year after the GEP report, in 1975, the UNCTC was formed as an autonomous centre of the UN Secretariat in New York, where it operated until 1993 (Sagafi-Nejad et al., 2008: 6; Sauvant, 2015). The UN Member States also decided to form several subgroups under the UNCTC. One of these subgroups was the UN group of accounting experts (GEISAR) that convened in 1976 (Rahman, 1998: 598).<sup>6</sup> It was the 1977 GEISAR report that moved the substantial accounting-related issues forward, although the group suffered from some organizational misfortunes (Yoshida, 1987: 258–259).<sup>7</sup> Although the UN’s role in early attempts to establish international regulation of accounting has been noted in the literature on global economic governance (e.g. Nölke, 2011: 67; McSweeney, 2010: 10), these accounts have not analysed the UN’s substantial contributions towards broader financial reporting (with the exceptions of Surrey, 1978a; Surrey, 1978b; and Hamdani and Ruffing, 2015). Owing to the strong emphasis on accounting issues, the GEISAR group made advances, especially in improving corporate financial transparency.

### **3. The UN contributions in analysing international corporate tax avoidance and its impacts**

This section looks at the substantial contributions of the various UNCTC groups and reports analysing international corporate tax avoidance and evasion, highlighting some of the key insights that the UNCTC documents provide on corporate tax avoidance and its effects. After this section, I turn to analyse thematically the key policy proposals and their contemporary significance. Generally, it can be said that the early UNCTC reports portrayed a surprisingly clairvoyant and even far-sighted analysis of the key loopholes in international corporate tax governance. This was especially valuable as the theme was severely underresearched at the time, which made the work of the rapporteurs highly challenging.

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<sup>5</sup> In 1973, the UN Department of Economic and Social Affairs prepared a background report, *Multinational Corporations in Development*, for the GEP. Many of the recommendations and analyses of the GEP drew heavily from this 1973 report (Sagafi-Nejad et al., 2008: 59).

<sup>6</sup> In addition, a Working Group on the Code of Conduct was created under the UNCTC (Savant, 2015: 20).

<sup>7</sup> Yoshida notes how the first report was not formally adopted because members of the Group were not government representatives of their respective countries.

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The GEP made several important contributions. In its 1974 report, it noted how “advances in communications technology allow many multinational corporations to pursue global strategies which, rather than maximizing the profits or growth of individual affiliates, seek to advance the interest of the enterprise as a whole” (UN, 1974: 30). These profit maximization strategies were helped by a “lack of harmonization of policies among countries, in monetary or tax fields for example”, which allows transnationally mobile multinational corporations to “circumvent national policies or render them ineffective” (UN, 1974: 30). This circumvention is usually conducted “by corporate planning mechanisms situated in a few industrial countries” (UN, 1974: 30), resulting in a situation where “the ‘invisible hand’ of the market is far from the only force guiding economic decisions” (UN, 1974: 41).

Furthermore, the GEP report stated that corporations could engage in price discrimination and (abusive) transfer pricing, among other market-distorting acts<sup>8</sup> (UN, 1974: 30). The report argued that “a policy framework which may be adequate for dealing with national corporations needs to be modified when dealing with multinational ones” (UN, 1974: 31), since national attempts to raise taxes “can be negated by vertically or horizontally integrated multinational corporations through transfer pricing and the use of tax havens” (UN, 1974: 35). This analysis on transfer pricing and tax havens was surprisingly mature, given that it was formulated in the mid-1970s. Although the GEP report identified some policy demands, its major policy contribution was to pave the way for further UN work on TNCs. In addition, it is worth noting that the report demanded larger taxing rights and help in tax-related capacity building for developing countries. And remarkably, both of these demands have been emerging issues in the financing for development discussions in the current millennium.

The 1974 GEP report was not the first UNCTC publication to highlight the significance of transfer pricing-related tax avoidance. A year earlier, the Multinational Corporations in World Development report addressed this issue at length. The report noted that the “large incidence of inter-affiliate transactions and attendant transfer pricing can distort the real picture, as can other practices involving

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<sup>8</sup> It should be noted that transfer pricing is a necessary feature of intracompany trade in any corporation. Transfer pricing can facilitate tax avoidance when the prices used in the intrafirm price are being distorted.

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capitalization, accounting procedures, and control of local resources”, and that this distortion takes place by charging prices for imports that are “far above prevailing ‘world’ prices, and [that] conversely those for exports have been below world prices” (UN, 1973: 32). The UNCTC also noted that many goods and service trades within firms do *not* involve arm’s length transactions. Hence, “their prices are not determined by the market mechanism but by the corporations themselves” (UN, 1973: 33). This resonates with the contemporary research on this issue (e.g. Avi-Yonah, 2004: 499, 1995; Eden, 2016; Ylönen and Teivainen, 2015).

Moreover, in response to a request by the UNCTAD Secretary-General, the 1972 report of the Ad Hoc Group of Experts on Tax Treaties between Developed and Developing Countries dedicated a chapter to addressing tax avoidance and evasion. These topics were addressed frequently in subsequent reports as well. The 1972 report noted the difficulties that developing countries face in auditing intrafirm transfer prices. In addition, the report noted how “international tax evasion was viewed as a serious problem by developing countries substantially engaged in world commerce” (UN, 1972: 54). Representatives of developing countries highlighted the problems created by tax avoidance, especially in relation to dividends and loans, as well as through “the use of favourable legal forms, tax havens, abuse of certain tax incentives, and tax treaties as vehicles for tax avoidance” (UN, 1972: 54). Finally, the 1979 Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries summarized much of the work of earlier reports (UN, 1979). As with many other UN publications on these themes, however, its substantial inputs were later forgotten.

The UN’s insights on corporate tax avoidance were not limited to the issue of transfer pricing. As an example, the 1976 UNCTC report that viewed corporate accounting and reporting issues from the developing country perspective drew attention to the problems of thin capitalization. The report noted that there are cases in which “capital expenditures by subsidiaries are financed by the parent company by means of loans at relatively high rates of interest rather than by an increase in the subsidiary’s equity” (UN, 1976: 4; see also Surrey, 1978b). Moreover, dividends and royalty payments can be used to withdraw profits from subsidiaries and by a careful utilization of holding companies (UN, 1973, 32; see also Surrey, 1978a: 32–41). In other words, the publications presented a fairly concise and detailed

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picture of tax avoidance practices, even though the information was scattered among several reports.

What is more, the UN reports offered a sophisticated analysis of the role of royalties in international tax avoidance. The 1973 report on the role of MNCs in world development noted how estimates of royalties can distort the true payments for know-how in various ways. In particular, the “distortion may take the form of overpricing of intermediate products and capital goods, which are tied to the imports of technology, or the underpricing of exports to the suppliers of the technical know-how” (UN, 1973: 50). As a consequence, changes in royalty payments may not reflect changes in real prices but simply “a readjustment in the distribution of returns among the different channels of income remission” (UN, 1973: 50). A UNCTC report published a year later stressed the importance of arbitrary pricing of services, patents or techniques of know-how in intrafirm trade (Shoup, 1974: 8). The 1976 report touched upon this same theme by noting how the key question in the pricing of overhead expenses is not one of pricing but of where the profits are allocated – and that this allocation is often not fair (UN, 1976: 4).

#### **4. The UN proposals for reforming the international tax system: A contemporary angle**

This section looks at the substantial policy proposals made by the Ad Hoc Group of Experts on Tax Treaties between Developed and Developing Countries, the UNCTC, and its subgroups. The UNCTC’s work on accounting standards and the Code of Conduct on Transnational Corporations have already gathered scholarly attention (Hamdani and Ruffing, 2015); however, my approach differs markedly from earlier accounts. Specifically, I look at the UN’s and the UNCTC’s policy contributions in light of contemporary discussions on tackling international tax avoidance, especially in the context of the OECD’s 1998 *Harmful Tax Competition* initiative and the BEPS process. I begin with what seems to be one of the most obvious contributions, namely the work on exchange of information. After this, I continue by discussing the UN work on accounting standards. Here I highlight the so-far neglected aspect of GEISAR’s work, namely the proposals for increased country-level and segmented reporting that arose alongside similar developments in academia. Third, I highlight the UNCTC’s discussions

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on another contemporary, highly relevant initiative – unitary taxation. Finally, I cover some other initiatives that were mentioned in the UNCTC’s publications, such as the proposal for the International Tax Court and greater regional tax cooperation, an initiative that is currently being debated, for example, in the African Tax Administrators Forum.

Already in 1969, the Ad Hoc Group of Experts on Tax Treaties between Developed and Developing Countries had noted how developing countries may not benefit from the tax information exchange agreements (UN, 1969: 19). This led the Group to demand stronger wording on the exchange of information than in the OECD’s approach, with a special emphasis on preventing fraud and tax evasion, and stress on the affirmative obligation of competent authorities to fully implement the exchange of information (Surrey, 1978a: 4). In 1971, the issue of automatic exchange of information was brought up in the Group, as well as the obstacles created by banking secrecy laws and the use of holding companies. Specifically, the Group noted how “exchanges of information between tax administrations through the application of tax agreements, could not be regarded as a very effective method of putting an end to the flight of capital, and more comprehensive international co-operation was therefore required in that field” (UN, 1970: 19). A year later, multilateral exchange of information was highlighted as a possible solution to these problems (UN, 1972: 55), although the Group report published six years later found this idea to be “premature” (UN, 1978: 59). Nearly four decades later, multilateral exchange of information has finally made a breakthrough in global governance, with several recent initiatives put forward by the OECD, the European Union (EU) and the G20.

Building on the aforementioned analyses in the 1974 Report of the Eminent Persons, the GEISAR group was the main forum at which the UNCTC developed its inputs for international accounting regulation. The first GEISAR report noted that traditional annual reports are oriented to the information needs of shareholders and creditors and that there is a need for broader, improved, and more harmonized corporate reporting (UN, 1977: 2). The report also made a detailed proposal for the items that should be furnished in the future accounting standards. The proposal included a section on Financial information on members of a transnational corporation group (UN, 1977: 20) and another section on Reporting on segments of a transnational corporation (UN, 1977: 21).

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The following information was proposed for reporting under the first category (UN, 1977, Annex p. 8):

1. List of significant subsidiaries and percentage ownership (by geographical area of operation), justify exclusion of any such subsidiaries from consolidation. Carry excluded subsidiaries at equity or disclose equity in the footnotes.

2. List of associated companies and nature of relationship with parent company (by geographical area of operation). Justify carrying such investments at other than equity and disclose equity in the footnotes.

3. Disclosure of identity of parent company in reports of subsidiaries.

4. Disclosure of information on the following (eliminated in consolidated statements)

(a) Intercompany sales

(b) Intercompany charges for interest, royalties, license fees, rental for use of tangible property and other intangibles

(c) Intercompany charges for research and development, advertising, management services and other allocated expenses

(d) Net increase (decrease) in intercompany investments

(e) Net increase (decrease) in intercompany loans

In addition, the GEISAR report demanded segmented reporting for assets or net assets, revenues, earnings, exposure to exceptional risks, principal activities in each area, new capital investments, identifiable assets by industries, other assets, revenue and sales by industries, and one or more of the following: profit contribution, operating profit, profit before taxes and net profit. Effectively, these measures would have resulted in a significant broadening of the corporate reporting requirements.

Similar issues were also discussed in the OECD, but with less ambitious formulations. The 1976 OECD Guidelines for Multinational Enterprises stated that companies should publish annually the structure

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of the enterprise, the geographical areas where the company operates, sales by geographic area and by major lines of business, significant new capital investments, the sources and uses of funds of the company as a whole, the average number of employees and the R&D expenditures in each geographical area, the policies followed for intragroup pricing and the accounting policies (Surrey, 1978b: 434–435). Interestingly, the OECD’s 1976 Guidelines also stated that companies should “refrain from making use of the particular facilities available to them, such as transfer pricing which does not conform to an arm’s length standard” (Surrey, 1978b: 437).<sup>9</sup>

The OECD’s early contribution to the tax and corporate responsibility discussions is a notable opening, especially as this theme has started to attract scholarly attention only in recent years (Hasseldine and Morris, 2013; Sikka, 2010; Sikka, 2013; Ylönen and Laine, 2015). However, in contrast to the UN’s guidelines, the OECD’s contributions were designed to remain voluntary. Although there was a consensus that the UN’s Code of Conduct was to be not compulsory in character by that time either, the GEP believed that the authority of the international organizations and the pressure from the public would help to realize their aims (UN, 1974b: 55). In addition, the long-term goal was to come up with a “general agreement on multinational corporations having a force of an international treaty and containing provisions for machinery and sanctions” (Hamdani and Ruffing, 2015: 80). The work of the GEISAR group continued in several subsequent reports. In the 1980 interim report, the group noted,

Transnational corporations should make available to the public in the countries in which they operate clear, full and comprehensible information designed to improve understanding of the structure, activities, and policies of the transnational corporation as a whole. The information should include financial as well as non-financial items and should be made available on a regular annual basis ... information provided for the transnational corporation as a whole should be broken down by geographical

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<sup>9</sup> In the 2000 update of the OECD’s Guidelines, this point had been modified to suggest that companies should comply with the tax laws and regulations by conforming transfer pricing practices to the arm’s length principle (OECD, 2001: 135). The same formulation is repeated in the most recent 2011 version of the OECD’s guidelines (OECD, 2011).

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area or country, as appropriate, with regard to activities of its entities, sales, operating results and significant new investment; and by major line of business. (UN, 1980, Annex III)

Finally, the GEISAR reports contributed to the draft versions of the CoC, and drafting the CoC was the established highest-priority task of the UNCTC. They were submitted to the UNCTC at its eighth session in 1982. The negotiations were entrusted to a special session of the Commission that began deliberations in 1983 and was open to the participation of all Member States (UN, 1983). The 1983 draft noted that “transnational corporations shall/should carry on their activities in conformity with the development policies, objectives and priorities set out by the Governments of the countries in which they operate” (para 9). Moreover, the draft CoC also had subsections dedicated to transfer pricing and corporate taxation. On the latter issue, the document stated that corporations should/shall not “use their corporate structure and modes of operation, such as the use of intra-corporate pricing which is not based on the arm’s length principle, or other means, to modify the tax base on which their entities are assessed” (para 34). Finally, the draft document also noted that “in respect of their intra-corporate transactions, transnational corporations, should/shall not use pricing policies that are not based on relevant market prices, or, in the absence of such prices, the arm’s length principle, which have the effect of modifying the tax base on which their entities are assessed or of evading exchange control measures [or customs valuation regulations] [or which [contrary to national laws and regulations] adversely affect economic and social conditions] of the countries in which they operate” (UN, 1983, para 33, brackets in the original negotiation’s draft text).

These words ended up being the most important demands of the UN machinery for tackling corporate tax flight. Then the atmosphere changed. As a symptom of this, GEISAR switched to a more cautious tone in its analysis in 1984, and its mission was significantly narrowed. Instead of pursuing the development of new accounting standards, the group’s mandate changed “to review material from international accountancy bodies and other interested groups” (UN, 1984: 3). According to Rahman (1998), this reflected the increased prominence of the self-regulatory IASC as the main body for discussions on regulation of international accounting. In addition, the group “considered it necessary to take account of the need of transnational corporations to



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maintain business confidentiality in sensitive areas, in particular so as not to jeopardize their competitive position” (UN, 1984: 5). The goal was then revised; international harmonization was now the long-term objective (UN, 1984: 5). As Hamdani and Ruffing (2015: 80) note, the “proponents overreached for a general agreement and failed in their primary task to complete a code of conduct”.

The new rhetoric resonated well with the concerns that some delegations already had with the first GEISAR report, which they called “overly ambitious” (UN, 1984: 5). The ambition level was significantly reduced as a distinction was made between general purpose and special purpose reporting. Public disclosure of special purpose reporting might be permitted only by mutual agreement instead of mandatory requirement (UN, 1984: 5). Finally, in 1988, the UN released its conclusions on accounting and reporting by TNCs (UN, 1988). Although the conclusions still included many of the ideas from the first GEISAR report, it became clear that the UN had been sidelined in the discussions on international accounting regulation (Hamdani and Ruffing 2015: 18). The group was ultimately unable to ratify an agreeable code owing to various disagreements between developed and developing countries, and the group was finally dissolved in 1994, after the abolition of the UNCTC in 1992 (Deva, 2012; Hamdani and Ruffing, 2015). Chapter X of the 1993 *World Investment Report* (UN 1993) ended up being one of the last manifestations of the old UN paradigm, in regard to its analyses of the possibilities of unitary taxation and the use of advance pricing agreements for fixing the underlying problems of the arm’s length principle.<sup>10</sup> Eventually, public pressures led the UN to re-establish its work on TNCs in the late 1990s, but this time in the much less controversial context of business and human rights.

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<sup>10</sup> Most of the other *World Investment Reports* published during the 1990s and 2000s analysed the growth and development of bilateral tax treaties, occasionally also discussing issues related to e.g. tax havens and intrafirm tax avoidance. Illustratively, in 2000, the report noted how “Concern about transfer pricing, greatest in the 1960s and 1970s, has declined as tax differences have narrowed, double-taxation agreements have proliferated and the desire to attract FDI has become widespread” (UN, 2000: 165). The *World Investment Report 2005* was the first not to explicitly mention the UNCTC in its foreword note, referring instead to the UN’s 30 years of experience in these areas (UN, 2005: ii). Recently, interest in these themes has regenerated; e.g. the 2015 *World Investment Report* included a chapter dedicated to international tax and investment policy coherence (UN, 2015).

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The initiatives originally put forward by GEISAR and some academics (especially Ralph Nader, Mark Green and Joseph Seligman, who explicitly discussed country-by-country reporting in the 1970s<sup>11</sup>) bore great resemblance to the country-by-country reporting initiatives (Murphy, 2007; Murphy, 2009) that have been developed in the current millennium. Both strands of initiatives call for similar extensions in corporate transparency and share an analysis of the problems created by the lack of disclosure. Moreover, they proposed similar measures for addressing these problems. Recently, the extended country-by-country reporting requirements for TNCs have been praised as the single most important outcome of the BEPS project – even though the reports will be accessible only for authorities and the new system will not be accompanied by an effective exchange of information on the reports (BEPS Monitoring Group, 2015).

Unitary taxation is another major corporate tax-related initiative that has been discussed for a long time, recently for example in the EU. Basically, unitary taxation presents a competing principle to the prevailing arm's length principle in the regulation of intracompany trade. In contrast to the arm's length principle, which treats subsidiaries of a TNC as separate entities, unitary taxation taxes companies as a single entity, with tax revenues distributed to states by a commonly agreed formula (Eden, 2007: 612; see also Avi-Yonah, 2016). This kind of system is used in the United States for allocating tax revenues between the individual states. The EU had already presented a first draft for its so-called Common Consolidated Corporate Tax Base (CCCTB) in 2011 (European Commission, 2011), and in June 2015 the European Commission included the CCCTB as a central goal in its five-point action plan on corporate taxation (European Commission, 2015).

The EU was not the first organization by far to discuss unitary taxation. Indeed, the initiative was brought up in the negotiations of the League of Nations, but it was found too politically difficult to adopt. The discussions in the UNCTC should also be highlighted. For example, the UNCTC's 1974 technical paper on taxation noted how

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<sup>11</sup> Specifically, Nader et al. (1977) maintained that trade secrecy had become an all-purpose excuse for declining an information request, even though the actual trade secrecy privilege is quite narrow (p. 138). Moreover, they suggested that statements should be broken down on a 'U.S.' and 'all foreign' basis, and that there should be foreign financial reports furnished on a country-by-country basis (p. 176).

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“a radical change in the taxation of multinational corporation profits would be the adoption of a factor-formula technique” (Shoup, 1974: 33). Another contributor of this publication also noted how an “implicit justification for formula apportionment is essentially that profits should be apportioned among the states in proportion to the contribution to the value added” (McLure Jr., 1974: 69).

Unitary taxation was also discussed in the 1974 Report of the Eminent Persons. Noting the existing unitary taxation practice in the United States, the report suggested that an agreed pro rata formula would be an ambitious approach to tax TNCs (p. 93). Moreover, the authors of the report noted that taxing the worldwide profits on an accrual basis would help in tackling tax havens. The report even discussed the possibility of denying the right of establishment in countries that would not adhere to the unitary system (UN, 1974: 93). Although unitary taxation never found its way into the policy proposals of GEISAR and the discussion in the GEP report was also non-confirmative, it is clear that the major UNCTC bodies understood the potential of the initiative (UN 1974, pp. 93–94) .

Finally, the UNCTC publications covered some lesser-known initiatives that have been rediscovered in the past years. As a one significant example, the 1974 Report of Eminent Persons called the governments to “disclose the principal terms of agreements between them and multinational corporations” (p. 96), a call that has been raised several times after the LuxLeaks scandal, which involved some 30,000 tax-related pricing agreements that the government of Luxembourg had conducted with multinational companies. Moreover, recent years have seen several calls and attempts for increased South-South cooperation in international tax matters. The need for and potential benefits of this kind of cooperation had already been noticed in the 1974 Report of the Eminent Persons (UN, 1974). Finally, the 1974 technical paper on taxation also discussed the possibility of “setting up an international tax court...to obviate intercountry inconsistencies in transfer pricing” (Shoup, 1974: 32), resembling discussions on an independent dispute-settlement body or arbitration mechanism in recent proposals for a new international tax authority (Rixen, 2016; Tanzi, 2016). The list could be continued.

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All in all, the tax initiatives that the UNCTC advocated either directly through its conduct or more indecisively in its reports have proven to be surprisingly relevant even today. The automatic exchange of tax information has progressed quickly in the post-financial crisis era. The country-specific and sector-specific financial reporting for corporations was extended first in the early 2000s with voluntary initiatives in the extractive industries, and then with mandatory legislation in the financial sector and extractive industries. Moreover, the OECD's BEPS process introduced mandatory country-by-country reporting for TNCs in all sectors, even though this information will not be public and therefore it remains to be seen how well the information exchange between countries on this information will work. Many of the other overall concerns discussed in the UNCTC remain also highly relevant.

## **5. Looking back: why were the UNCTC's proposals forgotten?**

In recent decades, the constructivist turn in international relations and other social sciences has drawn much attention to the role of ideas in shaping politics on all levels. Robert Cox (1983, 1986), Keck and Sikkink (1999), and many others scholars have made a strong case that policy experts, the transnational classes that they form and the ideas they convey have a much bigger impact on world politics than had been commonly understood earlier. The collective amnesia about the UN's early work in the field of international corporate taxation is a prime example of this. The oblivion of the proposals that the UN (and to a lesser extent the OECD) advocated for between 1960s and 1980s not only made rediscovering many of these initiatives a painful and prolonged process, but also facilitated the emergence of alternative conceptual frameworks for understanding the role of large corporations in the society. The OECD-driven late-1990s tax community (Haas, 1992) failed to pay attention to the earlier work of the UN, which paved the way for the OECD's triumphant re-entry in this field in the late 1990s.

The 1990s saw the parallel emergence of the corporate social responsibility agenda and the OECD's work on tax havens. These initiatives represented a comeback of calls for better regulation and transparency of TNCs, but in a form that had little in common with the earlier UN efforts. The UN had restarted its own work on corporations,

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as the Sub-Commission on the Promotion and Protection of Human Rights founded a Working Group on Transnational Corporations in 1998. Three years later, the Group completed the final draft of the Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights, which served as a basis for the United Nations Guiding Principles on Business and Human Rights. Commonly known as the Ruggie principles, their approach to TNCs was based on the concept of corporate responsibilities, which resonated well with the rising corporate social responsibility agenda of the time. Importantly, many of the civil society organizations criticizing the dominant world powers also embraced the human rights and anti-corruption agendas. In the early 2000s, the multi-stakeholder Extractive Industry Transparency Initiative gathered much attention with its rather modest anti-corruption aim of demanding greater voluntary transparency regarding payments to governments. A few years before this, a group of non-governmental organizations formed the Publish What You Pay initiative with a similar agenda (Seabrooke and Wigan, 2015). The norms of the time had become so widely shared that they were internalized by actors and achieved a taken for granted quality and conformity, which is a powerful building block for ideational power (Finnemore and Sikkink, 1998: 904).

Earlier I noted how the OECD's landmark report *Harmful Tax Practices: An Emerging Global Issue* (OECD, 1998) failed to cite any reference published before the early 1980s. In subsequent years, several scholars started to analyse the initiative (e.g. Dietsch, 2016; Meinzer, 2016; Sharman, 2006), but mostly from a contemporary angle. By the late 1990s the earlier UN agenda had been discarded on all fronts. In the field of accounting regulation, the IASC was formed in 1973 and the OECD geared up its work on accounting and international taxation (see below). Even though it has been argued that until the 1980s, the IASC "remained an obscure body with little impact on international accounting" (Martinez-Dias, 2005: 1), it seems plausible that its foundation strengthened the calls to scale down the accounting-related work of GEISAR and the UNCTC (Hamdani and Ruffing 2015: 133–136). As mentioned earlier, in 1984 the GEISAR group's mandate was reduced "to review material from international accountancy bodies and other interested groups" (UN, 1984: 3). At that time, the IASC was the only other international accountancy body. Thus, the IASC's importance has been larger than sometimes perceived right from its beginnings.

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This development is a prime example of forum shifting, which refers to a tendency of prevailing superpowers to shift discussions from one forum to another to avoid resistance and losses in forums that they do not adequately control (Braithwaite and Drahos, 2000: 28–29).

After the creation of the IASC, there was no room left for genuinely influential policy work for the UNCTC, as the major players in international politics backed the IASC. In a way, the UN became a victim of its own success, as its major progress was achieved in the field of accounting regulation. Little was left after the mandate to work on accounting issues was taken away from the UN. The IASC's successor, the International Accounting Standards Board (IASB), has been at least as disinclined to initiatives that would enhance corporate financial transparency as the IASC was (Lesage and Kaçar, 2013). Contrary to the situation in the 1970s and 1980s, however, one self-regulatory organization can no longer dominate the discussions on international accounting regulation, not even with a mandate that greatly exceeds that of the IASC. At the same time, the mainstream of academic studies on corporations shifted from analyses of power to more apolitical theories arising from transaction costs theory and conducted within econometric methods. After all, many of the UNCTC's analyses were either drafted by prominent academic researchers of the time or heavily influenced by them. Consequently, as the international policy community rediscovered the powers exerted by TNCs in the late 1990s, neither analytical tools nor policy networks were available for analysing them.

Moreover, the OECD also geared up its work on international tax issues in tandem with the forum shift from the UN to the IASC. In 1975, the OECD established the Committee on International Investment and Multinational Enterprises, “almost certainly in response to the adversarial attitude of many countries to TNC activities” (Sagafi-Nejad et al., 2008: 111). One of the tasks of this committee was to elaborate its own set of guidelines – adopted in June 1975 – a move that was at least partly targeted against the UN process of 1976 (Hamdani and Ruffing, 2015: 83). Moreover, the International Labour Organization also started a similar initiative for creating its own guidelines for TNCs (Tapiola, 2015: 110). And as the pressure coming from the UNCTC faded, the OECD's earlier views on including transfer-pricing issues in the scope of corporate code of conduct were also forgotten.

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In addition, the conclusion of bilateral tax treaties for the elimination of double taxation emerged from the 1960s onward as a salient feature of inter-State relations (UN, 2003: 3; see also Hearson, 2015). Earlier I noted that the OECD published its first draft model treaty for bilateral treaties in 1963 and that finally the OECD Model Double Tax Convention on Income and on Capital was published in 1977 (UN, 2003: 3). The rules for dividing corporate tax incomes between states were thus developed in the same period that the UN was discussing the rules for financial disclosure of these activities, thus downplaying the UN activities. Even though the OECD had recognized some of the developing-country concerns as early as in 1965, the OECD's solutions were clearly more favourable to the developed countries. Altogether, these factors helped the OECD to secure its leading position in what has been called the international tax regime (Eden, 2007: 598).

Last but definitely not least, several developments in the global political economy favoured the demise of the UN and the UNCTC and the shift to less ambitious forums. Sagafi-Nejad et al. (2008: 119) noted that by “the mid-1980s, many developing countries were in the throes of structural adjustment policies to cope with deficits in their balance of payments, the aftermath of recession, and the huge debts that arose from the energy crises of 1973-1974 and 1979-1980” (see also Hamdani and Ruffing, 2015: 18). Consequently, developing countries were desperate for capital and technology. This led many countries to revise their attitudes toward TNCs, either voluntarily or forced by the structural adjustment programs. The UNCTC was dissolved in 1993, with its remaining functions integrated into UNCTAD. Sagafi-Nejad et al. (2008: 29) described how “nation-states became friendlier towards FDI, competing over who would give more generous incentives to attract companies”. Consequently, the focus of the UN shifted. The emphasis on a code of conduct, not to speak of a more binding version of it in the future, which were the key goals of the UNCTC, were de-prioritized and eventually faded into oblivion.

After the UNCTC was dismantled, UNCTAD occasionally touched upon tax and accounting issues in some of its seminars, mostly from the perspective of capacity building for developing countries (Sagafi-Nejad *et al.*, 2008: 137). Although the UNCTC's work on accounting continued to receive some coverage (e.g. Cobham and McNair, 2012: 44), the early UNCTC proposals were largely forgotten. In addition,

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the poorly resourced UN Tax Committee has never managed to become a serious competitor to the OECD, despite the interest by civil society in stepping up its resources and mandate in the 2000s. In this millennium, civil society organizations such as the Tax Justice Network and Global Financial Integrity have had a central role in promoting initiatives such as automatic exchange of information and country-by-country reporting. However, generally they seem to have had a more contemporary orientation to these issues (Seabrooke, 2014: 50). In this decade, however, tax-related themes have made a real breakthrough onto the international policy agenda in UN and other forums (e.g., UN 2015).

The experience of the UN and the OECD in tackling international corporate tax avoidance highlights the interlinkages between so-called epistemic communities that include the key policymakers in one policy area, and their collective memory. Langenbacher (2010: 33) has noted how power stems from the degree of dominance that a memory achieves in a political culture and the importance of how many memories circulate, how widely a specific memory is held and how deep the attachment is.<sup>12</sup> In the late 1990s, the memories circulating about the earlier UN work were few and far between. The backgrounds and shared knowledge of the emergent entrepreneurs (Seabrooke and Wigan, 2013) who have recently promoted these issues in civil society and international organizations differed markedly from that of the specialists whose knowledge the UN had employed in the 1970s. However, it would be misguided to see this shift as necessarily a negative thing. Although the collective oblivion helped the OECD to gather publicity for its 1998 Harmful Tax Competition report and its newborn role in this field, it may have also helped critics of the OECD to attach a sense of novelty to policy ideas that went beyond those advocated by the OECD.

In summary, the project for regulating corporate planning and bring more transparency to it in the 1970s was institutionally conducted in a winner-takes-all situation. The UN made major headway with the work conducted in the Ad Hoc Group, the UNCTC and its GEISAR group,

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<sup>12</sup> Langenbacher and Shain have also noted how the international policy impact of collective memory has not received the systematic attention in either the academy or the policy arena that it deserves (2010: 1). It is easy to agree with this statement in light of the case studies put forward in this article.



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but its influence faded as the balance of power shifted in favour of the IASC and the OECD. These developments were accentuated by the lack of additional forces (civil society, media, and other international organizations) that would have been able to sustain the pressure. Recalling how the transnational legal order on international corporate taxation developed in the 1920s as an expert-driven process with only a limited global political interest (Genschel and Rixen, 2014), it can be seen that the 1970s permitted the birth of a similar exercise in the epistemic community (Braithwaite and Drahos, 2000; Haas, 1992) of corporate tax avoidance experts. However, compared with the 1920s, this consolidation period was a short one, as the OECD and other competing organizations started to challenge the UN position. This is an important reminder that even if the emergent entrepreneurs manage to seize the moment with ideas well suited to the political moods of the time, a sudden shift in the international balance of power can quickly derail such attempts.

In comparison, today's emergent entrepreneurs benefit from the fact that the current international political situation is much more diverse with regard to both ideas and institutions. This enables civil society organizations, international organizations, politicians and even investors to gain small but repeated political victories in pushing initiatives against tax avoidance and tax havens despite powerful resistance from the IASB and elsewhere. The disempowering and consequent dismantling of the UNCTC and parts of the other UN work resulted in the destruction of a policy community – or epistemic community – that could have maintained and spread knowledge of the ways to open up corporate accounts (Braithwaite and Drahos, 2000: 29). The epistemic community of accounting companies was strengthened instead.

The example of the development of broader disclosure requirements in the UNCTC and the calls for other ways to tackle tax flight and tax havens show how difficult it is to create a lasting political initiative when its success depends on the political will and resources of a single international organization under constant threat of losing its legitimacy in the eyes of the prevailing powers. The results of the UNCTC's loss of legitimacy and power, coupled with the ideological turn of the late 1970s and the U.S. Senate's loss of interest in researching the political power of the corporation were so devastating that the

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substantial inputs proposed by the UNCTC and the scholars of that time seem to have been forgotten by academe, policymakers, and civil society. In contrast, compared with the 1970s, there is a much broader consensus today between northern and southern countries on the issues and problems at stake. Therefore, playing down the proposed initiatives is and likely will be more difficult for their opponents than in the earlier decades.

Despite their eventual failure, the early UN proposals were surprisingly clairvoyant in their analysis of the problem at hand and the policy measures the UN proposed. One key reason for this was probably that the UNCTC put great effort into recruiting the best-skilled people available for drafting the substantial material. Many of these people were from academia and were hired on a consultancy basis, in case they were unwilling to sign a longer contract or the UNCTC was unable to afford them (interview with Klaus Sahlgren). This situation can be contrasted with the corporate transparency initiatives developed from the beginning of the 1990s onward. A big difference between these two historical waves in calls for corporate transparency was in their underlying analysis of corporate power. The early proposals for corporate financial transparency saw the corporate planning as a major problem for the functioning of markets and well-functioning state governance. In contrast, the 1990s calls for corporate transparency were framed more in the context of corporate social responsibility and tackling of corruption. In this sense, they were partly products of the anti-state tenets of the 1980s that played a role in the abandonment of the earlier initiatives.

## **6. Final words**

In August 2015, policymakers, civil society, and UN personnel from around the world gathered in Addis Ababa, Ethiopia, for the Third International Conference on Financing for Development. Preceded by the high-profile Monterrey conference in 2002 and the follow-up conference in Doha in 2008, the Addis Ababa event sought to renew international commitments for development financing in a difficult global political environment. One of the key goals of civil society representatives was to strengthen and upgrade the UN Tax Committee. However, the calls for more inclusive global governance of tax issues were not answered. In a way, history is repeating itself. The urge to

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reverse the forum shift that the IASC and the OECD managed in the 1970s is there, but the opposing forces have been too strong, at least for the time being.

A better understanding of the history of international tax governance may help in formulating better strategies and substantial arguments. This article has contributed to the political economy literature on corporate transparency and power in six respects. First, it provided new information on and analysis of the early history of the anti-tax avoidance and evasion initiatives, thus contributing to and in parts challenging some earlier accounts on this topic: as examples, I showed how the histories of the automatic exchange of information and country-by-country reporting initiatives – both key topics in the recent tax policy agenda – are longer than has been thought. Second, it demonstrated how the early UN publications discussed also other issues of contemporary relevance, such as South-South tax cooperation. Third, it hinted that we should look further back to understand also the emergence of the IASC, whose early significance may not have been sufficiently understood. Fourth, it highlighted that amidst the pressure from the UN, even the OECD promoted some far-reaching stances in linking tax payment with corporate social responsibility.

Fifth, the article suggested that the 1970s analyses of corporate tax avoidance drew also from the rich academic discussions of the time on corporate planning. Sixth, it showed that the examples put forward in this article can be helpful in illustrating the role of epistemic communities, emergent entrepreneurs and the politics of memory in recent social scientific research. This last may have been one explanation for why the policy community of the time was able to develop far-sighted analyses of and policy proposals for tackling corporate tax avoidance some 30 years before the contemporary discussions on these topics began.

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