

Professional Competition in Global Tax Reform

The Case of BEPS Action 13

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Abstract

International corporate taxation has risen to the top of the global political agenda in the context of the global financial crisis, fiscal pressures and the consequent need for states to raise revenue. The Base Erosion and Profit Shifting (BEPS) project has emerged as the key global tax reform in this regard. In particular, Action 13 on transfer pricing documentation is significant, as it includes a controversial requirement, country-by-country reporting, and will affect the foundations of transfer pricing.

In studying how global rules are made, extant perspectives in international political economy set out from a focus on state bargaining, class dominance or organisational culture. This thesis proposes that emphasising actor interests or grand structures misses an important part of policy-making: professional competition. I argue that professional competition for defining policy issues and solutions plays a key role in outcomes from complex, transnational policy processes like BEPS Action 13. Here, influence in highly technical policy discussions is contingent upon expertise (being able to speak authoritatively) and networks (being listened to).

Based on extensive quantitative data and qualitative interviews and observation, I examine the professional competition around BEPS Action 13 from a relationalist approach, focused on professional ecologies. I find that tax law and private sector views are central, underpinning key policy claims, but that varied experience is needed for professional influence. I find that a mixed group of business, civil society and IO professionals are influential, with many having gone through ‘revolving doors’ (strategically moving between work roles), enhancing their prestige.

I distinguish two types of influential professional: career diverse professionals (“octopuses”) and well-connected specialists (“arrows”). The former are influential because of their varied expertise, the latter because they are respected through key tax/transfer pricing networks.

The importance of expertise and networks is also evident in interest group strategies, where actors seek to leverage the influence of other key professionals through what I term “lobby centres”, in order to gain influence themselves.

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1. Introduction

The evolution of the global economy and global markets has led to commerce and capital becoming increasingly transnational and mobile, whereas states are still largely constrained by geographical boundaries. This discrepancy has led to increasing tax competition between states, placing them under heavy fiscal strain (Avi-Yonah 2000). The global financial crisis, and the consequent slow growth and large deficits, has exacerbated these pressures. In seeking to take action against slow growth and large deficits by raising revenue, corporate taxation has emerged in the spotlight of many states. With more than 60 percent of world trade now flowing internally in multinational corporations (MNCs) (OECD Insights 2012), *transfer pricing* in particular has come under scrutiny.

Say the US headquarters of an MNC pays a fee to its subsidiary in India for a service. What is the correct *transfer price* for that transaction? The answer to that question might seem trivial, but with almost two thirds of world trade affected by transfer pricing, it matters quite a lot. Transfer prices affects profits and losses of each party, which in turn affect the corporation's taxable profits and tax payments to the states in which it operates. If the fee is too high, tax revenue moves from the US to India, and vice versa. States are accordingly vary that transfer pricing is not manipulated to escape tax, and increasingly so.

In fact, international (corporate) taxation has been rising in political importance over the past two decades. Particularly since 1996, when the G7 and the Organisation for Economic Development and Cooperation (OECD) initiated the "Harmful Tax Competition" project, global attention and political efforts have been mounting. Game-changing initiatives within tax include the OECD work on (automatic) exchange of tax information, the EU transparency directives, the US Foreign Accounts Tax Compliance Act (FATCA), as well as other national initiatives and civil society campaigns like Publish What You Pay (PWYP) and the Extractive Industries Transparency Initiative (EITI). A number of highly publicised media stories, highlighting the speculative tax practices of major MNCs like Apple, Google and Starbucks, have played their part too. Increasing public scrutiny and demands for political change have ensued, with transfer pricing portrayed as being at the core of the problem (Sikka & Willmott 2010). As the recent financial crisis came on, the tax agenda grew louder. Economic developments, including sluggish growth and pressured public finances, presented a problem, to which the idea of 'better' corporate taxation was an increasingly popular solution.

The context of a financial crisis has also provided room for policy innovation, for pioneering action to be taken. Crises tend to crystallise policy issues and policy competition, offering a unique and uncertain space for new ideas and rules to emerge and grow (Blyth 2002). Today, the Base Erosion and Profit Shifting (BEPS) project is the key international tax reform initiative, at the centre of this space for change. It follows the long list of previous international tax initiatives, but is more comprehensive, ambitious and promising than prior international work.

Backed by the powerful G20 countries and managed by the OECD, the project modestly aims to combat double non-taxation and align taxable income with value-generating activities (OECD 2013a). The sheer scope of proposed regulatory change is remarkable. The BEPS Action Plan outlines 15 points where action is required and will be undertaken. It takes on fundamental tax issues such as how to deal with the digital economy and the establishment of a formal multilateral tax institution. It tackles key domestic and international tax mismatches through intergovernmental tax treaty arbitrage, hybrid vehicles, interest deductions, permanent establishment (PE), intangibles, etc. And it changes the basics of domestic and international tax transparency through dispute resolution, tax data methodologies and transfer pricing documentation. The envisioned changes also go far. So

far, far-reaching policy outputs on hybrids, treaty abuse and transfer pricing documentation have been produced, and the process of establishing a multilateral tax instrument has begun, with much more to come in 2015-16.

The BEPS project is *ongoing*, making it impossible to evaluate its complete, actual impact. But the promise and potential is huge. Full and perfect national implementation of all the soft (non-binding) BEPS recommendations is unlikely, but a high degree of implementation *is* likely. OECD tax outputs have historically been technically sound and politically supported, with wide uptake – and BEPS fits the bill. Halfway through the project, 60% of OECD/G20 countries have implemented BEPS-inspired unilateral policy changes (EY 2015:2), signifying the project's importance as a policy inspiration. For instance, merely two months after the final recommendations on transfer pricing documentation, a key BEPS action, the United Kingdom, United States, France, Spain, South Africa and India have all committed to implementing the OECD guidance.

Willingness to implement reflects the strong political support behind the project, the strength of new rules and their technical sophistication. The influence of OECD, the world's premier international organisation (IO) for global tax governance, is substantial. Although the OECD is essentially a think tank/forum/research organisation that produces no binding, hard law, it has received strong G7 and G20 support, and has established itself as the world's top tax IO. The OECD's impressive track record on diffusion of its soft law outputs (i.e. legally non-binding), including tax and transfer pricing rules, is down to its problem-solving and policy process being based on top technical expertise (Vega 2012, Christians 2010a, Sharman 2012a). This helps avoid political squabbles and deliver effective and popular policy outputs.

1.1 BEPS Action 13

Of the 15 actions in BEPS, Action 13 on transfer pricing documentation (TPD) stands out as the key initiative so far, seeking to “enhance transparency for tax administration” (OECDa 2013:23). Transfer pricing documentation is the documentation provided by MNCs on their transfer pricing activities to tax authorities, used by the authorities for assessing MNCs' compliance with tax and transfer pricing rules. The significance of BEPS Action 13 lies in the effects of the substantive changes to existing documentation rules and, importantly, the incorporation of a controversial reporting requirement for MNCs, country-by-country reporting (CBCR) (Lesage & Kacar 2013).

The new rules developed will have wide-ranging economic, normative and political consequences. Most immediately, the new rules will affect the fundamental balance between MNCs' cost and risk associated with transfer pricing practices and disclosure on the one hand, and tax authorities' (and potentially other stakeholders¹) demands for transparency on the other hand. Because tax authorities rely on TPD for assessing regulatory compliance, the rules stipulating documentation content, quantity, timeliness and access matters a lot for tax authorities' ability to do their job and their ultimate goal of maintaining a trustworthy tax system. As Slemrod notes, “In modern tax theory, information is crucial, and the more information the better” (2006:4)². At the same time, requirements for businesses to deliver more extensive, detailed and immediate documentation will increase compliance burdens and require administrative resources, and will potentially result in exposure to increased (financial and reputational) risks arising from transparency. This tension creates a tangible trade-off

¹ These include civil society, labour, investors and private auditors

² Indeed, over the past decade, a great number of major tax initiatives of international importance have been transparency-driven. Examples include PWYP, EITI, the US Dodd-Frank Act and FATCA, the European Union's Accounting and Transparency Directives and Capital Requirements Directive IV, the OECD Standard for Automatic Exchange of Financial Account Information for Tax Matters, and BEPS Actions 11, 12, 13 & 14.

and an obvious battleground for stakeholders. Moreover, the new rules will fundamentally change tax norms, i.e. what is considered “normal” in terms of the business’ transfer pricing practice and disclosure, strategies and the information required (Collier 2014). Some tax planning options may no longer be attractive if disclosure is required (Burow 2015).

Most importantly, however, Action 13 is controversial because of its broader implications for the international tax regime. Today, transfer pricing rules are based on the arm’s-length principle (ALP), whereby the terms of MNCs’ internal transactions must be equal to those of an identical transaction between two unrelated parties (market terms). But the inclusion of CBCR hints at a move away from the entrenched ALP standard, towards a system of *unitary taxation* with *formulary apportionment* (FA). Under unitary taxation/FA, tax is based on a unified profit pool for the whole MNC group and allocated according to a pre-determined formula of economic activity indicators, such as sales or headcount or a combination thereof, rather than internally allocated per market terms (as under ALP) (Clausing & Avi-Yonah 2007).

CBCR has been championed by civil society organisations and forms the basis for FA by requiring MNCs to disclose information *as a group* on income, economic activities, taxes etc. for each jurisdiction in which they operate. Although it has been introduced (in limited form) in the EU, the US and via civil society initiatives (see PwC 2013 for overview), such geographical information is generally uncommon in company reporting. This is partly because it is unnecessary in an international tax system that treats MNC groups as consisting of legally separate subsidiaries rather than unified entities (the *separate entity* principle), with allocation of profits and losses following the ALP rather than economic activity indicators. Though not always articulated, a central aim for many proponents is for CBCR pave the way for moving to an FA system (e.g. TJN 2013, Murphy 2013). Thus, CBCR can be viewed as a threat to the existing ALP standard, which has been favoured over FA for many years by OECD countries (see, e.g. OECD 2010:7-10) and the OECD itself since it was exported by the US in the 1960s (Gupta 2014).

1.2 Research question, answer and justification

Reform of (international) corporate taxation and transfer pricing has surged to the top of the global political agenda over the past few years. The importance of transfer pricing to the modern economy and tax planning, negative media stories, fiscal pressures and momentum from the global finance crisis have all contributed. The BEPS project is the key project in the tax reform agenda, and in particular Action 13 on transfer pricing documentation. Because of its significance, it is essential to understand how the new rules produced by the reform process come about and why. In other words, with so much at stake, it begs the fundamental question: who decides – and how?

Whereas conventional approaches within international political economy (IPE) might tackle this issue from a focus on state interests, class structures or (corporate) elite dominance, I argue here that a focus on *professional competition* is key to understanding the BEPS policy process. High-level state interests, historical and economic conjunctures, and micro-level actor bargaining have all played a role in the emergence of BEPS. But focusing solely on actor interests or grand structures misses an important part of the policy process, namely the continuous competition around defining policy issues and solutions, contested by tax and transfer pricing professionals seeking to enhance their status and influence. I contend that policy outcomes in transnational policy-making such as BEPS Action 13 are, in large part, determined by this professional competition for prestige and control over knowledge, i.e. how to ‘properly’ understand and react to policy issues. For professionals, long-

term control over knowledge – how to understand technical/political issues and solutions – is central, with political interests and current workplace less important than *expertise* (being able to speak authoritatively) and *networks* (being listened to).

Unfortunately, the academic literature has shed little light on this. That is understandable because of the novelty of BEPS – there is hardly any literature on it yet – but more generally, the literature on professional competition in major global tax reform is limited.

This thesis sets out from that fundamental gap, attempting to understand the dynamics of professional competition in today's major global tax reform, BEPS, studying Action 13 as the most important case. Thus, I ask the research question:

How is professional competition articulated in global tax reform?

The core of my argument is that policy outputs from global tax reform, my case being BEPS Action 13, are largely determined by professional competition over knowledge control, which is based on a combination of *expertise* and *networks*. And my claims are supported by extensive quantitative data and qualitative interviews and observation. Specifically, I argue that legal and private sector expertises are dominant in the BEPS Action 13 process, underpinning key policy arguments, but that varied experience is needed for knowledge control and influence, in part because of the highly technical policy discussions. Thus, I find that a mixed group of civil society, business and IO professional are influential in BEPS Action 13, because of their diverse careers, rather than organisational belonging. And I argue that the phenomenon of 'revolving doors', professionals moving strategically between work roles (e.g. public to private), illustrates the importance of career diversity for successfully engaging in the professional competition around the reform.

Knowledge control is also contingent upon *being listened to*, upon a professionals' network and (perceived) position within the community of professionals involved. Here, I show that influential professionals in the BEPS Action 13 process are often well-connected through key global tax committees. Finally, I argue that the importance of professional competition and influence resonates in interest group strategies, with those ill-equipped to engage successfully in professional competition seeking to leverage the expertise and networks of influential professionals.

These arguments provide a complementary explanation to extant literature on international tax policy, which is dominated by perspectives that characterise influence in terms of state interests or class dominance. Usually, tax governance is explained by political state battles or 'regulatory capture' by corporate elites. Where the literature recognises the role of professionals, they are reduced to expressions of predefined realms with predefined characteristics, such as diplomats conveying national economic interests or lobbyists inevitably swaying public policy-makers, thus leaving little scope for agency of professionals themselves.

However, professional agency is increasingly relevant in transnational policy processes such as BEPS, because such processes hold greater potential for professional competition than traditional policy processes. The complexity of transnational rule-making requires diverse and distributed knowledge, separated from national spaces and state power, which is contested by a variety of expert professionals rather than dominated by public bureaucrats or corporate elites. And the nature of professional work – characterised by continuous engagement with a specific professional area – means long-term knowledge control is critical. This is why transnational policy processes are dominated by "technical" professional expertise and discussions, which disguise highly political

issues. BEPS can be understood as part of this wider process of transforming authority and policy processes, becoming more dispersed, with resourceful and well-connected professionals playing a central role, competing and cooperating in transnational rule-making (Fourcade 2006, Abbott & Snidal 2009, Dezalay & Garth 2011, Seabrooke 2014).

While a few studies of the specific role of professionals, expertise and networks in global tax reform are available, the overall volume is low, highlighting the need for further study. Most work has focused on staff in OECD as a key IO. Salzman (2005), Porter & Webb (2007) and Woodward (2009) provide informative accounts of the history, organisational structure and organisation of work at the OECD, highlighting OECD's centrality in knowledge production and in facilitating transnational networks around tax, while Christians (2010a,b) and Sharman (2012a) show OECD's key role in forming global tax policy. Picciotto (1995) discusses the role of knowledgeable and well-connected experts, notably lawyers, in the development of the international tax system, and more recently, Seabrooke & Wigan (2013) have shown how the Tax Justice Network has influenced global tax policy through the application of varied expertise. However, only a few available accounts have been able to draw on comprehensive original data from interviews, observations and other sources, illustrating the difficulty of mapping professional competition, networks and influence in the transnational tax arena. Furthermore, all existing studies focus largely on actors within one specific realm (either OECD staff, lawyers, business representatives or civil society professionals).

The thesis attempts to bridge this gap in the literature by investigating the role of professionals, competition, expertise and networks across realms, and their influence in the BEPS Action 13 process. Theoretically, I build on and strengthen the emerging work on professionals and professional competition within IPE and contribute new insights to fundamental political science questions about who is in charge and how global rules are made. I also add new perspectives to the interest group literature, stressing the importance of expertise and networks for policy mobilisation, and to the literature on tax professionals. And empirically, I provide a novel case study of global tax reform (BEPS Action 13), analysing and explaining professional competition. Furthermore, I compile and analyse two comprehensive and original data sets on organisations and attitudes in the BEPS 13 consultation, and careers and connections of the professionals involved.

1.3 Outline

In section 2, I survey and discuss existing literature on global tax debates/reform and the role of professionals. I find a gap in the literature on professional competition, an important part of the policy process. I propose that an *ecologies* framework can provide novel insights on this, by studying professional practice and competition, including 'revolving doors', from an open perspective, which places professionals at the heart of the analysis.

Section 3 outlines and discusses the core thesis methodology, relationalism, its operationalisation in the *ecologies* framework, sequence analysis and qualitative content analysis, and the research design. The approach focuses on dynamic relations and constitutive aspects, and I zoom in on an "action net", a prevalent constellation of professionals around BEPS Action 13 and their attributes and relations. I apply an *ecologies* framework, where successful influence is seen as contingent upon the ability to span different skills and networks of professionals. Using sequence analysis, I compile and analyse careers of the professionals involved. And I apply qualitative content analysis to contextualise the rest of the analysis, understanding professionals, organisations and attitudes to core issues in the BEPS Action 13 reform. The wide empirical scope of the thesis requires several empirical

resources, and therefore I base my analysis on both qualitative and quantitative data, obtained from extensive data collection, as well as interviews and observation.

Section 4 discusses the core issues in BEPS Action 13, related to TPD access, exemptions and CBCR data points, which reflect a fundamental debate in the international tax system between the arm's-length principle (ALP) and formulary apportionment (FA), as well as issues of tax compliance, administrative burdens and tax norms. I find a strong presence of Western tax advisers and business representatives in the BEPS Action 13 discussions, and an overall preference for narrow, restricted TPD. But I also find significant intra-group variations that challenge simplistic dichotomies of “businesses” and “civil society”. Furthermore, I find that the policy discussions are highly technicised, which constrains access and participation in the policy debates.

Section 5 first outlines the professional ecologies, realms and other expertises relevant for BEPS Action 13 and shows how expertises underpin central contested policy claims related to the CBCR purpose, double taxation, efficiency, commercial sensitivity and professions competition. Analysing the careers of professionals involved, I find that while tax legal and private sector expertise are prevalent, varied expertise is important for influence. Professional careers also reveals a mixed group of influentials, based on career diversity, which is supported by cluster analysis, showing particular career trends for the population, including the ‘revolving doors’ phenomenon, which I argue can be interpreted as strategic professional career move that enhances influence. Adding the perspectives gained from interviews and observation on professional competition, I distinguish two main types of influential professionals: career diverse professionals (“octopuses”) and professionals with network positioning and connections via key networks, in particular professional associations (“arrows”). The importance of diverse expertise and network positioning is also evident in particular interest group strategies in BEPS 13, where otherwise non-influential professionals and organisations seek to leverage the influence of other key professionals through what I term “lobby centres”, in order to gain influence themselves.

Finally, section 6 provides a conclusion.

2. Literature review

In analysing the professional competition around BEPS Action 13, this thesis aspires to strengthen the case for and contribute to the literature within IPE on professionals and professional competition. Professionals are understudied actors within the field, often disregarded or reduced to instruments of the state, class agents or expressions of organisational cultures. But professionals have distinct characteristics, operating within particular professional fields over time, gaining important expertise and connections that are relevant for complex policy processes. Thus, I seek to complement existing explanations within IPE, studying the role played by (mobile and resourceful) professionals in global tax reform (BEPS). In doing so, the thesis draws on the literature on (professional) *ecologies*, looking at the relations and attributes of professionals around BEPS Action 13. This section discusses and compares the approach selected here with alternative perspectives. I focus my review on the literature on global tax governance and professionals involved in tax issues. There is a wider literature on the structures of international and national taxation, the “offshore world” and financial flows, some of which also discusses the role of professionals (e.g. Burn 1999, Palan 2003, Palan et al. 2010), which I will not discuss (but is worth mentioning).

2.1 Who decides global (tax) rules and how?

In the context of states under fiscal pressures, growing divergence between global financial flows and national regulation, and a dire need for balanced budgets, international corporate taxation has risen to the top of the global political agenda. And global political reforms are becoming increasingly *transnationalised* – technically complex, separated from national politics and contested by a broad range of expert professionals. Therefore, explanations on the role of professional competition in the emergence of new global tax rules are needed. However, relatively little scholarship has shed light on this issue, and there are now calls for this gap to be addressed (Ring 2010). I apply an emerging and alternative perspective in addressing this gap, which emphasises the changing patterns of authority in global governance, recognises the agency of professionals and focuses on knowledge control, with politics contested by various expert professionals. It thus supplements existing answers to that question (who decides global tax rules?), which emphasise high-level state bargaining, corporate elite dominance or organisational culture.

2.1.1 Bargaining states

The most prevalent answer within IPE comes from the realist perspective, which holds that *states* decide international tax rules by bargaining in anarchic, competitive, zero-sum games. More than most topics, the literature on tax has been dominated by realism, as taxation has traditionally been viewed as a cornerstone of the state and the social contract, the crux of state sovereignty. As Sharman argues, taxation “is the pre-eminent prerogative of the sovereign state” (2012a:18). Consequently, taxation is viewed as central to the interests of states, and thus something over which states will maintain complete control. Realists view states as unified actors, wielding influence compared to their (military and economic) power. Thus, global rules reflect the interests of the most powerful states (Krasner 1976). When new international tax rules emerge and spread, it is because powerful states (typically rich, developed countries like the US, UK and Japan or country groups like the EU or G7) dictate/bargain such rules, or because state power relations themselves change (Mearsheimer 1995, Gilpin 1987).

Realist scholarship on international rule-making in tax follows this logic. Intergovernmental negotiations of bilateral tax treaties are said to favour rich, developed countries over poorer, developing countries because of

relative bargaining power (e.g. Daurer & Krever 2012), and small island economies acting as offshore tax havens are regularly predicted to decline because of rich country pressures, as detailed by Sharman (2012b:498-502). The same arguments are posed for tax rules produced in multilateral settings (e.g. IOs like the OECD). Realist scholarship ascribes to the (rationalist) conception of IO staff and national delegates as agents in a principal-agent (P-A) relationship, simply “carrying out orders”, rationally designed by states. For instance, Rixen (2010) puts the architecture of international tax governance down to a ‘prisoner’s dilemma’ between “big” and “small” countries. OECD activities are described as “rich country” initiatives that “display the large influence of the United States (US)” and “increasingly mirror those of Europe” (Kudrle 2010:2). As one OECD official explained:

“[S]ize matters very much — political and military importance are substantial elements in determining which countries can lead or block the process” (OECD 2002, cited in Porter & Webb 2007:8).

Thus, non-state actors, are conceptualised largely as conduits, agents operating in restrained/captive relationship. It is assumed that states can and do influence non-state actors to obtain their interests (e.g. Drezner 2004:479, Hägel 2005) and/or that non-state actors in rule-making operate under a “shadow of hierarchy”, their engagement constrained by credible state threats (Héritier & Eckert 2007). For professionals, the assumption is that they will conform to the interests of (big) states. This is well exemplified in the remarks made to Christians by a senior tax lawyer regarding OECD tax staff:

“I am sure [CTPA³ staffers] perceive themselves as neutral but, in fact, they almost always have come from long careers with national governments and have absorbed (and often been instrumental in forming) the institutional memory and mindset of their governments. (...)” (2010b:20)

While realism has offered strong insights on international taxation (and other topics), there are increasing calls that other actors than states matter in modern global governance. Historically, rule-making may have been largely bilateral, with intergovernmental negotiations producing hard (legally binding) law, but over the past decades, it has become increasingly multilateral and focused on soft law and benchmarks. Traditional sources of authority has become gradually vaguer, with power diffused away from the state (Strange 1994, 1996), and distributed between a host of actors, including smaller/weaker states (e.g. Sharman 2006, Walter 2010), businesses (Hall & Biersteker 2002), NGOs (Keck & Sikkink 1998), IOs (Reinelda & Verbeek 1998), or combinations thereof (Pattberg 2005).

2.1.2 Class elites, first-mover advantages and orchestrating IOs

These actors have been studied by other perspectives within IPE, providing widely different analyses of how global rules are made. I will highlight two particularly prevalent perspectives, critical streams and historical institutionalism (HI), and an emerging perspective, orchestration.

Critical scholars⁴ see class as the main object of study, juxtaposing the exploiters (e.g. the owners of the means of production) and the exploited (e.g. the working class). These scholars emphasise elites as the most important stakeholders in transnational rule-making, arguing that they are structurally privileged agents of the rulings class, performing/supporting the hegemony (of elites/capitalists/corporations etc.) (Sklair 1997, van der Pijl 1998,

³ The OECD’s Centre for Tax Policy and Administration, its tax directorate

⁴ Although a wide range of perspectives have been classified as “critical” within IPE, the term here is understood as associated with the theoretical tradition of Marx and Gramsci, sometimes termed ‘historical materialism’, concerned with class, exploitation, dominance and hegemony.

Gill & Law 1998). Within the international tax literature, Hampton & Christensen, for instance, argue that the development of offshore tax havens in the Cayman Islands and Jersey was heavily facilitated by key local elite lawyers-turned-policy-makers, because it was in the interests of their pioneer law firms (2011:172). Webb (2004) argues that OECD's project on "Harmful Tax Competition" was significantly blunted by the core influence of transnational taxpayers and private-sector tax experts, both in terms of direct lobbying and structural favour. Indeed, the critical story of 'regulatory capture' by resourceful private sector actors of key global reforms has become universal, though, as I discuss in section 5, it is too simplistic.

HI scholars' main claim is that institutions are shaped by and contingent upon historical events, with path dependence and incremental institutional change being the key dynamics (Thelen 1999, Pierson 2004). Thus, the making of global rules is largely determined by first-mover advantages of stakeholders based on (domestic) institutional design (Mattli & Büthe 2003, 2011). Ranjit Lall has advanced this perspective in relation to the role of business representatives, conceiving institutions more broadly⁵, arguing that lobbyists' early access to informal social networks of regulatory officials, and the consequent ability to determine the (hard to reverse) agenda, is crucial in deciding new global rules. Lall (2014) argues that Basel II's bias towards large global banks was down to personal connections between senior managers from private banks and staff at BCBS (the regulator).

Finally, the recent literature on 'orchestration' by IOs builds on rationalism, but emphasises various 'soft governance' mechanisms applied by IOs, highlighting interactions with a wider range of actors, including non-state actors and professionals (Abbott & Snidal 2000, Abbott et al. 2014). For instance, soft law and soft governance mechanisms (e.g. peer review) are said to be a key reason that the OECD is the central IO in global tax governance, as it orchestrates countless knowledge networks involving numerous and diverse professionals (Vega 2012, Porter & Webb 2007).

While these three perspectives provide broader analyses, involving more and different actors than nation states, they eventually end up with similar claims to realism, namely that actors are 'performing agents', constrained by a rationally designed delegation, and that global rules are determined by this delegation. For critical scholars, non-state actors are either dominated by or support a structural elite hegemony. For HI scholars, influence is determined by structural institutional favour. And in the orchestration literature, rule-making ultimately is still dictated by formal delegation (Seabrooke & Sending 2014).

2.1.3 International bureaucracies

Thus, even if critical perspectives, historical institutionalists and the 'orchestration' literature recognise the relevance of non-state actors, including professionals, there is room for an account that looks at the professional knowledge competition in policy processes, where professionals become the *explanandum* rather than the *explanans*. In other words, a complementary analysis of the independent agency of professionals, their attributes, behaviours and relations, in complex transnational rule-making, is relevant.

The first key move in this direction was Barnett & Finnemore's (1999, 2004) work on 'international bureaucracies'. Barnett & Finnemore draw on constructivist work, which emphasises shared norms, ideas and culture. They set out from Max Weber's work, arguing that IOs are to be understood not as state agents but as Weberian bureaucracies. They argue that such bureaucracies have inherent characteristics as an organisational form – namely hierarchy, expertise, continuity and an emphasis on impersonal rule-making – which gives IO

⁵ I.e. as formal and informal norms and behaviours, not merely *formal* organisations

staff authority (through rational-legal, moral and expertise claims) and autonomy to act in specific ways. This leads, they argue, to policy outcomes unintended by the original design of IOs, such as attempting to increase its own power by articulating global challenges in ways that can be solved by itself, or outright pathologies such as institutionalised normalisation of deviance.

The ‘international bureaucracies’ literature has made important contributions to our understanding of the behaviour of professionals in global tax governance. Sharman, for instance, locates the success of the OECD in achieving global tax policy progress in its “shared rationalising vocation, ordering, categorising and recording economic activity” (2012a:24-25). Porter & Webb specifically criticise the rationalist assumption of the OECD as a state agent, arguing instead that the “professional orientation of the [OECD] secretariat...” (economists) “...shapes the policy analysis it produces and the guidance it provides to meetings of national officials”, finding that OECD’s organisational culture leads to policy advice based on liberal economic theory (2007:4). Similarly, Morriss & Moberg argue that OECD’s general preference for economic liberalisation and staffers’ monetary desires are main causes of OECD’s expansion and mission creep in its campaign on “Harmful Tax Competition”. And Eccleston & Woodward (2014) argue that the bureaucratic nature of the OECD led it to propose and diffuse a weak, lowest common denominator standard within information exchange for tax transparency, because by doing so, “the OECD has gained kudos and legitimacy, helping to bolster member states’ financial commitment to the organization” (2012:224).

However, while the ‘international bureaucracies’ literature has made strides towards understanding the role of IO professionals in global rule-making, it has provided little insight on the role of professionals beyond the confines of the formal IOs. Similar to the rationalist literature, the ‘international bureaucracies’ work has focused on actors firmly embedded in traditional, formal (delegated) authority/power positions (such as national delegates or IO staff). However, there is scope for expanding the analysis to other professionals.

2.1.4 Professional competition, changing authority and transnationalisation

There are three main reasons why it is relevant to look beyond formal authority positions. First, *professionals* are different from other actors, and *professional competition* is different from other competition. Professionals are bound by abstract, specialised knowledge (Abbott 1998), more so than, e.g., who they are employed by or what country they are from. They engage continuously with other professionals and professional topics in a particular issue area, rather than come and go based on policy interests or political limelight, and thus behave differently. Using Tsingou’s distinction, professional competition is a “slow” rather than “fast” battle. As opposed to “fast” crises, where urgent political demands require quick relief, professional competition is “slow”, meaning that knowledge, policies and principles are “discussed, negotiated and produced in a longer time horizon” (2014:3). Here, long-term control over knowledge – how to understand technical/political issues and solutions – is central, with political interests and current workplace less important.

Second, as mentioned, authority is fundamentally changing. This applies especially to transnational governance, which is fundamentally different from traditional national governance (Pattberg & Stripple 2008). The transnational level is typically characterised by politics hidden behind contested technical arguments, requiring a wider range of expertise, held by various dispersed actors (Quack 2007, Seabrooke 2014). Some scholars have acknowledged this distributed agency of transnational rule-making. For instance, the interest group literature has shown that issue emergence is contingent upon interest group coalitions that cut across boundaries (Carpenter 2007, Tomaskovic-Devey et al. 2011, Heaney & Rojas 2014). However, just as cross-cutting coalitions are important for issue emergence, cross-cutting *expertise* and *networks* of professionals is important in political

outcomes. State interests, public awareness and political mobilisation may help promote a certain issue on to the agenda, but professional competition is central in determining final policy outcomes of complex transnational rule-making processes. Indeed, the key characteristic of transnational rule-making, compared to national or international levels, is that it offers greater potential for professionals to assert their expertise, free of 'national chains', providing an opportunity for professionals to operate "in a different social space and reconfiguring how they work rather than replicating their national institutions or changing their own to reflect other national institutions" (Seabrooke 2014:55).

Third, the notion that only formal authority sources should be studied becomes problematic once the researcher steps away from the a priori assumptions about who holds authority and analytical boundaries between those thought to have authority and those thought not to have it. If professionals are conceived as truly 'belonging' to one realm with specific characteristics, professionals' actions can be reduced to that realm, such as state interest or organisational culture. But if professionals are viewed as mere expressions of states or organisational culture, professionals as analytical units become hollow, absent of agency (Sending 2002). However, if we look beyond conventionally defined boundaries, significant new insights may emerge. For instance, Seabrooke & Sending (2014) argue that professionals in formal authority positions (e.g. public officials or IO staff) may be more connected with a transnational professional ecology than an in-house organisational culture. And as Pattberg & Stripple have argued, the traditional dichotomous thinking in terms of 'public' and 'private' is "... unhelpful when it comes to understanding how authority is being articulated and how governance is shaped through non-state actors..." (2008:370). Therefore, an 'open' approach might be helpful, where identities and interests are not taken for granted because of professionals' affiliation with a particular realm (e.g. public or private sector). As such, the approach of this thesis is in line with Sending & Neumann's (2011) contention that there is no reason researchers should a priori assume and reproduce the traditionally understood boundaries between realms (for them: "inside" and "outside" IOs); instead, they must be empirically identified.

Such an approach is particularly relevant as professionals with diverse skills are increasingly called upon to legislate complex issues area, and as various professionals are increasingly competing for "jurisdiction" and prestige (Büthe 2010, Seabrooke 2014, Abbott 2005). Lipsky (1980) advanced the notion that public officials have and act upon selfish goals, beyond their organisational affiliation. But Lipsky's ideas can extend to non-public professionals too. This is evident, for instance, where professionals go through 'revolving doors', moving strategically between different work roles and realms (e.g. between the public and private sector), obtaining certain *brokerage* skills to the benefit of their careers (Seabrooke & Tsingou 2009). Important to note is that acknowledging the importance of revolving doors does not mean emphasising the distinction between the public and the private sector as realms with predefined characteristics; rather, it is the expertise and networks gained from different, relevant work roles that is emphasised. The focus on work roles rather than organisational belonging or formal education is also noteworthy because it accentuates the actual career practice and experience of professionals. As Seabrooke & Nilsson note, "someone trained as a lawyer working in an insurance firm who then becomes a senior manager is actually performing different roles in different stages of their career" (2015:12).

2.2 Ecologies

What matters, then, for the political economy of an issue is not merely the formal authority or organisational belonging of actors within a prescribed 'realm'. Looking at the attributes and relations, the expertise and networks, of a broader constellation of professionals involved with an issue opens up the scope to (re-)define the analysis.

The approach applied here for this purpose is inspired by the *ecologies* literature. I detail the ecologies approach further in section 3 but note here that ecologies are dynamic intermediate social structures, comprised of actors, tasks (issues) and their relations. Within sociology and IPE, the notion of ‘*professional ecologies*’ (e.g. “accountants” and “lawyers” or “economic academia” and “asset traders”) has been used to study professionals, competition and networks, where the successful influence of professionals is dependent upon creating linkages within and through adjacent ecologies (Abbott 2005, Seabrooke & Tsingou 2009).

The ecologies approach is useful for seeing beyond the prescriptive attribution of identities and behaviour (e.g. seeing IO staffers as expressions of bureaucratic culture) and analyse the dynamics and relations of various professionals involved in policy processes. Abbott’s seminal work on *linked* ecologies conceptualised traditional *professions* (e.g. lawyers, doctors) as ecologies, but the key assumption is that it is abstract, specialised knowledge that binds together groups of professionals (Abbott 1998), and so the analysis can go further, looking at other groupings. Recent work has done exactly that, studying ecologies bound by shared formal education, career history and other attributes. For instance, Seabrooke & Tsingou (2009) analyse linking strategies between professional ecologies in financial stability reform based on work roles rather than formal education, while Stone (2013) looks at ecologies of IO development professionals and researchers. Furthermore, Fourcade & Khurana (2013) have discussed the role of linking strategies between business schools and social scientists in the rise of financial economics. This flexibility of the ecologies perspective is particularly useful for studying global tax reform, because the professionals involved are not strictly limited to one profession. Tax and transfer pricing are located at the intersection of law, economics and accounting, and many of the professionals involved in global tax reform overlap different professions, as we shall see.

Ecologies studies also provide valuable insights on professional competition. Professional competition is a key dynamic because transnational rule-making provides greater complexity, requires greater resources, and consequently offers greater rewards for professionals able to successfully engage in competition. They may be able to obtain influence and dictate policy debates by controlling knowledge, and they can claim valuable jurisdictions and markets (Dezalay & Garth 2010). Indeed, Abbott conceptualises professionals as naturally competitive beings that “wish to aggrandize themselves in competition, taking over this or that area of work, which they constitute into “jurisdiction” by means of professional knowledge systems” (2005:246). The focus on professional competition also distinguishes the approach chosen here from other studies of networks of professionals, such as the literature on ‘epistemic communities’ – networks of authoritative, established professionals in specific policy domains held together by shared norms and experiences (Haas 1992:3). Studies of epistemic communities share Barnett & Finnemore’s focus on consensus and common culture, rather than competition, thus potentially missing the contentiousness of ideas and knowledge within and across such networks (Morin 2014, Seabrooke 2014).

2.3.1 Revolving doors

One particularly important dynamic of professional competition is the ‘revolving doors’ phenomenon, where professionals move strategically between different realms and work roles, which can affect the structure of professional competition in transnational rule-making. While most literature on revolving doors conceive it a “brain drain” or “capture mechanism” within a strict public-private dichotomy, applying an open ecologies approach provides a novel perspective. Where professional knowledge competition and being perceived as ‘knowing well’ (Seabrooke 2014) are key for control over an issue area, the expertise and status professionals are able to gather from different work roles is central to this endeavour. Rather than ascribing strictly to current

workplace culture or national priorities, professionals in such an environment may be motivated by broader notions of prestige, influence and ‘policy entrepreneurship’ (not merely linear hierarchical advancement), obtainable through strategic mobilisation of knowledge and networks (Seabrooke & Tsingou 2009).

Unfortunately, revolving doors is an undervalued phenomenon, particularly within tax. Some scholars have recently applied the ecologies framework in studying revolving doors. Seabrooke & Tsingou (2009) and Seabrooke (2014) have argued that the importance of revolving doors (in financial stability reform) lies in its function as a strategic practice for professionals to enhance prestige, network position, and consequently control the political economy of the issue. Elsewhere, Lucca et al. (2014)’s systemic worker flow study indicates similar sentiments. They find that revolving doors are an effect of key professionals in (banking) regulation seeking to enhance their careers by favouring complex rules that only few (including themselves) can understand well, and then transitioning to the private sector. And Adolph’s (2013) extensive work on career data shows how selfish career concerns and career socialisation drive central bankers’ decision-making. Others briefly touch upon the phenomenon, e.g. Morin’s (2014) study on IP lawyer networks and professional competition. In tax-related research specifically, Borkowski (2006) has provided the most extensive study of revolving doors. Coming from a background in accounting, Borkowski, using career sequence data, details the extensive movement from US Internal Revenue Service (IRS) senior staff to a few large US law, accounting and consulting firms⁶, and discusses whether it is good or bad. Mulligan (2008) and Mulligan & Oats (2011) contribute to the case evidence through qualitative data, but, like Borkowski, do not touch upon its role in professional competition or transnational rule-making. Most recently, Picciotto (2015) argues, in passing, that “the ‘revolving door’ is rife” in the transnational tax arena, citing three specific examples.

2.3 Other work on professionals in tax

Most of the work on professionals in tax can be divided into three groups: work within sociology and organisation studies on professions and “institutional work”, various work that looks specifically at *tax* professionals, and work that analyse professionals in the OECD.

The literature within sociology and organisation studies on the “institutional work” of lawyers, accountants, economists (professions that are involved in tax) has shown that professional agency fundamentally reconfigures institutions, including through the exercise of expertise and rule-making and reorganisation of hierarchies within an organisational field (Suddaby & Viale 2011, Brock et al. 2014). For instance, Suddaby et al. (2009) have shown how the professional accountancy project is changing, with shifting deviation from traditional professional ethics. However, so far, no study within this literature has looked at the relation between professional agency and global tax politics specifically.

On *tax professionals*, Picciotto (1995), from law, outlines the role played by professionals in the development of the international tax system. He argues that top lawyers and law firms, particularly Anglo-Saxon lawyers, played a central role because of their ability to develop strong links within law and beyond, such as with transnational businesses, investment banks and policy-makers, and their ability to participate in and dictate legal-technical tax policy debates. Picciotto exemplifies this via the story of Mitchell Carroll, a top US lawyer, who was central in the drafting of the first international tax treaty (between US and France), chaired the influential League of Nations Fiscal Committee, and helped found the International Fiscal Association, a major professional forum for tax professionals that is still significant today. Rosenbloom (2010:159-160) provides a short account of

⁶ Interestingly, several of the professionals examined by Borkowski also show up in the BEPS Action 13 population.

professions relevant to tax: accountants (concerned with numbers and compliance), lawyers (principles and precise language), and economists (modelling policy impacts). From IPE, Seabrooke & Wigan (2013) provide the only available account of civil society professionals' role in global tax policy, detailing the role of Tax Justice Network (TJN) as *the* key player in the rise of "tax justice" to the top of the global political agenda. Despite relying on a five-man core group with few funds, TJN was able to emerge as a leading organisation because of their extensive control of tax expertise within civil society, being able to draw on several pools of expertise, including practical tax experience from legal, accounting and management perspectives. For instance, such knowledge control has facilitated successful promotion of the Financial Secrecy Index, the term "secrecy jurisdiction" over "tax havens", and the Fair Tax Mark, all of which have been instrumental in the rise of the tax justice agenda.

Then there are studies that include descriptions and/or analysis of professionals within the OECD. One noteworthy account is Salzman's (2005), which details the mechanics of different bodies and rule production within OECD, highlighting the central role of OECD in facilitating expert networks, convening more than 40,000 national and private professionals annually. Meeting in private settings, historically free from public scrutiny, experts across public and private spheres are able to produce well-respected and often successful global rules, including within tax. Richard Woodward's work on the OECD provides a similar picture, emphasising the "standing corps" of 700 economists, lawyers and scientists, seconded from national governments or recruited from the private sector, which supports the OECD secretariat and is highly influential in rule-making (2009:50). Christians (2010b) provides the most extensive discussion of *network-driven* tax policy development, historically and at the OECD in particular. She echoes Salzman and Woodward on the importance of OECD's facilitation of expert networks, but fleshes out how this happens at several intertwined levels. At the high-level diplomatic level, the OECD Council mobilises policy developments; at the supportive expert level, the CTPA functions as both a tax professionals networks itself and as a creator/convenor of and participant in other such networks; and at the government officials' level, the Committee on Fiscal Affairs (CFA) negotiates final consensus.

While Christians provides perhaps the most detailed, relevant account on (groups of) professionals in global tax reform, she readily admits that it is an imperfect one, and concedes that it is a difficult study topic:

"The type and degree of collaboration and norm development that occur within this network are undocumented and perhaps cannot be documented except by someone within the network" (2010b:20)

Indeed, few beyond Salzman, Christians and Ault (2009a) are able to draw on extensive primary data and first-hand accounts in their work on the OECD, illustrating the difficulty further. Moreover, most of the literature examines professionals within just one realm (OECD, the legal profession, the business community, an NGO) rather than across realms. As such, there is a clear case of a literature gap, which this thesis attempts to address.

3. Method

This thesis sets out to examine the professional competition around BEPS Action 13 from an ecologies perspective, zooming in on the attributes and relations of professionals. In doing so, the approach focuses on the constitutive and relational rather than the substantive, and so the overarching methodology of the thesis is inspired by *relationalism*. The relational approach is operationalised with three particular methods that together provide a strong and diverse base for the analysis: ecologies, sequence analysis and qualitative content analysis. The ecologies framework is applied for analysing professional practices, while sequence analysis is applied to compile and analyse careers of the professionals involved, and qualitative content analysis is used to contextualise the other analyses. In this section, I present and discuss the limitations of the methodology, the three methods, and the research design, including the nature and scope of the empirical materials that inform the analysis, which include a variety of hard data (on the BEPS Action 13 consultation and professional careers), first-hand interviews and direct and participant observation. Finally, I discuss other limitations of the approach.

3.1 Methodology

The thesis methodology reflects the fundamental choices about what the social world is made of and how we generate knowledge from it, flowing from the basic purpose of the research. Here, that purpose is to study the professional competition of BEPS Action 13 from an ecologies perspective. Accordingly, the basic methodological assumptions of the thesis are closely aligned with *relationalism*.

3.1.2 Relationalism

The overarching methodological implication of the thesis' analytical focus is that it becomes primarily concerned with constitutive and relational aspects rather than the effects of interaction between pre-constituted actors. This is a significant dividing line in social sciences. Ontologically, is the social world made of predefined substantive units (substantialism) or dynamic relations (relationalism)? In most work, the former is assumed, and the question instead becomes about *which* substantive units (agency or structure) to study; however, this thesis focuses on the latter. Relationalists "reject the notion that one can posit discrete, pre-given units such as the individual or society as ultimate starting points of sociological analysis" (Emirbayer 1997:287). Instead, relationalism starts with the relations between units, arguing that relations themselves constitute units and actions, rather than the other way around. In many ways, this is a radical thought, counterintuitive to our traditional mode of thinking. Norbert Elias' simple illustration of how substantialism is embedded in our ways is apt:

"We say, "The wind is blowing", as if the wind were actually a thing at rest which, at a given point in time, begins to move and blow. We speak as if a wind could exist which did not blow." (Elias 1978:111-12, cited in Emirbayer 1997:283)

Acknowledging a relational perspective, the analysis must embed the analytical unit in its dynamic reality and context. Without this, the unit is not meaningful. A human is not a human before he is recognised and named by other humans (Pizzorno 1991:220, cited in Emirbayer 1997:296). Applied to the study of professionals (in global tax reform), this means that reducing professionals to prescribed identities or organisational belonging is not appropriate.

Relationalism thus eschews substantialist principal-agent models, constructivist notions that actors are strictly norm-following beings, and structuralist claims that only "social structures" are sources of action (ibid), instead

suggesting that what matters first is relations, as they constitute identities, interests and groupings, etc. In seeking to move meso-level dynamic relations to the forefront of the analysis, relationalism also interferes in the other question posed by substantialists (agency vs. structure), answering both “neither” and “somewhere in the middle”.

The relational approach thus provides fundamentally different social science analysis, requiring the reconceptualisation of key social science terms. In this vein, Marx’ notion of *capital* and Foucault’s notion of *power* are relational, conceiving these as fundamentally dynamic and constitutive of the actors involved, rather than absolute. The same goes for the concepts of *agency* and *knowledge*. Whereas, e.g., norm-based constructivist approaches sees professional agency as an expression of (organisational) norms, relationalism views agency as fundamentally embedded in relations, continuously transforming and changing the relational context. In Emirbayer’s words, “agency is always “agency *toward* something”, by means of which actors can enter into relationships with surrounding persons, places, meanings and events” (ibid.:294). Similarly, the concept of knowledge can be reworked. Seabrooke’s discussion of ‘epistemic arbitrage’ invokes a relational concept of knowledge, whereby it becomes “not a stock of information, knowing or not knowing, but a relationship among professionals” (2014:52). As such, “Good ideas are only powerful when those promoting them are well positioned within and across professional networks” (ibid.). Thus, professional competition over knowledge control, based on expertise and networks, also becomes relational, dependent on the relations of professionals and expertises.

The emphasis on dynamic, changing relations is also significant for another reason, namely that it necessarily changes the temporal nature of research, which comes to focus on a snapshot of relations and units at a given time, rather than on a traditional, chronologic order of units and actions. Because relations are continuous, always changing, they are intangible, observable primarily in their expressions through units and actions. We cannot ‘see’ a relationship, we can only see the people in it and their behaviour. However, the consequence is not to disregard the existence and importance of relations, but to recognise that for a given time and place, there is a particular prevailing constellation of relations, an *action net*, which produces actors and actions (Czarniawska 2004). The action net, the prevalent constellation, becomes the object of study. In the terms of this thesis, this constellation is the constellation of professionals, with their attributes and relations, which constrains the political economy of the issue at hand, i.e. knowledge control around BEPS Action 13.

3.2 Methods

The thesis methodology is operationalised using three particular methods: ecologies, sequence analysis and qualitative content analysis. The ecologies lens, focused on dynamic structures of relations, actors and tasks, and sequence analysis, the study of successions of states, provide fundamentally relational perspectives that shed light on the connections and attributes of professionals involved in global tax reform. Qualitative content analysis, based on readily available consultation material, offers a useful contextualisation of BEPS Action 13, the professionals involved and the policy arguments invoked. These three methods are discussed in turn.

3.2.1 Ecologies

The overall framework applied here for analysing professionals’ expertise and networks is an *ecological* one. Ecologies, an analytical unit often associated with biology, has increasingly been used in sociology and, recently, organisation studies and political economy. In particular, work by Abbott (2005) and others on *linked* ecologies has generated significant insights on (the sociology of) professionals involved in transnational rule-making. Here,

ecologies are understood as dynamic intermediate social structures, comprised of various actors, competing for jurisdiction over specific issues, and their relations. The significance of Abbott's *linked* ecologies is moving beyond the notion of ecologies as fixed against an exogenous environment, instead seeing "the social world in terms of linked ecologies, each of which acts as a (flexible) surround for others" (Abbott 2005:246). For instance, when analysing an ecology of lawyers, we should not conceive the ecology as a stand-alone thing, with everything outside it a black box; rather, we should conceive the ecology as embedded in a broader ecological structure, with adjacent ecologies of doctors, accountants, teachers, and so forth. For Abbott, the success of professional strategies depends on the ability to span and broker between several ecologies, mobilising knowledge and/or relations within and through adjacent professional groups.

Just as relationalism, the ecologies framework focuses on dynamic relations. Indeed, an ecological approach sees professional ecologies and behaviour as fundamentally dynamic and changing. However, an ecology and its elements are not entirely fluid either. Relations, the core of the ecological approach, are mutually influential, constraining the elements in the relation, and so there is a friction to any change. Thus, the ecology is a social structure "less unified than a machine or an organism, but that is considerably more unified than is a social world made up of the autonomous, atomic beings ..." (ibid.:248). Ecologies studies are also concerned with explaining social dynamics by connectivity itself, recognising that "[a]nalytically and empirically, the relational process is prior" (Abbott 2005:248), which are key features of relationalism.

An alternative to an ecologies analysis would be to conduct a *social network analysis*. While a social network analysis would reveal the detailed structures of nodes and ties of people involved in BEPS 13, an ecologies study is more focused on behaviour and practice, which is the aim here. Furthermore, a full-scale social network analysis would require access to much more detailed data from extensive first-hand accounts and direct/participant observation, something beyond the author's resources for the thesis. However, the thesis *will* draw on concepts and ideas from social network theory, as the two types of analysis are closely linked.

3.2.2 Sequence analysis

In order to understand the attributes, groupings and competition across professionals involved in global tax reform, I also conduct an analysis of these professionals' career sequences. Sequence analysis is the study of successions of states and events for the purposes of descriptive representation, comparative analysis of sequences, or causal analysis (Blanchard & Fillieule 2011). For the analysis here, sequences are professional careers, made up of individual states that represent one year working in a particular work role. Primarily concerned with the *trajectories*, relations between states, the relevance of relationalism to sequence analysis is also high. Originating in biological analysis of DNA using computer science, it has slowly migrated over sociology (Abbott & Tsay 2000) and political science (Blanchard & Fillieule 2011) to political economy, where it has been used to study careers of professionals, for instance in IMF policy teams (Seabrooke & Nilsson 2015).

In particular, sequence analysis in the social sciences has utilised optimal matching (OM), which I also apply here to distinguish professional career types and trends. OM is a useful method for generating clusters of professional careers with similar characteristics. OM applies an algorithm that groups sequences (professionals' careers) by their "similarity" or "distance", i.e. by the minimal "cost" of transforming one sequence into another (called 'matching'), and then generating a specified number of clusters of sequences which have the shortest distances between them. Costs are central because they fundamentally determine which sequences (careers) are deemed "similar", and thus which clusters are outputted (Lesnard 2010). There are two kinds of costs: substitution and insertion/deletion (indel) costs, respectively the "price" for substituting one state for another and

inserting/deleting a state. In short, substitutions regard whether a state occurs at the same time in different sequences, while indels regard whether a given state occurs at all (Aisenbrey & Fasang 2010:426). Costs may be defined inductively, based on observed transition probabilities within the population, or deductively, based on existing theory/hypotheses. Importantly, the two types of costs are substitutive: If substitution costs are relatively high, the minimal transformation cost will rely more on indels, and vice-versa. Thus, the indel and substitution costs are central to the mechanics and outcomes of OM analysis (MacIndoe & Abbott 2004).

Sequence provides a robust, comprehensive and temporal perspective, which can analyse complex trajectories, including their duration and order. However, it does have pitfalls. Most importantly, because costs are so important to the OM analysis, the researchers' cost decisions fundamentally dictate the results. Alternative approaches may avoid this issue by providing relevant estimates *after* the analysis (see e.g. Wu 2000:49 for discussion). However, other longitudinal data analysis methods, such as event history analysis, focus on specific transitions, and thus are not able to provide a strong analysis of trajectories, which is of interest here (Aisenbrey & Fasang 2010, Blanchard & Fillieule 2011). Still, the researcher must design the cost structure to properly suit research purposes. More broadly, from a relational perspective, the main drawback to sequence analysis is the difficulty in sufficiently considering the wider context of categorical data (states) in the longitudinal and comparative analyses (Wu 2000), e.g. historical change in the content and status of professional work roles⁷.

Because the OM algorithm was designed for DNA analysis, where all sequences have equal length, there are also issues with OM analysis of sequences that are unequal in length (see Abbott & Tsay 2000:8-11 on temporality). And the career sequences used here are, with career length varying between 6 and 51 years. Variation of sequence lengths increases the transformation cost (having to add the cost of adding states in each comparatively missing year), thus generating clusters highly defined by career length rather than similarity of the trajectory, unless indels are highly favoured in the cost structure. However, favouring indels diminishes the role of substitutions, stumping the analysis of the timing and order of career work roles, which is of interest here. Moreover, the longer the time horizon, the less likely that categorical states are similarly understood (Wu 2000.). In order to mitigate the issue, the analysis here looks at *whole* trajectories, rather than individual states, and my OM cluster analysis uses only the past 20 years of career data, where most sequences are of equal length. I discuss the design of the OM cost structure and analysis in more detail in section 3.3.

3.2.3 Qualitative content analysis

Finally, the analysis is supported by qualitative content analysis (QCA) of the BEPS Action 13 public consultation. QCA is a method for “systematically describing the meaning of qualitative material” (Schreier 2012:1), where one selects, codes and categorises data for analysis. It provides a methodical, interpretive, inductive and flexible approach to large amounts of qualitative data. As with sequence analysis, the main pitfall is lending the appropriate consideration to context of the categorical data, and thus my analysis strongly attempts to apply and analyse the data in the overall context of consultation, connecting the consultation groups and attitudes with an analysis of argument logics and expertise.

Importantly, the QCA is undertaken for contextualisation purposes, and it does not stand alone. While QCA is most often used by political science researchers to measure participation, interests and conduct causal analysis of influence of different mobilising interest groups (Klüver 2009), this is not the purpose here, and the thesis will not make claims about “winners” and “losers” from policy outcomes based on the QCA. Rather, in

⁷ A tax lawyer in 1980 might not be the same as a tax lawyer in 2010

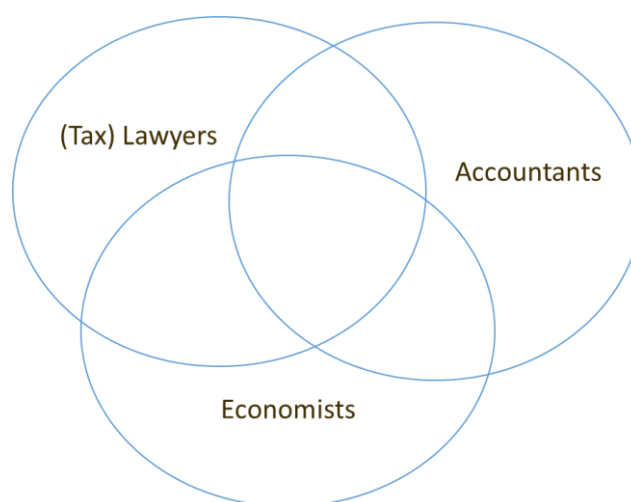
accordance with the relational ecologies approach applied, the QCA provides a means to contextualise the reform in which the professionals under study are involved, including the range and type of groups involved, the political economy issues at stake, major points of debate, expertise, and the use of arguments. This is complemented by first-hand interviews, observation and career sequence analysis of the professionals involved. Indeed, a key advantage of using QCA for contextualisation over alternative qualitative data methods, such as discourse analysis, is that QCA makes no (or very few) assumptions about the data, the social world, their relations and causal mechanisms, whereas discourse analysis largely assumes the constructivist notion that language essentially shapes social reality (Schreier 2012:47).

3.3 Research design

There are challenges associated with the methods and analyses I propose. Ecologies studies are difficult from an outside perspective because of the challenge in obtaining sufficient primary and secondary data. Career sequence analyses requires detailed, temporal, periodical data, which may be hard to obtain. And analyses of large policy consultations are resource-intensive, with extensive manual labour involved in compiling and coding the data. Thus, it is important to acknowledge the necessary limitations of the empirical material used here – it cannot cover *everything* – while at the same time seeking to meet the challenge by using a variety of relevant data. The thesis does so by employing qualitative consultation data, LinkedIn and CV career data, first-hand interviews and participant/direct observation as the main empirical basis. This is supported by various official documents (discussion drafts, reports, and policy briefs), media material (newspaper articles, and interviews), academic literature, and two sets of software, NVivo for the QCA and TraMineR for the sequence analysis. Below, I detail and discuss the main empirical data sources and how they will be applied.

3.3.1 Professional ecologies, interviews and observation

Traditionally in the literature on sociology of professions and ecologies, professions form the basis of ecologies. Here, those professions are law, accounting, and economics (cf. also Rosenbloom 2010:159-60).



However, beyond the three professions, other expertises are relevant for BEPS Action 13. I discuss this further in section 5, but suffice to note here the cross-spanning fields of transfer pricing, management and academia, as well as three ‘realms’ (public, private, IO).

In order to study the dynamics of competition among professionals through ecologies, ethnography-inspired methods were employed⁸. Interviews and direct and participant observation⁹ was conducted to the extent allowed by time and resource limitations. Using both first-hand and second-hand perspectives of the dynamic relations and attributes of professionals under study allows for comparing and contrasting several accounts, thus strengthening the overall study.

In total, 28 in-depth interviews, most over the phone, and numerous other more limited chats, were conducted. A (blurred) list of interviewees can be found in Annex I. Interviewees were selected seeking a representative sample of the full population, but also, for practical purposes, accessibility. As a European-based researcher, I had more success identifying and reaching out to European professionals for interviews. Thus, the sample is European-skewed, though a handful of interviews and many more minor chats with non-Europeans were conducted. All interviews and talks were informal and loosely structured, but focused on of major issues/points of debate, the organisation of BEPS 13-related work, relations with other stakeholders, the policy process, influence and professional expertise.

Further, in order to observe these dynamics, the author undertook direct observation of the 24 hours of BEPS Action 13 consultation video (available from the OECD website), and also participated in six tax and transfer pricing related events and conferences in the fall/winter of 2014, listed in table 1:

Table 1. Events participated in

Event	Date (2014)	Organiser	Location
Tax havens & hidden money	19 September	Tax Justice Network Norway	Bergen
The Tax Dialogue	9 October	IBIS Denmark	Copenhagen
Transfer pricing seminar	21 October	Deloitte	Copenhagen
United Nations Tax Committee Annual Session	27-31 October	United Nations Committee of Experts on International Cooperation in Tax Matters	Brussels
Global Transfer Pricing Conference	27-28 November	Maastricht University	Geneva
Tax for Development	12 December	ActionAid Denmark	Copenhagen

Furthermore, I studied participation, speaker lists and, where available, presentations of several major tax & transfer pricing conferences, including TPMinds and Bloomberg BNA Tax events. Events were selected based on content relevance, participating professionals, accessibility and cost. Participation was used to establish interviews, test ideas and observe the expertise and relations of professionals.

I used the intelligence from interviews and observation for classification of influentials (professionals important to the specific issue), based on their expertise and network positioning. In doing so, the thesis follows previous sociological studies of professionals and knowledge that use ethnography-inspired materials for identifying influentials in networks (e.g. Lazega 2001). This allows me to compare and relate data for the identified influentials and other professionals involved. The results are discussed in section 5.

⁸ I stress *inspired*, because pure ethnography denotes extensive, continuous/repeated field work, which is not the case here.

⁹ The distinction is that a researcher merely observes in the former, but actively participates in the latter (Czarniawska 2004)

3.3.2 Career sequences

Sequence analysis proceeds by gathering the sequence data, which may be sequences of essentially anything and in any order, though usually it follows chronologically, then defining an ‘alphabet’ of all the different states that may occur, coding the sequences, and then analysing.

Here, I gather data on as many of the professionals involved in BEPS Action 13 (the population) as possible, using a variety of sources. The population includes professionals from NGOs, businesses, academia and others participating in the public consultation, OECD staff, and national representatives. Consultation participants were identified from their comment letters (if they were signatories), which are largely expert staff, assumed to be of primary relevance¹⁰. Combined with manual inquiries (where letters were not signed), 140 names from the public consultation were identified, with just 35 out of 152 organisations not represented in my sample. From public data on the OECD website, LinkedIn and interviews, I identified seven key OECD staffers that worked on BEPS Action 13, plus another 10 that worked with BEPS and transfer pricing, but for whom I could not ascertain relevance to Action 13 specifically. Finally, 18 national officials from 13 countries, involved in OECD’s Working Party (WP) 6 (responsible for Action 13), were identified via the OECD website and manual inquiries. Although it is a shortcoming that only 18 out of an estimated 88 national officials¹¹ are identified, the representation for the other groups is assessed to be around 80%. Thus, the total identified population is estimated to make up around 62% of the actual population of BEPS Action 13 professionals¹², which is a solid basis for analysis. Moreover, the national representatives that were identified are from a range of countries in Europe, Africa and Asia-Pacific, thus giving me a broad sample. In section, I also compare the results under the sample bias with results simulating a 80% representation of national officials in the sample, based on the data obtained, thus addressing the validity of results.

Using LinkedIn and other data available online, combined with manual inquiries, I was able to obtain sufficiently detailed career sequence data for 98 (56%) of the identified names (35% of the estimated full population), including educational background. Out of these professionals, 75% were currently in the private sector, 11% IO staff, 7% national representatives, and 6% other.

Based on the professional ecologies and other relevant expertises and realms, noted above, compared to the obtained career data, I construct the alphabet of states to reflect various work roles, shown in table 2:

¹⁰ Interviews with involved professionals support this point

¹¹ 2 officials per each of 44 countries involved (34 OECD members + 10 BEPS associate countries)

¹² The population and all data are on file with the author.

Table 2. Career sequence alphabet

State code	Description	State code	Description
ACA	Academia	MNPU	Senior manager in state
ACIO	Accountant/auditor in an international organisation (IO)	OTH	Other
ACPR	Accountant/auditor in a private sector organisation	TLIO	Tax lawyer in an IO
ACS	Accountant/auditor in a public (state) administration	TLPR	Tax lawyer in private sector
ECIO	Economist in an IO	TLS	Tax lawyer in state
ECPR	Economist in private sector	TPIO	Transfer pricing professional in IO
ECS	Economist in state	TPPR	Transfer pricing professional in private sector
MNIO	Senior manager in an IO	TPS	Transfer pricing professional in state
MNPR	Senior manager in private sector		

Each career was coded according to the alphabet, chronologically in 1-year instances. During coding, systemic implementation of the alphabet codes was emphasised, recurrently evaluating the alphabet.

One important challenge with OM analysis is temporally stretched data. I address this challenge by limiting the OM analysis to the past 20 years of career data. The 20-year allows for a more limited time span, where career lengths are more likely to be equal, and where work roles are more likely to be comparative. The 20-year threshold still captures 80% of career years, with the majority of professionals in the data set represented in all of the past 20 years. A sensitivity analysis also showed that a 15-year threshold generates highly similar OM clusters, with 67% of the professionals located in the same clusters.

Limiting the data to 20 years also allows me to limit indels in the OM costing without it dominating the algorithm, which means unequal career lengths are taken into account. However, as I am mainly interested in the timing and order of career work roles, I favour substitution costs by choosing indel cost of more than half the largest substitution cost. In this case, that means indel costs of 2. According to MacIndoe & Abbott, this will “prevent the algorithm from using any more indels than exactly enough to offset that difference in sequence lengths” (2004:392).

The substitution costs are defined deductively based on traditions in the sociology of professions and ecologies literature as well as my own empirical observations¹³. Thus, career transitions *within* an ecology and *within* a realm are considered less costly than moves outside. For instance, from a position as a private tax lawyer, a move to public tax lawyer is a cost of one, a move to private senior manager is a cost of two, and a move to IO economist is a cost of three. A move to/from the same work role is no cost, while moves from either of the main professions (accounting, law, economics) into transfer pricing has a cost of two because there is some overlap between these disciplines. The cost matrix is shown in table 3:

¹³ The small sample size for several of the career states also made inductive costing unreliable.

Table 3. Substitution cost matrix

	*	ACA	ACIO	ACPR	ACS	ECIO	ECPR	ECS	MNIO	MNPR	MNPU	OTH	TLIO	TLPR	TLS	TPIO	TPPR	TPS
*	0	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
ACA	2	0	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
ACIO	2	3	0	1	1	3	3	3	2	3	3	3	3	3	3	2	2	2
ACPR	2	3	1	0	1	3	3	3	3	2	3	3	3	3	3	2	2	2
ACS	2	3	1	1	0	3	3	3	3	3	2	3	3	3	3	2	2	2
ECIO	2	3	3	3	3	0	1	1	2	3	3	3	3	3	3	2	2	2
ECPR	2	3	3	3	3	1	0	1	3	2	3	3	3	3	3	2	2	2
ECS	2	3	3	3	3	1	1	0	3	3	2	3	3	3	3	2	2	2
MNIO	2	3	2	3	3	2	3	3	0	1	1	3	2	3	3	2	3	3
MNPR	2	3	3	2	3	3	2	3	1	0	1	3	3	2	3	3	2	3
MNPU	2	3	3	3	2	3	3	2	1	1	0	3	3	3	2	3	3	2
OTH	2	3	3	3	3	3	3	3	3	3	3	0	3	3	3	3	3	3
TLIO	2	3	3	3	3	3	3	3	2	3	3	3	0	1	1	2	2	2
TLPR	2	3	3	3	3	3	3	3	3	2	3	3	1	0	1	2	2	2
TLS	2	3	3	3	3	3	3	3	3	3	2	3	1	1	0	2	2	2
TPIO	2	3	2	2	2	2	2	2	2	3	3	3	2	2	2	0	1	1
TPPR	2	3	2	2	2	2	2	2	3	2	3	3	2	2	2	1	0	1
TPS	2	3	2	2	2	2	2	2	3	3	2	3	2	2	2	1	1	0

The chart is the same read horizontally or vertically, as costs have no “direction”, i.e. the cost is the same whichever way the move happens.

The final data set was analysed using the TraMineR and cluster plugins for R, sequence data software useful for analysis and representation (Gabadinho et al. 2011). The coding used can be found in Annex II. The results are presented and discussed in section 5.

3.3.3 Consultation data

QCA entails data selection, coding the data based on a coding frame, and analysis, which can include the distribution and frequency of data sources or categories etc. Here, I have used the NVivo software to support this process.

In terms of the scope, the thesis looks at the late 2013 and early 2014 OECD consultations on transfer pricing documentation. Although only the latter was formally part of the BEPS project, the former is widely regarded as equally embedded, taking place simultaneously and with most of the same people involved. Therefore, the former is considered, though the analyses prioritises the latter. For both consultations, the OECD authored an early, non-consensus white paper/discussion draft, requested and published received comment letters, and held a public consultation in Paris. In total, the data comprises the two papers, 183 comment letters from 152 different sources, and 24 hours of video of the public consultations in Paris. Background data on the organisations and individuals behind the comment letters was obtained from the letters themselves and official webpages.

Using NVivo software to structure and explore the data, seven core contentious issues were included as main categories in the coding frame. Issues were selected based on a combination of their relevance to the politics of Action 13, and the volume of discussions (the number of mentions of the particular issue in the comment letters). Each core issue that a comment letter had addressed was registered, along with the comment letters’

arguments for each issue. Inspired by Morin (2014), all arguments were hand-coded on a scale from one to three, with a lower number signifying arguments for more extensive and free-flowing documentation, and a higher number signifying arguments for less extensive and more restricted documentation. Furthermore, some basic data for each comment letter was coded: organisation, professional background, region and formal links between organisations. In order to ensure validity, the coder (the author) was careful to adhere to the coding frame systematically (supported by NVivo), and evaluating it several times during the coding process. Based on the final data set, a range of comparative and contextual analysis was conducted, including analysing the volume and nature of comment letter arguments, groups involved and formal group connections. The results are discussed in section 4.

3.4 Limitations

Finally, before moving on to the analyses, I consider other central limitations of the thesis method regarding the restricted temporal scope of an “action net” study and the wide variety of empirical sources used. First, however, it is important to note that relationalism and the methods and empirics chosen here are not ‘inherently’ preferential. Rather, they produce *different* insights compared to alternatives, with different drawbacks. For instance, a substantialist and realist research design might employ the consultation and interview data in an analysis aimed at illustrating influence by linking policy inputs and outputs, shedding light on different (national) power and interests at stake, which the approach chosen here would not be able to. Still, as I have argued, the approach selected allows me to generate novel, important insights on topics that are understudied.

On the first point, studying the action net, a “snapshot” of the constellation of professionals around BEPS Action 13, means the thesis necessarily has a restricted temporal scope. This inevitably leads to a study which cannot extensively account for *how* and *why* this prevalent constellation of professionals, has emerged; rather, it can discuss its nature and implications. The natural consequence of a short-term action net study is, in other words, that its historical development is largely unaccounted for. Furthermore, an action net study necessarily must choose a limited time period. The focus here will be on the period from the formal launch of the BEPS Action Plan in July 2013, to the finalisation of Action 13 guidance in February 2015. As such, the thesis does not cover pre-BEPS relations and activity, which may well have conditioned the state of play during BEPS, such as the forum (the OECD) in which the reform takes place¹⁴. However, extending the scope to the pre-BEPS constellation of professionals would be unfeasible given the time and resource constraints of the thesis, and the lack of formalisation would make it more difficult to identify and analyse involved professionals. It is also reasonable to expect that the chosen period captures the most relevant constellation in terms of influencing transfer pricing documentation reform. Even though both *before* and *after* certainly matter, the greatest scope for mobilisation professional competition occurred *during*, with professionals engaging and competing extensively on the issues.

More broadly, it should be noted that the limited temporal scope, coupled with the detailed, specific case study of Action 13, concerned with dynamic relations and context, means the results produced here are not suitable

¹⁴ There is a wider political debate whether the OECD should be the location for global tax reform, with some instead favouring the United Nations. Had global tax reform taken place elsewhere, it would most likely have had a significant impact on the prevalent constellation of professionals, as well as the role of CBCR in the reform. If elsewhere, CBCR might have been promoted as an accounting measure (as it has been before), rather than a transfer pricing document, which was actually opposed by many commenters (Burow 2014b).

for wide generalisations. Thus, it cannot be inferred that *all* transnational rule-making or *all* global tax reform will conform to the analysis provided here.

On the second point, the challenge with applying a multiplicity of data, including both hard categorical and soft qualitative, is to stay systematic and avoid diluting the value of results by invoking too many explanations, without going in detail. In my empirical research (interviews & observation), it has been impossible to conduct extensive ethnographic field work, and thus the results are necessarily limited and biased by the researcher's ability and resources to gain access to as many relevant and representative professionals and events as possible. However, significant efforts have been made to reach as many as possible, so that the data basis has become representative. More generally, the use of a variety of data does not necessarily have a diluting effect. Here, I attempt to apply different sources to support a few key arguments. In doing so, I believe I can provide a strong and balanced empirical basis, from which strong and balanced results can emerge. For instance, the use of qualitative data to investigate ecologies and categorical sequence data complement each other in shedding light on influential professionals. And this is further supported by qualitative content data, which offers an important contextualisation.

4. BEPS Action 13 consultation

In order to inform the rest of the analysis, I analyse in detail the BEPS Action 13 consultation, in particular policy attitudes and the groups involved. I identify seven core issues related to access, content thresholds and specific TPD data points, which are key levers in the discussions. In the consultation, I find that Western tax advisers and business groups are in the majority, with some NGOs deliberately non-participating, and that there is a general preference for narrow, restricted TPD. However, significant intra-group dissent is present, indicating that dichotomies of “business” and “civil society” may be too simplistic. Intra-group variations are also evident in formal organisational links, which show specific clusters of EU business associations, finance/banking and professional services firms, large UK businesses, and others. Finally, I discuss the consultation being characterised by politics hidden behind highly technical tax/TP language, which I argue constrains some actors from engaging fully and successfully in the debates.

4.1 Background and process

Following the February 2013 OECD scoping report, the BEPS Action Plan was launched in July, initiating the policy process. A public Action 13 consultation was held in early 2014, based on a discussion draft, and following another consultation on TPD in November 2013¹⁵. And the final policy guidances were released in September 2014 and February 2015.

The purpose set out in the Action 13 discussion draft is to provide tax administrations with the necessary information for TP risk assessment and/or audits and to ensure taxpayers compliance, considering businesses’ compliance costs (OECD 2013a, OECD 2014a). The initial draft included

a tiered approach to TPD, containing a *master file* with MNC group information relevant for all jurisdictions where it operates, and *local files* with information on the transactions relevant to a specific jurisdiction. The proposed package, including the country-by-country report (initially embedded in the master file, but later a standalone document) went quite far. The master file included unprecedented data on advance tax rulings¹⁶, and the CBCR template contained not just country-by-country reporting but in fact entity-by-entity reporting of 15 different data points on income, tax, economic activity indicators and cross-border payments, more expansive than any previous CBCR scheme (Herzfeld 2014, compare also with PwC 2013). Moreover, the draft left up in

Box 1. Key milestones in the BEPS (Action 13) process

Feb 2013:	Addressing BEPS (OECD scoping reporting)
July 2013:	BEPS Action Plan
July 2013:	White Paper on TPD (discussion paper for public consultation)
Oct 2013:	Memorandum on TPD/CBCR (discussion frame for November public consultation, based on received White Paper comments)
Nov 2013:	Public consultation on transfer pricing matters
Jan 2014:	Action 13 discussion draft
Mar 2014:	Action 13 discussion draft comments released
Apr-May 2014:	Revised confidential Action 13 discussion draft released to Working Party (WP) No. 6 members & selected stakeholders in advance of May public consultation (Burow 2014a)
May 2014:	Public consultation on Action 13
June 2014:	Committee of Fiscal Affairs approval of Action 13
Sep 2014:	Release of initial new Action 13 guidance
Feb 2015:	Action 13 implementation guidelines
April 2015:	Further Action 13 implementation guidelines (content unknown)

¹⁵ The analysis here refers to these two simply as “the consultation”

¹⁶ Particularly important or valuable transfer prices/valuations that are pre-approved by a government in dialogue with a company, e.g. the Luxembourg “comfort letters” revealed by the 2014 LuxLeaks.

the air any limitations on the range of companies required to disclosure the CBCR. Alongside the initial proposals, the draft asked for comments, posing more than ten specific questions.

4.2 Core issues: access, exemptions and data points

Based on the nature and significance of discussion of issues in the 183 comment letters, seven core issues were selected, with all comment letters arguments on these issues recorded. The core issues, along with the outcome in OECD's recommendations, can be seen in table 4:

Table 4. Core issues

Issue	Description	Outcome
Filing & sharing mechanism	Mechanism for filing and dissemination of the master file & country-by-country report (local file always filed locally). Options include: a) filing by MNC parent in home country, sharing via tax treaty under confidentiality safeguards, b) filing by MNC parent in home country & sharing via technological platform, c) filing by MNC parent in each local subsidiary country, d) filing by each MNC subsidiary in each local country, e) full publication	a) filing by MNC parent/headquarters in home country, sharing via tax treaty under confidentiality safeguards
Materiality thresholds	Exemptions for some information, not to be included in the TPD/CBCR, and /or some companies not to file Options include (for the former) transaction value/number thresholds and (for the latter) a revenue threshold or SME exemption.	No quantitative threshold for CBCR; materiality for local file and master file left up to local law. Revenue threshold: Only MNC groups with €750mn+ annual revenue will file the CBCR.
Cross-border payments in CBCR	Whether or not (aggregate) cross-border payments between associated enterprises (royalties, interest, service fees etc.) should be included.	Not included
Nature of business activity in CBCR	Whether or not the nature of business activity in each jurisdiction should be included.	Included as a requirement to check one of 13 pre-set boxes
Number of employees in CBCR	Whether or not the number of employees in each jurisdiction should be included.	Included
Tangible assets in CBCR	Whether or not tangible assets (other than cash and cash equivalents) in each jurisdiction should be included.	Included
Total employee expense in CBCR	Whether or not the total employee expense in each jurisdiction should be included.	Not included

The first two relate to the overall access mechanism and content thresholds of the whole TPD package, while the last five concern specific CBCR data points. They reflect not just points of debate in the consultation, but also the politics of TPD and CBCR. In general, the less information businesses have to file, and the fewer businesses that are required to file, the smaller the compliance burden to businesses and the less information available to tax authorities – and vice versa. Moreover, they reflect the key ALP vs. FA debate. Limiting the

scope and content of the CBCR, either through reducing its content or limiting/delaying access, decreases its usefulness for formulary apportionment.

The final OECD recommendations included a CBCR template with seven data points, including employee count and tangible assets, but without cross-border payments and total employee expense. The documentation is to be filed to the parent HQ country, shared via tax treaties. Filing is limited to MNCs with more than €750m in annual revenue (~10-15% of MNCs, representing 90%+ of global revenue, according to OECD estimates). Furthermore, the OECD recommendations attach strict requirements to the obtaining and use of CBCR, conditioning that it must be treated confidentially, consistently and appropriately, ruling out FA use:

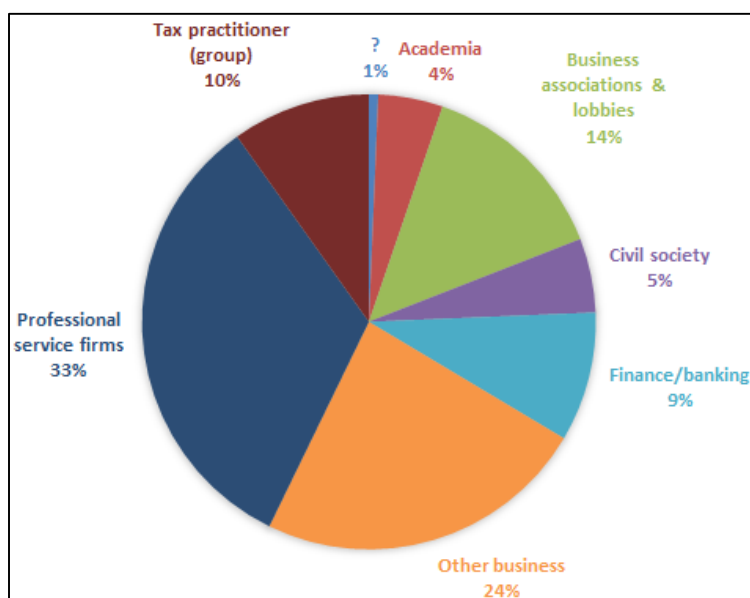
“Jurisdictions should not propose adjustments to the income of any taxpayer on the basis of an income allocation formula based on the data from the CbC Report” (OECD 2015:5)

If this is not adhered to, e.g. if countries use the CBCR for FA, countries can effectively be shut out from the information altogether, providing a strong incentive to accord. And following the consultation, senior OECD staffers and national representatives have been careful to emphasise that risk assessment is the *only* purpose of the CBCR, and more generally that the BEPS project *strengthens*, not weakens, the ALP (see, e.g. EY 2014a:38-41, EY 2014b:16, Sweet 2015).

4.3 Western tax advisers in numbers

The distribution of organisations that wrote comment letters for the consultation shows that, even though Action 13 was fiercely debated, only a handful of civil society groups wrote comment letters, while most participants were tax advisers or businesses. Figure 1 shows a rough grouping of the inputs:

Figure 1. Comment letters by organisation type

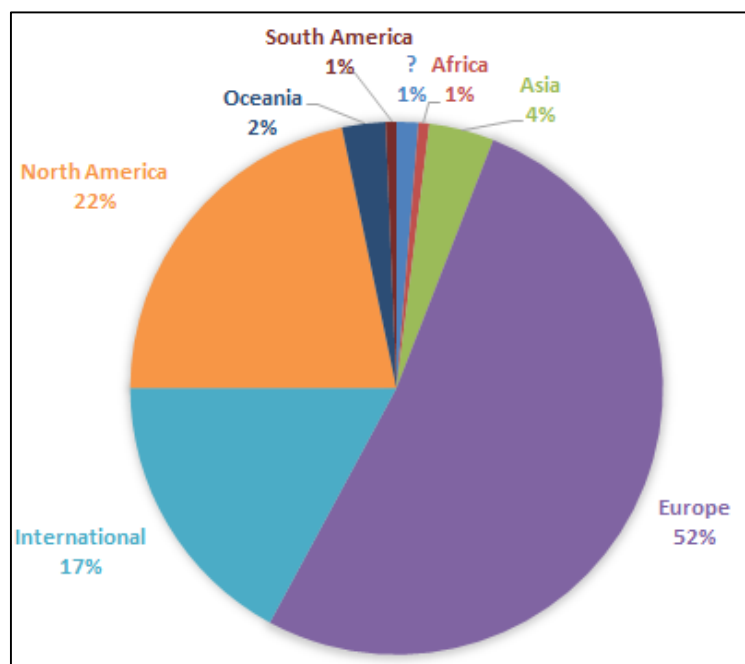


We can see that tax advisers – professional service firms and tax practitioners – are well-represented, followed by business associations, finance/banking groups, other businesses, civil society and academia. 127 out of 152 (84%) commenters were from business groups, which aligns with findings from other similar consultations

(Pagliari & Young 2014a:581). For some, this distribution is a democratic issue, one commenter noting the BEPS issues are “too important to be left simply to tax advisers” (Stewart 2014). However, it is worth noting that the absence of civil society of groups is by choice, with many NGOs prioritising broad campaigns over technical discussions. Many NGOs also wanted to avoid “greenwashing” an OECD process they did not believe in, and others again felt like they *had already* waged the political battle around CBCR in the EU with the CRD IV, Accounting & Transparency Directives (Hearson and Christensen 2011, Hearson 2014, ActionAid UK 2014, author’s interviews).

Geographically, it is perhaps not surprising that the majority of commenters are based in Europe and North America, which are the main regions participating in the OECD work. Figure 2 shows comment letters by region:

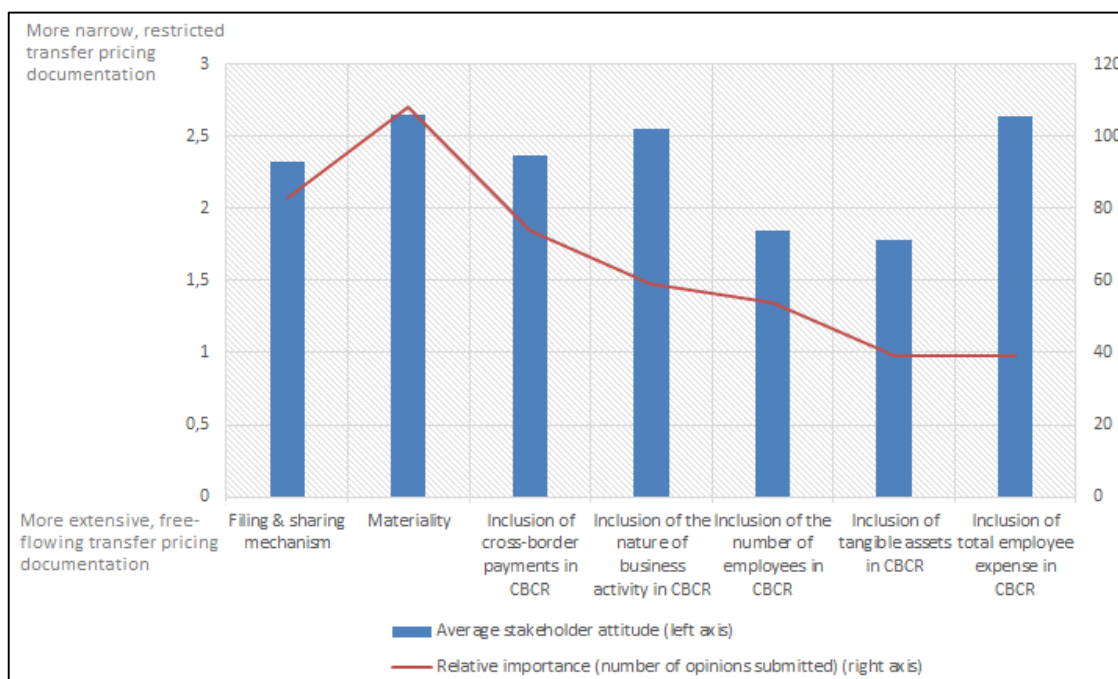
Figure 2. Comment letters by region



4.4 Preference for restricted TPD, but..

The average attitude conveyed in the comment letters clearly favours a narrow, restricted TPD package. Figure 3 below shows the average stakeholder attitude and the relative importance for each of the core issues.

Figure 3. Core issues and stakeholder attitudes

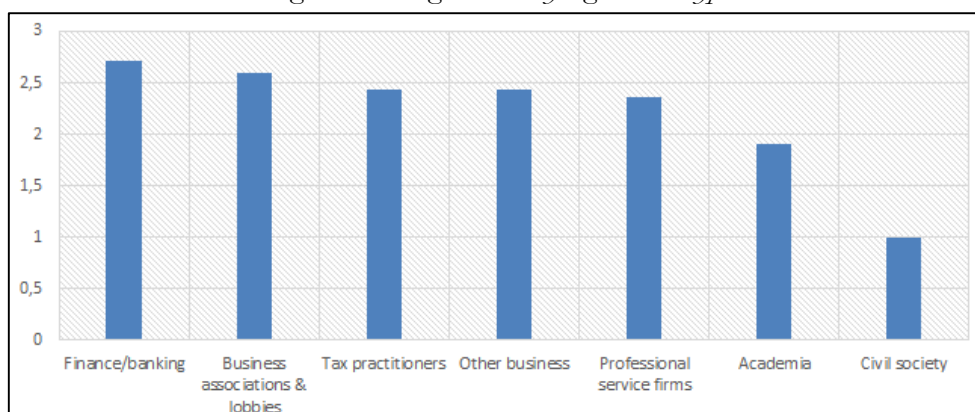


To explain, the leftmost blue vertical bar, the filing and sharing mechanism, shows that the average stakeholder attitude for this core issue is around 2.4, which indicates a strong preference for narrow, restricted documentation, which here means parent country filing and confidential treaty sharing. The horizontal red line shows that around 85 comment letters addressed the issue.

Overall, it is clear that the general preference in the consultation was for a relatively limited TPD package. In particular, issues of filing and sharing and materiality were discussed the most, with commenters favouring restricted TPD (i.e. parent country filing and high materiality thresholds). Specific CBCR data points were generally discussed less, but there was a strong opposition to the inclusion of cross-border payments and total employee expense, less so for tangible assets, number of employees and the nature of business activity.

Breaking down the average attitude for different organisation types, we can see that there is some divergence between different groups:

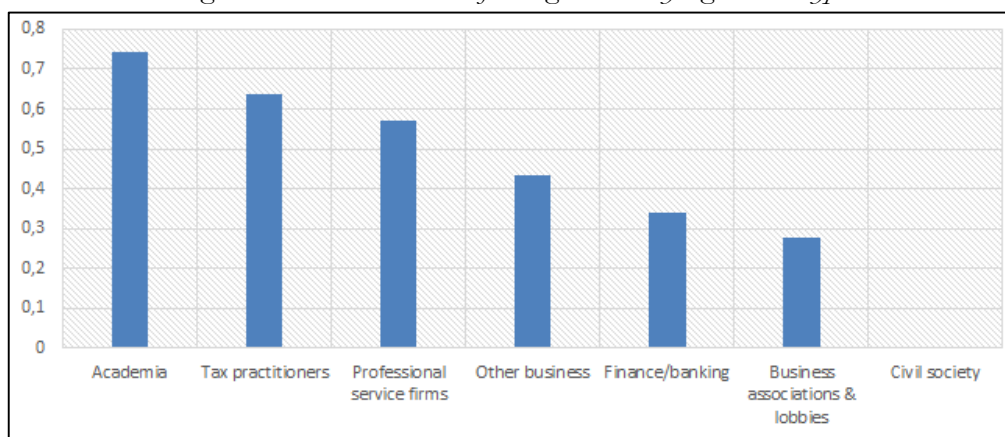
Figure 4. Average attitude by organisation type



4.5 .. intra-group variation

Importantly, however, there is also significant *internal* variation with organisation types. The standard deviation of attitudes within each of these groups shows this:

Figure 5. Standard deviation of average attitude by organisation type

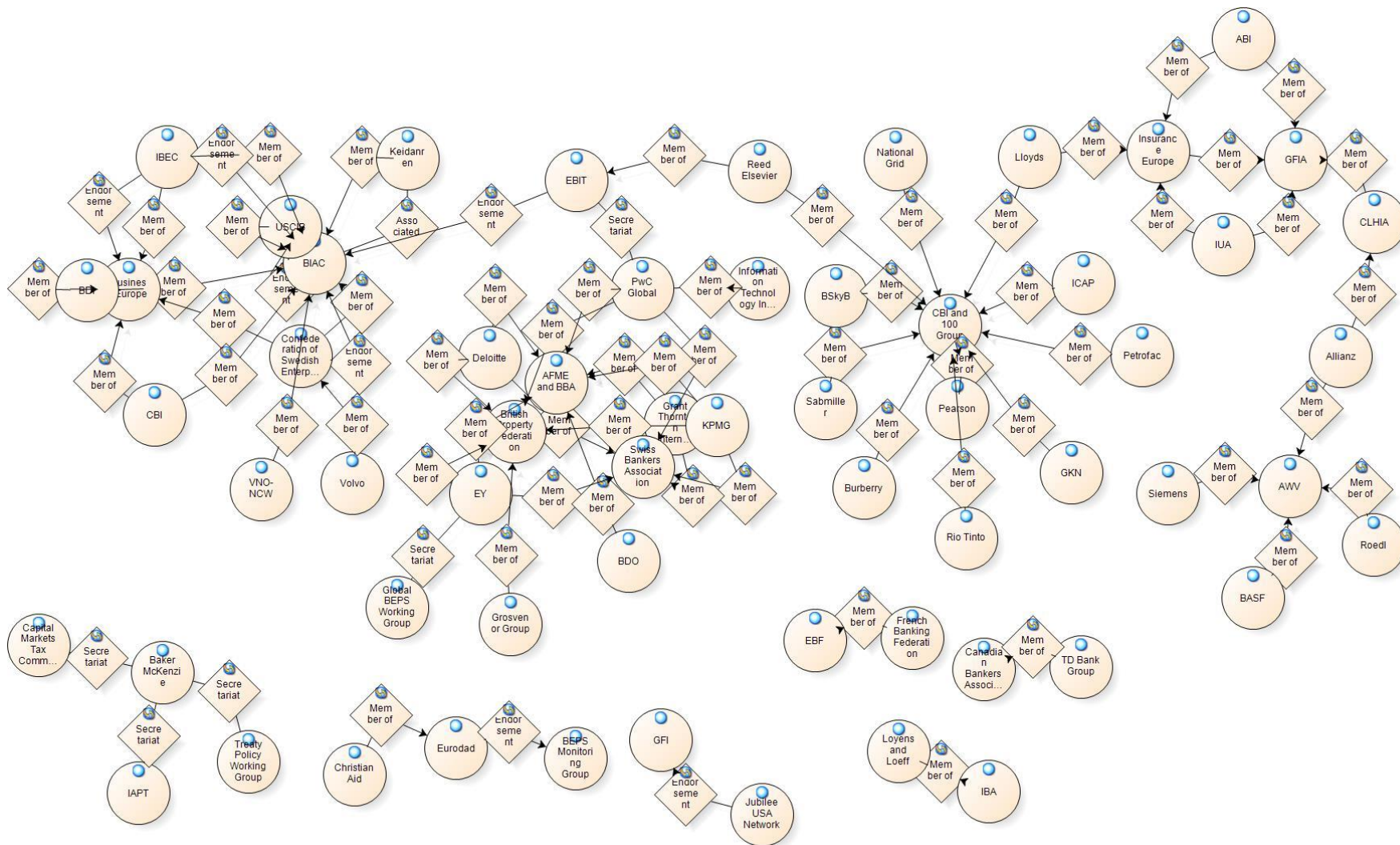


The standard deviation reveals dissent within groups, in particular academia, tax practitioners and professional service firms. This intra-group dissent reflects the point made earlier that actors involved in policy processes are not linear expressions of their realm or affiliation. And it provides further evidence to Pagliari & Young's (2014a,b) claim that, in policy consultations, dissent *within* business groups is equally or perhaps even more important than dissent from outside the business community. It also shows that focusing on a dichotomy of actors may be too simplistic. Distinguishing between businesses and civil society, or assuming that documentation "preparers" (companies, accountants and auditors) oppose CBCR and "users" (government, civil society etc.) promote it (Wojcik 2012), risks missing the important nuances of intra-group dissent.

4.6 Formal group links

The intra-group dynamics are also visible through the formal links between organisations involved in BEPS Action 13. Figure 6 gives an impression of the overall formal groupings among participants, traced via organisational membership (e.g. Volvo is a member of Confederation of Swedish Enterprises), secretariats (e.g. Baker & McKenzie hosts the Treaty Policy Working Group) and endorsements (e.g. Jubilee USA endorses GFT's comment letter). Circles indicate a group, arrows directed links and diamonds the type of link:

Figure 6. Formal group links



The figure indicates several clusters of organisations. From the upper left, we have EU business associations, then financing/banking and large professional service firms, then large UK businesses, and finally the insurance industry, with large German businesses just below. From the bottom left is first US law firm Baker & McKenzie and its secretariat functions, then civil society organisations, and finally a few others with a single link. A rough comparison of clusters with attitudes expressed in the BEPS Action 13 consultation reveals that these clusters largely express similar attitudes.

4.7 “Technical in nature but political in flavour”

Beyond the actors and attitudes in the BEPS Action 13 consultation, it is worth discussing the extremely technical language of the consultation, which was influenced by high-level (tax) legal and transfer pricing language. As noted, modern transnational rule-making is dominated by technical expertise, which disguises the fundamental politics. As Ann Nolan of the Irish Ministry of Finance notes, “BEPS is technical in nature but political in flavour” (2014:8). And for tax more broadly, Picciotto argues:

“The ambiguities of the key central rules (relating to the definition of the legal subject of taxation and the allocation of revenues between subjects) create an arena of contested legitimisation.” (1995:31)

The technicisation has important constitutive effects. Complexity means that fewer actors possess the required expertise to participate, thus limiting the range of actors that can contribute in the policy process. Pagliari & Young (2014b) have empirically shown that technical complexity deters actors from joining policy consultations. And Picciotto (2015) has recently explored ‘legal technicisation’ further, arguing that complexity functions as a mechanism for influential professionals to control the technical discussions. Thus, it is clear that those seeking to meaningfully contest and influence the politics of BEPS Action 13 require significant technical expertise.

5. Professionals and professional competition in BEPS Action 13

A key claim of the thesis is that professional competition in global tax reform is central to policy outcomes, and that it is a function of professional expertise and networks. The varied attitudes and the technicised debates, shown in section 4, illustrate the need for professionals to be able to broker between different expertises and networks if they want to be influential. In order to understand the professional competition in BEPS Action 13, this section examines how professional competition is articulated through the specific logics invoked for policy arguments, the overall pool of expertise, and professional careers and networks.

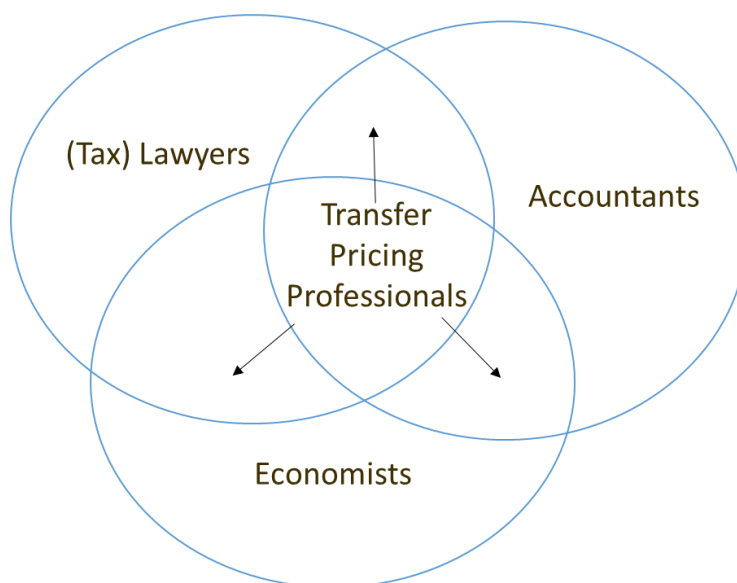
I begin by outlining the key professional ecologies and expertises at the core of BEPS Action 13. Building on section 4, I then discuss how these expertises underpin central contested policy claims related to the CBCR purpose, double taxation, efficiency, commercial sensitivity and professions competition. Adding the perspectives obtained from interviews, observation and career sequence analysis, I turn to the analysis of professional careers and connections. I argue that while legal and private sector expertise dominate the overall expertise pool, influence is premised on several expertises and positioning. Analysis of careers reveals a mixed group of civil society, business and IO professional that are influential because of their career diversity. The mix of influentials is supported by career cluster analysis, which shows four groups of professionals with similar career trends: young professionals, senior managers, tax lawyers and transfer pricing professionals/economists. The phenomenon of ‘revolving doors’ reveals the importance of career diversity, and I argue that it can be understood as a professional career strategy for influence.

Comparing my data findings with empirically identified influentials, I distinguish two groups of influentials: diverse career professionals (“octopuses”) and single-skill specialists that are well-connected through key networks like professional associations (“arrows”). Importantly, influential professionals are often respected throughout several key professional networks and well-connected based on mutual socialisation and career similarity. These articulations of professional competition in BEPS Action 13 fundamentally affect the politics, illustrating the need for access to (the right) expertise and networks. This need is also evidenced in specific interest group strategies based around leveraging of managing influentials, including through “lobby centres”.

5.1 Professional ecologies and realms

In assessing professional competition, I look at the main professional ecologies and expertises relevant for BEPS Action 13. Based on the existing literature as well as my own research, I emphasise the key professions of law, accounting and economics, as well as the cross-spanning fields of transfer pricing, management and academia, and three ‘realms’ (public, private, IO). My argument is that these expertises are central in determining BEPS Action 13 outcomes because the ability to master different logics and brokering between ecologies carries prestige and supports influence, providing professionals with stronger control over knowledge and policy claims.

5.1.1 Professional ecologies



At its core, tax and transfer pricing work is situated at the intersection of law, accountancy and economics (cf. Rosenbloom 2010:159-60). Thus, these three main professional ecologies represent the basic structure of professional relations around BEPS (Action 13). Additionally, I consider the fields of transfer pricing, management and academia.

Lawyers are, of course, an old and prestigious profession. Lawyers are concerned with legal principles, legal (un)certainty, and how to navigate within the legal rules. In international tax and transfer pricing rules, where legal perspectives are very much at the forefront, the ALP is a fundamental principle. If new tax rules are unprincipled or uncertain (i.e. deviate from the ALP), lawyers find their job, advising on and solving specific legal issues, more difficult. They are technical people, working primarily to understand the multitude of rules, often from different jurisdictions, to which they are subject, rather than to question or change to basic norms under which they operate. Picciotto (1995:26) argues that, once an economic-legal regulatory domain (such as transfer pricing) has been occupied by certain principles (such as ALP), “there is a general tendency towards juridification, the enactment of more rules and regulations to define and structure the limits of economic transactions, although always based on the reconsideration and redefinition of the underlying broad liberal principles”¹⁷

Accountants are also members of an entrenched profession, with a strong professional ethic. Their main concern and practice, however, is quantification and communication of financial information. Within tax, accountancy skills are particularly needed in tax compliance, in ascertaining the correct measurement and reporting of assets, risks, tax etc. Thus, certainty is also at the core of accountancy work, but certainty here regards data, transactions and reporting (including within the company). In relation to TPD specifically, the accountant’s outlook is focused on the practice of collecting, processing and reporting the required data.

¹⁷ I concede this is, of course, a crude characterisation and inevitably generalising, as is the related descriptions below. However, the purpose here is merely to broadly frame the professional expertise behind specific claims related to the issue at hand.

Economic perspectives focus on efficiency, cost-benefit analyses, distributional effects, and competitiveness. Economics is, in many ways, the “odd one out” of professions involved in BEPS Action 13. Not as old or as institutionalised as accountancy and law, but economics as a profession and discipline is increasingly influential *in general* in society, in transnational rule-making, in tax work, and certainly in the OECD (e.g. Fourcade 2006, Salzman 2005, Webb 2004). Indeed, the majority of OECD staff are economists and previous OECD tax work, for instance the campaign on Harmful Tax Competition, seems based on economic theory and analysis¹⁸.

In practice, professionals often go beyond the professions, with different combinations of expertise, skills and experience. Professions-overlapping transfer pricing professionals, managers and academics are also relevant. Transfer pricing professionals, in particular, are at the centre of the issue. TP professionals are usually required to have some understanding of a combination of economic and financial analyses related to the transfer (e.g. value creation, functions, risks, markets & sectors, benchmarking), legal rules (e.g. ALP, arbitration/MAP procedures) and accounting (e.g. accounting principles, systems and reporting). However, TP professionals rarely have a full understanding of all of these, specialising in one of two areas, and teams in larger organisations usually have specialised skills divided among staffers (author’s interviews).

Finally, the fields of academia and management, which may span one or more professional ecologies, are considered relevant.

5.1.2 Realms

Beyond the professional ecologies, the expertise gained from different realms – public, private, IO – is also relevant, as global tax reform involves all of these.

Treasurers, economists, auditors etc. working in public (tax) administrations look to ascertain a solid tax system. They have a strong understanding of the issues related to compliance and (insufficient) rules, particularly within their national tax system, that have brought about BEPS in the first place. Some also gain experience by engaging in discussion and even solving disputes in cooperation with other national administrations and private sector professionals. They are concerned with obtaining all the necessary information, in the right quality, at the right time, in order to assess the risk of incompliance and, potentially prioritise and mobilise audit resources. Furthermore, they have access to networks within and outside public administrations.

Private sector professionals are concerned with how their business can navigate within the established rules, including being audited. Thus, they focus on generating, filing and communication around the TPD, their transfer pricing practices, and general compliance with (tax) laws across different national regimes. They have a practical perspective on what, when and how information is relevant (or not) on businesses in order to for tax authorities to ascertain compliance. Finally, they also achieve access to networks throughout and beyond the private sector.

Lastly, IO professionals (here I focus on OECD staff) generally are concerned with understanding, explaining, advising on and harmonising different national rules and regimes, including the development of global rules. For OECD staff, experience is gained regarding the development, use and interpretation of OECD soft-law products (e.g. the TP guidelines), as well as knowledge sharing and consensus building amongst different

¹⁸ Unfortunately, I was unable to confirm or refute to what extent the economist majority in the OECD secretariat was still in place, specifically in the OECD CTPA, as I could not obtain the relevant employment records.

stakeholders. Consequently, OECD staff gain exposure to a broad range of different professionals across realms and sectors.

5.2 Expertise and argument logics

The importance of different expertises is that they are invoked for central arguments in the reform debates. In professional competition, policy claims are assessed based on the expertise and positioning behind those claims, rather than whether they are ‘correct’ or ‘persuasive’ in an objective sense. A crude, fictitious illustration: In the consultation process, a top US transfer pricing professional with experience from working in the IRS, the OECD and a private law firm, arguing *against* an expansive TPD package based on private sector, legal and economic expertise, is more likely to be successful with that claim than a development official, who has worked in an animal shelter, the Environmental Protection Agency, and an NGO, arguing *for* expansive TPD because it is ‘fair’ for the public to know MNCs’ tax payments. This is not a judgment that either of those claims is more ‘right’ or that some claims are inherently ‘better’ than others; it is simply an observation that, at this stage in the policy process, influence is dependent on professional expertise related to the substantive issue. In this section, I demonstrate why and how expertise is key by discussing how expertises underpin key policy arguments.

5.2.1 Narrow purpose

Legal expertise has supported the argument that the purpose of the CBCR should be restricted to high-level risk assessment, rather than, e.g., FA use, because the former aligns with existing legal principles, in particular the ALP. Many professionals with tax law expertise involved in BEPS, including influential experts, believe OECD’s success in tax is down to principle-based rule-making, and they view Action 13 as a potential deviation from the course, being outcome-focused rather than principled. They believe CBCR should not be used for any purpose not immediately relevant for assessing ALP compliance (author’s interview, private sector senior manager). The International Alliance for Principled Taxation (IAPT) letter illustrates:

“As long as the arm’s length principle is the applicable legal standard in treaties and domestic laws, we believe that the OECD should be extremely careful not to develop a documentation standard that can be seen as being implicitly based on some global formulary apportionment test or as encouraging administrative approaches that are based on apportionment.” (2014:A-6)

On the other hand are legal arguments *for* a wider purpose, specifically in support of using the CBCR for FA, because the ALP – the legal foundation for current international corporate tax system – simply does not align with a modern economy and modern tax administration. The BEPS Monitoring Group argues:

“(…) the purpose of transfer pricing documentation is not to demonstrate that the arm's length pricing approach has been properly documented. In our view its purpose should be to provide the necessary data and evidence to show that the firm has made an appropriate apportionment of its taxable profits between the various jurisdictions in which it operates” (2013:2)

5.2.2 Double taxation

Legal expertise is also invoked in the *double taxation* argument for limiting the proposed TPD rules, along with transfer pricing experience. The claim is that if data is included, which is not immediately relevant for ALP risk assessment, this will obfuscate rules, create legal uncertainty, and weaken consensus among tax and transfer pricing practitioners on how to resolve double taxation issues. Today, conflicts related to allocating the taxing rights between countries are solved through bilateral tax treaties’ mutual agreement procedures (MAPs), where

highly skilled professionals negotiate the proper interpretation of established rules and principles. Although MAPs are challenging because different national laws, most of the (Western) world has rules with ALP at the core. Expansive TPD threatens this consensus, making MAPs even more challenging, and increasing the chances of non-resolution and double taxation, it is said. The A3F, a group of French female tax experts, makes the point:

“By focusing the CbC reporting template on indicators unrelated to transfer pricing analysis such as sales, assets and headcount at such a level of detail, we consider there is a significant risk that the [discussion draft] opens the door to formula-based allocation of income or systematic application of profit-split upon audit by some countries, ignoring the taxpayer's business and value creation model, functional analysis and related transfer pricing methodology.

This creates a very significant risk of double taxation situations, as competent authorities will not reach mutual agreement on so widely different approaches to the arm's length principle.” (2014:4)

The double taxation argument is also supported by economic logic. Here, CbCR is said to undermines overall efficiency and discourage cross-border trade and investment. For instance, SwissHoldings argue:

“The proposed extensive documentation requirements included in the master file (and CbC reporting) will most likely lead to more extensive audits due to inappropriate non-arm's length comparison of functions, profits, transactions and the audit expanding to a global value chain/transfer pricing audit; with no increase in efficiency” (2014:1)

The opposing argument, however, can also be backed up by economic logic. Over the past decade, numerous reports (mostly from civil society) have attempted to show that, economically, BEPS behaviour is highly damaging, highlighting the cost of *inaction*, of double *non-taxation*. As a civil society representative reminded at the Paris consultation:

“.. it is also very, very important to include a consideration of what it will cost *not* to have a country-by-country reporting. Currently, we have countries, including some of the poorest countries in the world, losing billions of dollars due to profit shifting and due to the fact that citizens cannot see what kind of activities companies have, what profits are being made and what taxes are being paid...” (OECD 2014b)

5.2.3 Efficiency and technical feasibility

Economic logic is also mobilised in claims about the (in)efficiency of the proposed TPD package for achieving its purposes, combined with claims based on public and private sector expertise. Proponents argue that ensuring tax compliance is not efficiently achieved via an expansive TPD package. Based on public sector expertise, it is said that tax authorities would be overwhelmed by so much information, noting the “deadweight loss” from poor tax administration (e.g. Velarde 2014). And based on private sector and economic logic, the economic cost of business' compliance is said to be high¹⁹. As a result, alternatives to an expansive TPD package are presented as economically superior, in particular capacity-building of tax administrations. As one conference participant

¹⁹ Only few attempts have been made to estimate the actual burden on businesses, and none of these take into account extra costs from risk, reputational management, and communications, which might be expected to follow. The Irish business association IBEC estimates set-up costs of €10m+ and annual costs of €2m+ (IBEC 2014), while the UK's HMRC estimates the CbCR compliance burden for UK businesses to be around £0.2m/year with negligible set-up costs (HMRC 2014)

said, “We [MNCs] suffer from the economic illiteracy of many tax inspectors and from confusing OECD guidelines” (private sector economist).

Further backing this point is the argument, based on accounting and private sector expertise, that the proposed TPD package is incompatible with existing accounting systems, making it impossible/unfeasible to collect the required data. For instance, EY’s comment letter argued:

“The information the OECD is seeking with this template generally is not information that is collected by MNC groups in such form for any other purpose. There is no single optimal data source that could be required to be used to populate the template.” (EY 2014c:5)

Conversely, the cost and feasibility arguments can be turned around. Invoking a private sector/transfer pricing perspective, it has been claimed that businesses’ tax and accounting departments, where the TPD would be produced, are highly resourceful, and thus the cost of TPD production would be relatively minor. A national representative remarked at the Paris consultation:

“Any well-respected multinational company has some way to produce for their shareholders the information regarding their worldwide operations. (...) It appears to me that anyone who is in the tax department, working together with the accounting and financial department, should be able to have this information already in place, and I really hesitate to have a reservation that it will be a very costly exercise to put all the information together.” (OECD 2014b)

5.2.4 Commercial sensitivity

Economic efficiency and legal logics are also applied in arguments for restricting the scope and dissemination of the TPD package because of commercial sensitivity. Using economic logic, commenters have argued that businesses’ commercial sensitivity is threatened by an expansive and free-flowing TPD, which would increase business risk and decrease competitiveness. The Business and Industry Advisory Committee to the OECD (BIAC) comment letter includes a long list of information in the proposed TPD that “largely relates to highly confidential or commercially sensitive information, and, if inadvertently shared beyond the intended recipient, could present a significant risk to the group in question” (BIAC 2014:19). The supporting legal argument is that expansive TPD creates not just a competitive disadvantage for businesses, but also unwanted legal uncertainty and privacy concerns, contrary to the basic doctrines of the rule of law. Noting the sensitive nature of some data in the proposed TPD, Ivins, Phillips & Baker argue: “The obvious concern here is that this information may then be used for improper purposes (e.g., to exploit local affiliates)” (IPB 2014:5).

Interestingly, the notion of legal uncertainty has also been invoked for the exact opposite argument. Here, the claim is that nothing in the proposed TPD package would amount to commercially confidential information and that, on the contrary, company stakeholders with legal claims to the TPD would have their rights violated if the information was not made available to them. A union representative argued at the Paris consultation:

“It would also – and this is a point that you do need to take at heart – create some legal uncertainty when it comes to the rights of stakeholders. (...) Workers have a right to access the business plan of a company, to be informed of foreseeable risk factors. (...) If we enter into a situation where a country-by-country reporting, where there is reasonable evidence that its content does not qualify as confidential, where this information is concealed, [then] unions and workers councils may have a legitimate claim to challenge this concealment.” (OECD 2014b)

5.2.5 Professions competition

Finally, it is worth highlighting arguments based on competition between professions, which go across the specific TPD debates. Here, the professional turf control of lawyers is noteworthy. In general, accountants and lawyers struggle for jurisdiction over tax (who has the “right” expertise?), and both professions have gone through significant consolidation and “colonisation” of issue areas in competition with each other (Picciotto 1995, Greenwood & Suddaby 2006). One interviewee drew a distinction between accountants, with practical experience from “working in the trenches” and tax lawyers, “far removed” from the practical implications of TPD rules (author’s interviews, private sector senior manager). And accountants may have a fair claim that transfer pricing documentation is all about tax compliance (their turf), a pragmatic exercise in communicating transfer pricing data, irrelevant for lawyers. However, both professions are present in the international tax and transfer pricing landscape, and legal logic is *heavily* present in BEPS Action 13. As one tax lawyer noted, “The good thing about BEPS is that not a lot of people know what’s going on” (author’s interview, private sector tax lawyer). Another interviewee said, discussing the different professions and opinions of OECD staff, “The tax lawyers always win” (author’s interview, private sector tax lawyer).

The status of tax lawyers makes legal expertise central in the BEPS Action 13 debates, which I also discuss in the next section. Tax lawyers’ standing may be because of the symbolic importance of TPD reform, attracting prestige-seeking lawyers, and/or the lower hierarchical status of accountants (Jeacle 2008, Stringfellow & Thompson 2014; see also Laumann & Heinz 1977 on the specific prestige of tax lawyers). It may also be caused by the legal-technical nature of discussions, and the major volume of tax legal expertise present in BEPS Action 13 (discussed next). It could also be amplified by the tendency, noted by several interviewees, for specialisation within tax law, where professionals build up a significant body of expertise within one area. Several interviewees noted that a key reason for accountants’ (and other “outsiders”) lack of voice in BEPS Action 13 was this specialisation and the technical tax language of the debate, which deterred them from speaking up (author’s interviews). Thus, while legal and accounting expertises can underpin specific policy arguments, the professions also clash, with tax law clearly being at the forefront in BEPS Action 13.

5.3 Primacy of law and private sector gravity

The ability of professionals to make successful policy claims, based on different underlying logics, is premised on their ability to apply different relevant expertises and broker between ecologies. As professional’s careers advance, they move through work roles, gaining expertises and building connections that can be applied for influence as they become ‘well-knowing’ and well-connected. But this is within a wider expertise context; the overall expertise of the professionals involved in BEPS Action 13 affects the policy process by shaping what arguments are made and accepted, and thus what policy solutions are adopted. If everyone is a lawyer, arguments based on accounting logic are likely to be in vain.

That is not quite the case in BEPS Action 13. However, the career sequence data, shown below, evidences a prevalence of legal and private sector expertise.

First, however, a reminder of table 2, showing the career work roles in the population, each of which is assigned a different colour in the career visualisations below:

Table 2. Career sequence alphabet

State code	Description	State code	Description
ACA	Academia	MNPU	Senior manager in state
ACIO	Accountant/auditor in an international organisation (IO)	OTH	Other
ACPR	Accountant/auditor in a private sector organisation	TLIO	Tax lawyer in an IO
ACS	Accountant/auditor in a public (state) administration	TLPR	Tax lawyer in private sector
ECIO	Economist in an IO	TLS	Tax lawyer in state
ECPR	Economist in private sector	TPIO	Transfer pricing professional in IO
ECS	Economist in state	TPPR	Transfer pricing professional in private sector
MNIO	Senior manager in an IO	TPS	Transfer pricing professional in state
MNPR	Senior manager in private sector		

Figures 7 and 8 below visualise the full careers of all 98 professionals in my BEPS Action 13 population sample. Each line represent a career, in 1-year work role instances, and they are sorted by career length (the longest careers are on top). Each 1-year instance is coloured according to the legend below the graph (cf. table 2 for descriptions of the codes). For visual aid, I use two different colour codings throughout the analysis: one focused on professional roles (academic, economist, manager, tax lawyer, TP professional), and one focused on realm (public, private, IO). Figure 7 shows the former; figure 8 the latter.

In the figures, I have highlighted one professionals' career for illustration. This person started their career in 1987, worked as a private sector transfer pricing professional for eight years, then as a private sector senior manager for six years, then as a public transfer pricing official for seven years, and most recently again as a private sector senior manager the past seven years.

Figure 7. Career sequences, colour-coded for professional roles (similar colours = similar professional roles)

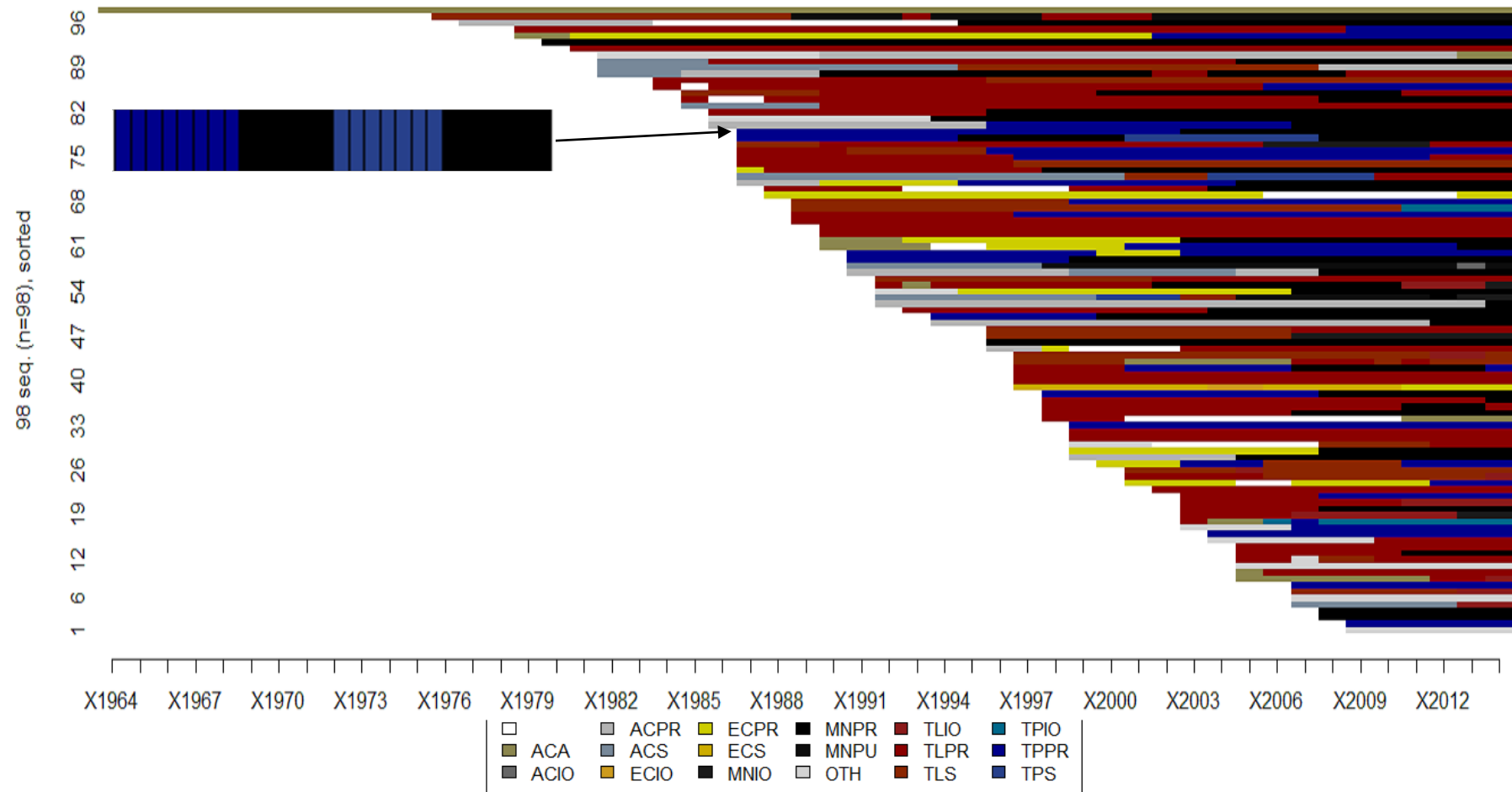
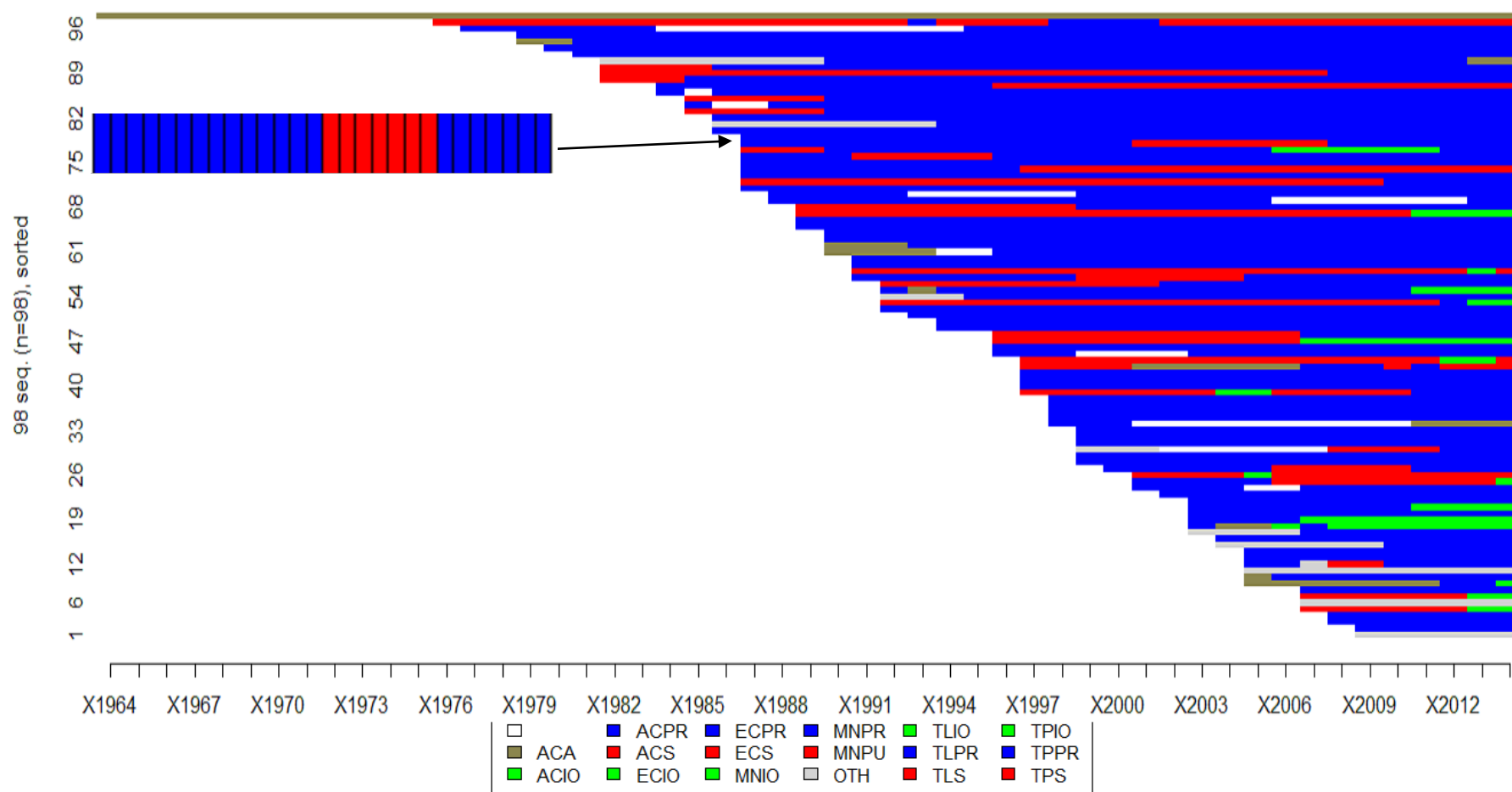


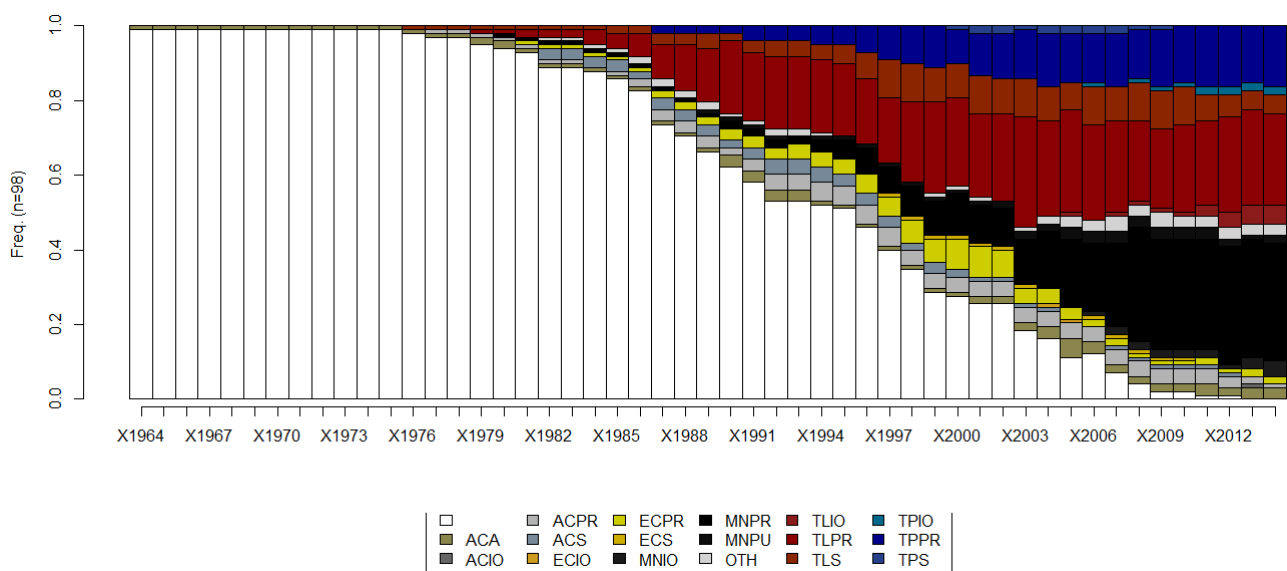
Figure 8. Career sequences, colour-coded for realms (similar colours = similar realm (public/private/IO))



In figure 7, the red colour for tax lawyers is most clearly visible, with blue (TP professionals), black (senior managers) and other nuances too; in figure 8, the private sector blue is clearly dominant, with sporadic reds (public sector) and greens (IO). The volume of tax law and private sector work roles in the BEPS Action 13 population indicates the importance of these expertises. It also reflects the “tax lawyers always win” sentiment from above, as also indicated by the legal-technical nature of discussions and the use of legal and private sector logics to underpin key arguments (cf. section 4.7 & 5.2).

But the data also reflects the varied expertise used to underpin arguments, as several other expertises are also relevant. In terms of volume, legal logic is followed by TP professional expertise, management, accounting and economics logic. A similar pattern is evident in the relative frequency of work roles across years. Figure 9 shows, for each year, the distribution of (professional) work roles in the population. In 2014, roughly a third of the population were tax lawyers (red), another third were senior managers (black), a fifth were TP professionals – largely in the private sector. We can also see the comparatively rising volume of senior management work roles over time (perhaps understandably given the increasing career lengths, and thus seniority, of the professionals).

Figure 9. Relative frequency of work roles over the years for the population



Furthermore, the importance of private sector work roles is visible in the work role *transition rates*. Shown in table 5, the transition rate is the probability (%), for each work role, in any given year, of a professional transitioning from that particular work role (leftmost column) to another state (top row). The rightmost row shows the sample size, and I have highlighted particularly noteworthy percentages. To illustrate, the top highlight, 4%, shows that there is a 4% chance that a private sector accountant (ACPR) will transition to working as a private sector senior manager (MNPR), a relatively high probability.

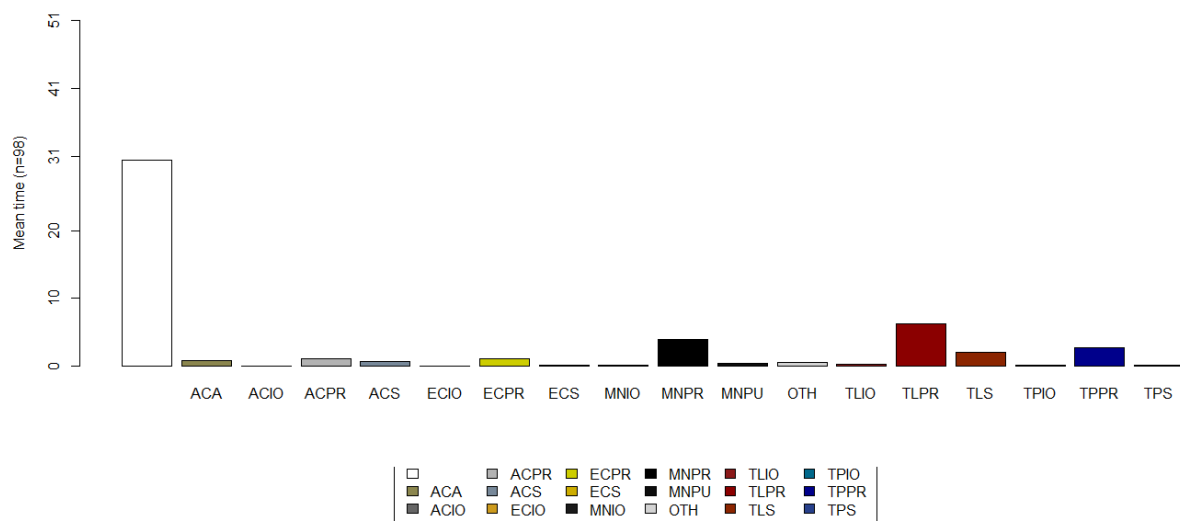
Table 5. Transition rates

	*	ACA	ACIO	ACPR	ACS	ECIO	ECPR	ECS	MNIO	MNPR	MNPU	OTH	TLIO	TLPR	TLS	TPIO	TPPR	TPS	State count
*	96%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	2238
ACA	1%	90%	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%	0%	5%	0%	1%	0%	0%	83
ACIO	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	1
ACPR	1%	1%	0%	90%	1%	0%	2%	0%	0%	4%	0%	0%	0%	0%	0%	0%	1%	0%	114
ACS	0%	0%	0%	3%	86%	0%	0%	0%	0%	0%	2%	0%	2%	3%	3%	0%	0%	2%	66
ECIO	0%	0%	0%	0%	0%	50%	0%	50%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2
ECPR	3%	0%	0%	0%	0%	0%	87%	0%	0%	3%	0%	0%	0%	1%	0%	0%	6%	0%	103
ECS	0%	0%	0%	0%	0%	8%	8%	83%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	12
MNIO	0%	0%	0%	0%	0%	0%	0%	0%	93%	0%	0%	0%	0%	7%	0%	0%	0%	0%	19
MNPR	0%	0%	0%	0%	0%	0%	0%	0%	0%	98%	0%	0%	0%	1%	0%	0%	0%	0%	383
MNPU	0%	0%	2%	0%	0%	0%	0%	0%	0%	2%	91%	0%	0%	5%	0%	0%	0%	0%	44
OTH	2%	0%	0%	2%	0%	0%	2%	0%	0%	0%	0%	87%	0%	2%	2%	0%	2%	0%	57
TLIO	0%	0%	0%	0%	0%	0%	0%	0%	12%	0%	0%	0%	77%	0%	12%	0%	0%	0%	22
TLPR	1%	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%	0%	1%	93%	1%	0%	1%	0%	608
TLS	0%	1%	0%	1%	0%	0%	0%	0%	1%	0%	1%	0%	2%	4%	90%	1%	2%	1%	207
TPIO	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	90%	10%	0%	12
TPPR	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	0%	0%	0%	0%	0%	0%	95%	0%	272
TPS	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%	0%	0%	0%	6%	6%	0%	0%	81%	16

Overall, the data shows that most career transitions are from the public to the private sector, while the shifts to and from IOs are mixed. This private sector gravity is also evident if we look at the most and least volatile career states. Within the population, the most volatile states (with a sufficient sample size) include private sector accountants (ACPR) and economists (ECPR), who tend to stay in the private sector (often moving to managerial roles); and public sector accountants (ACS) and tax lawyers (TLS), who move in different directions. On the other hand, the most stable work roles are private sector managers (MNPR, 98% chance of staying in that role), private transfer pricing professionals (TPPR, 95%) and private sector tax lawyers (TLPR, 93%).

The same pattern is visible in the mean time (years) spent in each career state, illustrated in figure 10 below. It shows that professionals have longer tenures in private sector positions, in particular tax lawyers (TLPR) and senior managers (MNPR):

Figure 10. Mean time spent in work roles (years)



If we break down the data, a more detailed view emerges. Figure 11 shows the distribution of the total career years, broken down by (professional) work roles and realms. The charts should be understood as such: 41% of all the years in the data set were spent working as a tax lawyer, 73% of the years spent were working in the private sector. Figure 12 shows the distribution of formal education. Here, 42% of the population have tax law education, etc.

Figure 11. Distribution of (professional) work roles and realms

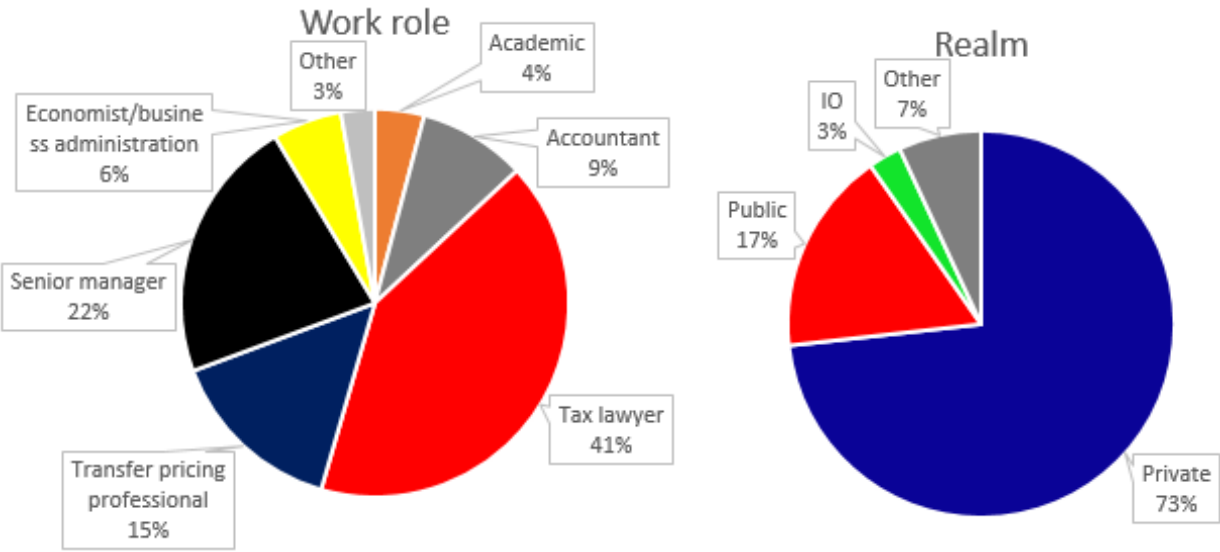
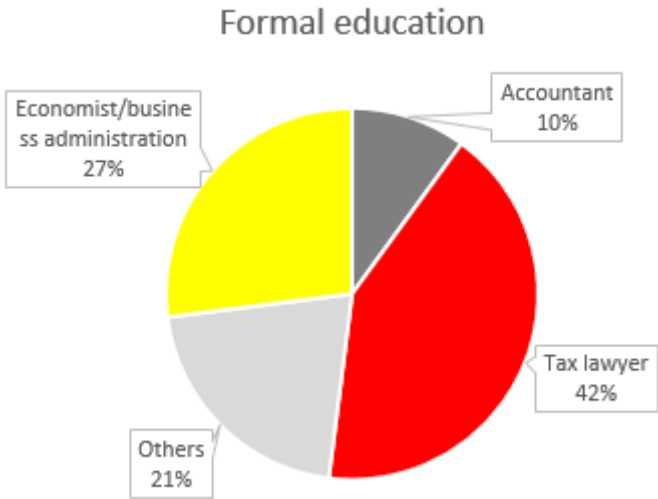


Figure 12. Distribution of formal education



Again, we can see the prevalence of tax law and private sector skills. The private sector prevalence is, to some extent, a reflection of the bias of my sample, which includes relatively few national representatives. However, when correcting for the sample bias, the results still appear valid. For the national representatives (public work role) in the sample, the realm distribution is 76% public, 18% private, 2% IO, and 3% other. If extrapolated to represent 30% of the sample (my estimate of national representatives' part of the full population), the total realm distribution would be relatively similar: 58% private, 33% public, 6% other, and 3% IO. For work roles, the extrapolation also gives broadly the same picture (50% tax lawyer, 22% senior manager, 11% TP professional, 8% accountant, 4% academic, 4% economist, and 2% other).

What this information reveals is that in the constellation of expertise around BEPS Action 13, several different expertises are prevalent, but legal and private sector logics are at the centre. Thus, while it is clear that being able to draw on several logics are important for influence, legal and private expertise are significant, with a tendency for professionals to gravitate towards and stay in the private sector.

5.4 Career diversity and influence

It is simply the case, then, that lawyers and private sector professionals are more influential in global tax reform and BEPS Action 13? Is the story of 'regulatory capture' by private sector experts true? I contend not. Assuming knowledge control and influence is based on varied expertise and network positioning, I find a mixed group of influential professionals, dependent on varied career paths rather than current organisational belonging. The idea is, as previously discussed, that a diverse career (including going through revolving doors) provides the professional with more opportunities to access and ability to apply different pools of expertise and networks, thus potentially becoming 'epistemic arbiters' (Seabrooke 2014). In the complex, resource-intensive, transnational policy process of BEPS Action 13, this is particularly valuable because such transnational spaces offer greater scope and potential for professional knowledge control and influence than national arenas.

I identify influential professionals by two measures of career diversity. First, the *complexity* measure in the TraMineR for R software package, which reflects the 'unusualness' and variation of a career²⁰. Second, a self-constructed *diversity average* index, inspired by Abbott & Hrycak (1990)²¹, which calculates the average proportion of an individual's career spent in each relevant professional field and realm, respectively²². The lower the percentage, the lower the proportion spent in each relevant role, the more balanced a career (more even distribution of different skills), and thus the greater overall career diversity. For instance, if a professional has spent 70% of her career as a private sector tax lawyer, 20% as a public sector tax lawyer and 10% in "other", the diversity average is 75%, since the individual has spent 100% of her time in one professional roles (law) and 50% of her time in two different realm (private & public sector).

²⁰ *Complexity* is a composite, comparative (within the population) measure, dependent on the number of transitions in a sequence and the longitudinal *entropy*. *Entropy* can be interpreted as the total 'uncertainty' of predicting the states in a given sequence, dependent on the size of the alphabet and the proportion of occurrences of each particular state (career work role) in the sequences.

²¹ I emphasise *inspired*, since our approaches significantly differ. The measures composed here are of a different nature and are not used for an OM analysis, as is the case for Abbott & Hrycak.

²² I compute the proportion for professional fields (cf. section 5.1.) and realms separately, then average the two measures, rather than simply summing the number of different work roles. This favours careers with a more even distribution of work roles. For instance, a professional that has spent time in three different relevant professional fields and three different realms will have a lower diversity average (33%) than a professional that has spent time in four different professional fields and two different realms (37,5%).

Table 6 below show the top influentials by both measures. For complexity, the top 20 is shown; for the more crude diversity score, those with a diversity score of 50% or less are shown²³. I have marked with **bold** those professional that I have also empirically (through interviews and observation) found to be influential I explore this comparison further in section 5.7.

Table 6. Top professionals by career diversity

Complexity		Diversity	
MP	MN	RM	TF
DS	MA	KP	LM
SS	TF	OM	AM
KP	LM	DS	CS
WG	RN	MP	ET
GB	SR	BR	HK
NK	NM	SR	BK
BR	FC	RS	OJ
HA	DK	BM	HS
VP	SJ	SK	SL
		CC	BS
		MR	AP
		RE	BJ
		RR	TA
		SS	

42 unique names figure on these lists. I list these with a description in table 7:

²³ The diversity scores are distributed between just ten numbers; 50% provides a natural cut-off point.

Table 7. Career diverse professionals

ID	Current work role	Realm	ID	Current work role	Realm
AM	Academic	Academia	MP	Senior manager	Private sector
AP	Senior manager	IO	MR	Senior manager	Private sector
BJ	Tax lawyer	Private sector	NK	Tax lawyer	Private sector
BK	Transfer pricing professional	Private sector	NM	Tax lawyer	State
BM	Tax lawyer	Private sector	OJ	Tax lawyer	Private sector
BR	Tax lawyer	Private sector	OM	Transfer pricing professional	IO
BS	Transfer pricing professional	IO	RE	Tax lawyer	IO
CC	Transfer pricing professional	Private sector	RM	Senior manager	IO
CS	Accountant	Private sector	RN	Tax lawyer	Private sector
DK	Transfer pricing professional	Private sector	RR	Senior manager	IO
DS	Senior manager	Private sector	RS	Transfer pricing professional	Private sector
ET	Senior manager	Private sector	SJ	Senior manager	Private sector
FC	Senior manager	Private sector	SK	Tax lawyer	State
GB	Tax lawyer	Private sector	SL	Tax lawyer	IO
HA	Transfer pricing professional	Private sector	SR	Tax lawyer	Private sector
HK	Senior manager	Private sector	SS	Senior manager	State
HS	Transfer pricing professional	Private sector	TA	Academic	Academia
KP	Senior manager	IO	TF	Senior manager	State
LM	Tax lawyer	Private sector	VP	Senior manager	Private sector
MA	Senior manager	Private sector	WG	Transfer pricing professional	Private sector
MN	Senior manager	Private sector			

Who are these influentials? A mixed bag. 12 women, 30 men; two academics, four national representatives²⁴, eight IO officials, 27 private sector professionals; one professors, one accountant, 16 senior managers; 13 tax lawyers; nine TP professionals. Compared to the population sample, the distribution of influentials is roughly similar, though IO officials seem to have more influentials (22% of influentials) than expected (7% of the population). Thus, from the perspective that influence is articulated through career diversity, rather

²⁴ The relative underrepresentation of national officials in my population sample is, in all likelihood, reflected here.

organisational belonging, I have a diverse group of influential professionals, with representation approximately corresponding to the overall population distribution, with slightly more IO staffers being influential.

The comparatively high rate of influential professionals with diverse careers working in the OECD (IO) secretariat is noteworthy. As discussed earlier, OECD deliberately seek out career diversity through recruitment. This may be part of the explanation for OECD's success in producing respected and widely adopted soft law standards within tax and transfer pricing. Indeed, the relatively high level of expertise in the OECD is often proposed as a central reason that the OECD is favoured over the UN as the global tax body (e.g. Ault 2009b:1199)²⁵.

5.5 Professional career trends

The group of influential OECD staffers is one of several key career trends within the BEPS Action 13 population. In order to identify these career trends and professional groupings in the population and, in particular, the influentials identified above, I apply the OM algorithm, which groups professionals by career similarity, and then I discuss the career trends it reveals, comparing the groupings to the identified influentials.

Using the OM algorithm on the past 20 years of career data, I generate four clusters of professionals. Figure 13 and 14 illustrate these clusters. Once again, each line represents a professionals' career, in 1-year instances. Figure 13 is coloured according to professional roles (academic, economist, manager, tax lawyer, TP professional), figure 14 according to realms (public, private, IO).

²⁵ Note that this point is different from the arguments made by, e.g., Sharman (2012a) and Morriss & Moberg (2012), who find that OECD's success is down to *organisational* factors rather than individual staff's expertise, cf. the literature review.

Figure 13. OM clusters, colour-coded by professional work role

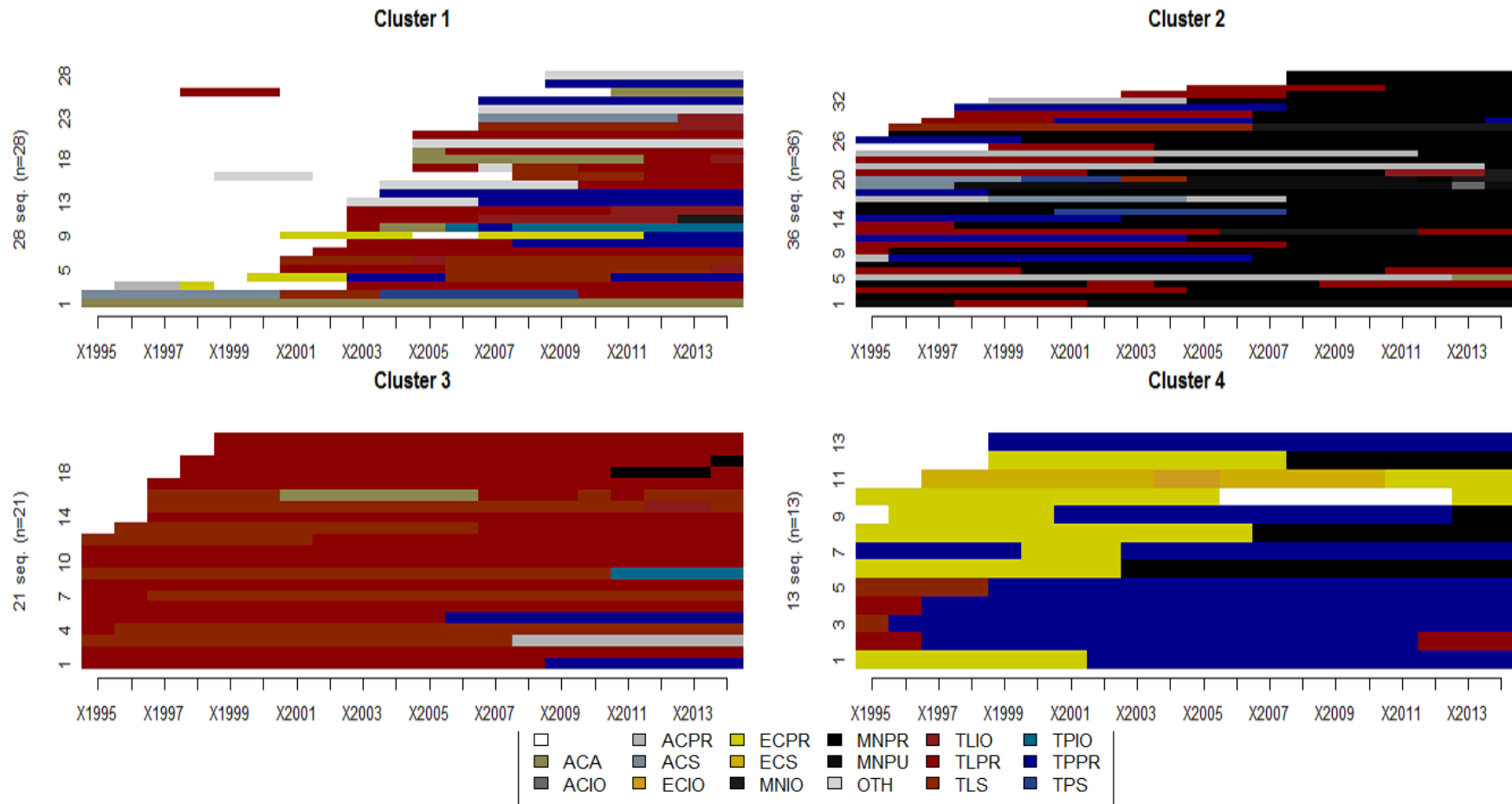
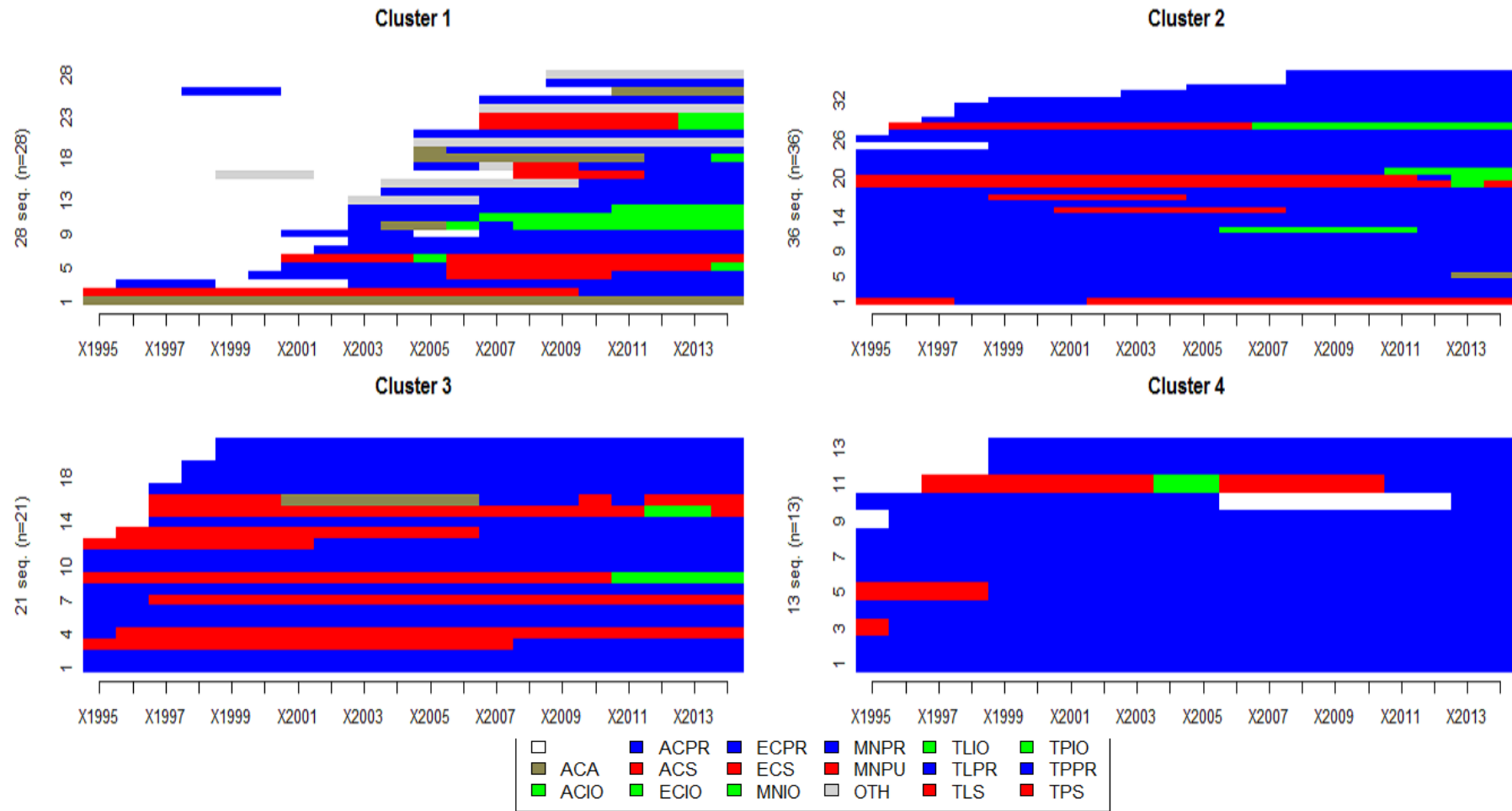


Figure 14. OM clusters, colour-coded by realm



The first cluster reflects a mix of young professionals with monotone careers and a few young achievers with diverse careers. The “young achievers” are most clearly seen in figure 14, with cluster 1 containing the largest variations in realms (different colours). The second cluster represents the majority of senior managers. Interestingly, almost all the senior managers involved in BEPS Action 13 have prior practical expertise from law, TP and/or accounting, perhaps reflecting hierarchical work promotion structures within these disciplines. It may also reflect the key argument posed here, that influence (here, expressed as a management position) is contingent upon diverse practical expertise. The third cluster groups narrow tax law specialists. Likely, the prestige of tax lawyers and the tendency for specialisation means tax lawyers often stay within and dedicate themselves to the field, thus prompting the monotonous career paths we see in the cluster. In cluster four, the relation between economics and TP experience is noteworthy, as many of the TP professionals have prior economics experience, which indicates the importance of economics for TP analysis. Participant observation in major TP and tax events underscores this, as economic analysis is very much at the heart of discussions around transfer pricing.

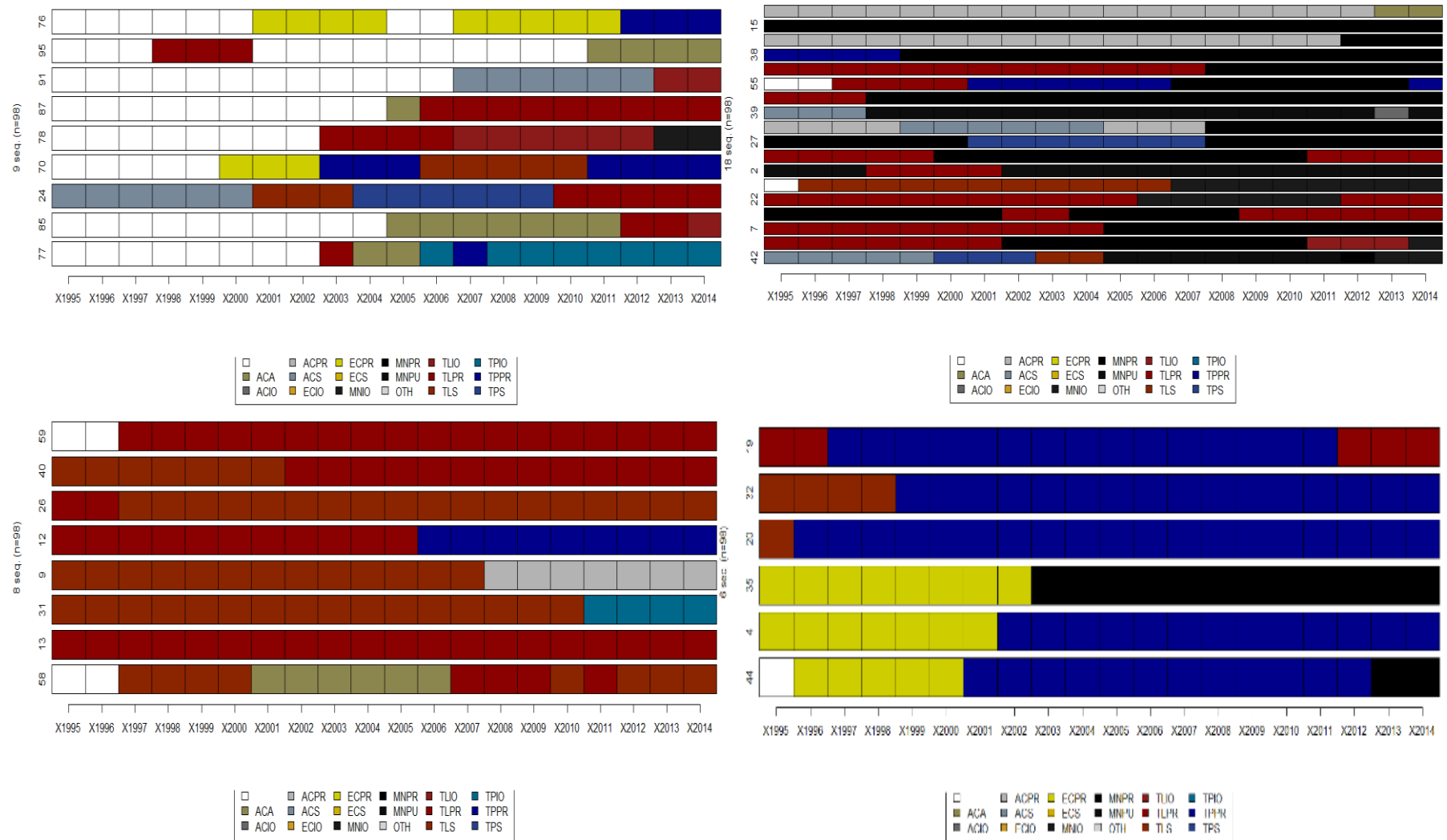
Comparing the OM clusters with the career diverse professionals identified above, we can see the relative volume and proportion of influentials in each cluster. Table 8 shows, for each cluster, the number of professionals (count) and the number and proportion of cluster professionals included in table 7. In terms of both volume and proportion, the senior managers’ cluster includes most influentials. Proportionally, they are followed by the TP/economist cluster, the tax law cluster and finally the youngsters.

Table 8. Clusters and career diverse professionals

Cluster	Name	Count	Count in table 7	% in table 7
1	Youngsters	26	9	32%
2	Experienced managers	36	18	50%
3	Tax lawyers	21	8	38%
4	TP/economists	13	6	46%

If we look closer, at the specific careers of these influentials in each cluster, some interesting career trends emerge. Figure 15 below shows, for each cluster (counting from top left), the career trajectories of influentials in the cluster:

Figure 15. Influentials' careers by cluster, colour-coded professional work role



The influence of experienced managers may reflect, as noted previously, that influence through management and career diversity may overlap within law, TP and accountancy. Indeed, all but one manager has practical experience within at least one of those fields. The TP/economist cluster has the second highest proportion of influentials, with careers clearly reflecting the cross-disciplinary nature of transfer pricing. Influentials in the senior management cluster (2) all have experience with at least two of TP, law, economics and management. It is perhaps not surprising that the tax lawyer cluster (3) has relatively few influentials, given the tendency for specialisation within the profession.

Cluster 1 (the youngsters) also delivers relatively few influentials, which is understandable given that career diversity will likely increase with longer careers. However, the cluster still includes nine influentials. Looking closer at those careers, they separate from the rest of the cluster in having covered diverse work roles throughout very short careers. Interestingly, four of those nine influentials now work in the OECD. This corresponds to findings above that a relatively high proportion of career diverse influentials are found in the OECD secretariat, reflecting that OECD recruitment for BEPS positions specifically targets (young) individuals with varied practical expertise and competencies for cross-border diplomacy (see OECD Taleo 2015; previous job postings on file with author). This also seems to represent “learning” by young tax professionals that diverse careers lead to influence and prestige, which has also been shown for young professionals in the IMF (Seabrooke & Tsingou 2015).

5.6 Revolving doors for influence

The career trends of BEPS Action 13 professionals reveal that the gravitation towards the private sector and revolutions between realms, in particular public and private, are central dynamics in the broader context of career transitions for prestige and influence. This hints at an alternative explanation for ‘revolving doors’, whereby it might be understood as an expression of a dynamic by which professionals’ status and influence can be increased.

Often, revolving doors is discussed within a strict public-private dichotomy as a costly “brain drain” or a desirable outward flow of expertise (e.g. Borkowski 2006:25-27), or a ‘regulatory capture’ mechanism (Baker 2010), explained by expectations of substantial future rewards (Makkai & Braithwaite 1992, Lucca et al. 2014). However, in BEPS Action 13, professional competition is based on ‘knowing well’ and being listened to. And, as section 5.2 and 5.3 show, private sector expertise is central to this competition, underpinning key policy arguments and being prevalent throughout the population. Thus, the trend of public-to-private movement and ‘revolving door’ career transitions illustrates professionals’ need for and desire to obtain private sector expertise.

The reason for the importance of private sector expertise may lie in the great emphasis placed on private sector perspectives in the BEPS Action 13 consultation and discussions, such as compliance costs, administrative burdens and commercial sensitivity. It may well also reflect prestige of the private sector, which is often perceived as more attractive, dynamic, innovative and interesting (Mazzucato 2014), and/or the fact that the private sector often offers better remuneration and more resources for professionals.

5.7 Octopuses and arrows

How does the identification of influentials via diversity measures and clusters align with empirically identified influentials? Somewhat well. In the influence index above, I have marked with **bold** those professional empirically found to be influential. 18 (43%) of the professionals deemed influential by career diversity measures

were also identified empirically as influential, including five (56%) of influentials that figured on more than one list. On ‘revolving doors’, 5 of the 9 professionals in the population that have gone through a full revolution through the private sector (i.e. public/IO to private to public/IO or private to public/IO to private), are also empirically found to be influential. I call all of these professionals *octopuses*, because of their career diversity and ability to straddle and broker between several relevant ecologies and expertises²⁶.

The remaining (non-bolded) professionals possess a strong and relevant variety of skills, which should put them in position to influence reform, but were not empirically identified as particularly influential. Some of this is, I admit, an empirical blind spot of the research (cf. the methods discussion on limitations)²⁷, but it could also be because some lack the relational capacity for influence, i.e. their network position within and across ecologies is weak, and/or because of a failure to/abstaining from applying these skills. Although professionals are most definitely not, as argued, equal to their organisational belonging, we might reasonably assume that non-connected organisations are more likely to also have non-connected professionals.

Perhaps more interesting, some professionals were *empirically* identified as influentials but did not figure on either career diversity top list. I identified 17 such individuals, of which I was unable to obtain full career data for six of them and partial data only for the other 11. For five of those other 11, the career information that *was* available strongly hints that they belong in the ‘octopuses’ group, having gone through significant revolving doors. Thus, I am left with 12 individuals that largely do not exhibit diverse careers, yet they are still influential. How so? The answer lies secondarily with their expertise and primarily with their relational capacity. These are often single-ecology specialists that are well-respected within their particular network, which have a strong reputation and representation through professional associations and other key bodies and networks. Through this positioning, they may be able to influence broadly, including across ecologies. I call these professionals *arrows*, and they are listed below in table 9, with their key network affiliations

Table 9. *Arrows*

ID	Work role	Realm	Affiliations
AK	Senior manager	Private sector	Several private sector advisory groups to IO
KT	Senior manager	State	Central IO committees
LF	Tax lawyer	Private sector	Professional accountancy and tax professional bodies, private sector advisory group to public administration
LJ	Tax lawyer	Private sector	Private sector advisory group to IO
LM	Transfer pricing professional	State	Central IO committees
PA	Transfer pricing professional	Private sector	Several private sector advisory groups to IO
PS	Academic	Academia	Civil society expert networks, international thinktank
SB	Tax lawyer	Private sector	Tax professionals business group
SP	Transfer pricing professional	State	Central IO committees
SR	Transfer pricing professional	State	Central IO committees
US	Senior manager	Private sector	Private sector advisory group to IO, university lecturing
VI	Transfer pricing professional	Private sector	Extensive practical interface with national tax officials

Whereas octopuses draw their influence primarily from diverse expertise and being able to span several ecologies, ‘arrows’ become influential because they come to be perceived as ‘knowing well’ within a specific field, becoming

²⁶ I do not mean to invoke the negative “domination” image sometimes associated with calling groups of people octopuses. This is merely a label, used here for readability purposes, denoting professionals with diverse careers.

²⁷ Indeed, below I identify two of these professionals as key *lobby centre* managers

prominent in important networks, through which significant ideas emerge and spread within and across ecologies. For instance, octopuses may have been able to argue convincingly that expansive CBCR is undesirable because it creates legal uncertainty *and* because legal uncertainty is costly, while arrows may have facilitated the diffusion of a consensus that confidentiality around the TPD is vital through major global business associations' tax committees to national associations, businesses and onwards through other ecologies²⁸.

5.8 The importance of professional associations and networks

As we can see above, some arrows are well-connected members of key IO bodies, but the connectedness of most arrows is through key professional and business associations and networks. These connections, through personal socialisation and peer recognition, lead to common vocabularies and close relations, which may underpin influence in policy processes. This is a well-known phenomenon, but has not been sufficiently investigated in the global tax arena. Here, I discuss the importance of these networks for influence in tax, where top global business associations and Anglo-Saxon tax lawyers are particularly central. And I argue that influence is dependent on being well-connected through the *right* networks, not necessarily *diverse* networks.

Associations are central to professional ecologies, in particular longstanding institutionalised professions such as law and accountancy, but also tax professionals more broadly. Studies of 'institutional work' have illustrated how associations are key to mobilising and diffusing ideas and change within a professional field (e.g. Greenwood et al. 2002). And Quack (2007) has pinpointed the key roles of associations (in law), acting as social network sites and as centres of expertise for rule-making (e.g. lobbying). These roles are also corroborated by Mulligan's case study of the US tax planning industry (Mulligan 2008:272-290). The latter (centres of expertise) is certainly supported by the evidence provided here, where key professionals (arrows), strongly situated in professional associations, exert influence around BEPS Action 13. The former, however, is equally important, illustrating the mechanism by which influence is articulated. This happens through the access to *weak ties* (Granovetter 1973), which associations provide. Weak ties, in social network theory, are acquaintances or distant nodes (as opposed to strong ties, e.g. close friends). Granovetter famously argued that information can travel further between weak ties in networks and thus weak ties are a better source for obtaining and diffusing ideas. Thus, associations provide loose networks around which key ideas (e.g. concerning CBCR and confidentiality) can emerge and spread. Indeed, several interviewees acknowledged (unprompted) that access to weak ties as a main advantage and reason for participating in associations relevant for BEPS Action 13 (author's interviews), and many more are active members of one or more association.

More than 50 different professional and business associations have formally participated in the BEPS Action 13 process, but a few stand out as the clear leaders in terms of importance to the reform. Above all is BIAC – the "voice of business at the OECD" – an institutionalised lobby group, firmly embedded in OECD work. BIAC is made up of national business associations and other professional bodies, with a small secretariat, and it is mainly organised around specialised issue committees, such as the "tax committee". Key BIAC professionals involved in the tax committee, in particular its respected Chair and Vice-Chairs, are highly respected and influential, and have strong links with and favourable access to other key professionals and policy-makers in the OECD and national administrations. Furthermore, they act (to some extent) as gatekeepers for other private

²⁸ Octopuses may, of course, also be influential figures in professional associations. The point is that arrows are *primarily* influential through such networks.

sector professionals (and groups) for influence in OECD reforms, and as leaders in “opinion socialising” and building and spreading consensus. As BIAC note in its consultation letter:

“BIAC has for the first time in the BEPS project sought to draft a consensus document to represent business views more generally, rather than simply funnelling views from our members” (BIAC 2014:1)

The International Chamber of Commerce (ICC) has a similar structure and role, though it is more broadly focused and has a greater breadth, where BIAC professionals are the “top dogs” when it comes to OECD work. However, in practice, many of the members and, in particular, the key influentials, of the BIAC & ICC tax committees are the same people. Many of the key professionals “double-hat”, i.e. participate in both committees. As such, the number of key professionals involved in these processes is less than 100.

Then there are several other association professionals, which also play central roles, including from BusinessEurope (a Europe-wide business association), the Tax Executives Institutes (a US tax manager association), the International Fiscal Association (a global, cross-professional association), and some particularly influential national associations, such as the Confederation of British Industries, CBI, and the Institute of Chartered Accountants in England and Wales, ICAEW.

These professionals are not only embedded in useful relations through professional associations, however. Many share collegial history, having been previously employed in the same or similar organisations and work roles or having gone through the same ‘revolving doors’. There is also a great relational element to key influentials’ participation in events and conferences. Because the pool of key professionals is so limited, many of them see each other dozens of times each year at formal and informal events, conferences, consultations and so forth. For instance, many of the key influentials identified here participated in the May 2014 G20 International Tax Symposium in Tokyo and the June 2014 OECD International Tax Conference in Washington. Frequently, they are also speakers at top events like the Transfer Pricing (TP) Minds conferences, and so on.

Many of the influentials that I have empirically identified are UK or US tax lawyers, and the BIAC and ICC tax committees are indeed dominated by US and UK experts, who are often much better connected with other key professionals (author’s interviews). The language barrier is central – both the English language and tax legal language. English is the main working language in many of the top associations and networks, so English skill matter for influence, also in the OECD Working Parties (Johnston 2013). And, as discussed, the complexity of tax law and transfer pricing heavily influences the “technicised” BEPS Action 13 discussions. Here, Anglo-Saxon tax lawyers are also in prime position, since the international tax regime is heavily based on Anglo-Saxon legal systems and values (see, e.g. overview in Quack 2007:648-9, Picciotto 1995). Furthermore, Anglo-Saxon professionals seem more likely to be well-connected through revolving doors, associations and other key networks. This may well be an effect of the UK & US having liberal market economies with a stronger affinity for and acceptance of market mechanisms and actors (Hall & Soskice 2001). Coordination and revolving doors between professionals in US/UK tax authorities and the private sector is much more extensive than elsewhere. For instance, the UK HMRC has a strong structure of stakeholder councils, engages heavily with private professionals, and there are very strong personal connections between many of the top UK tax professionals across the public and private sectors (author’s interviews). However, Dutch professionals are also strongly connected because of the Netherlands’ traditional central role in international tax matters and the presence of strong national expertise within this area.

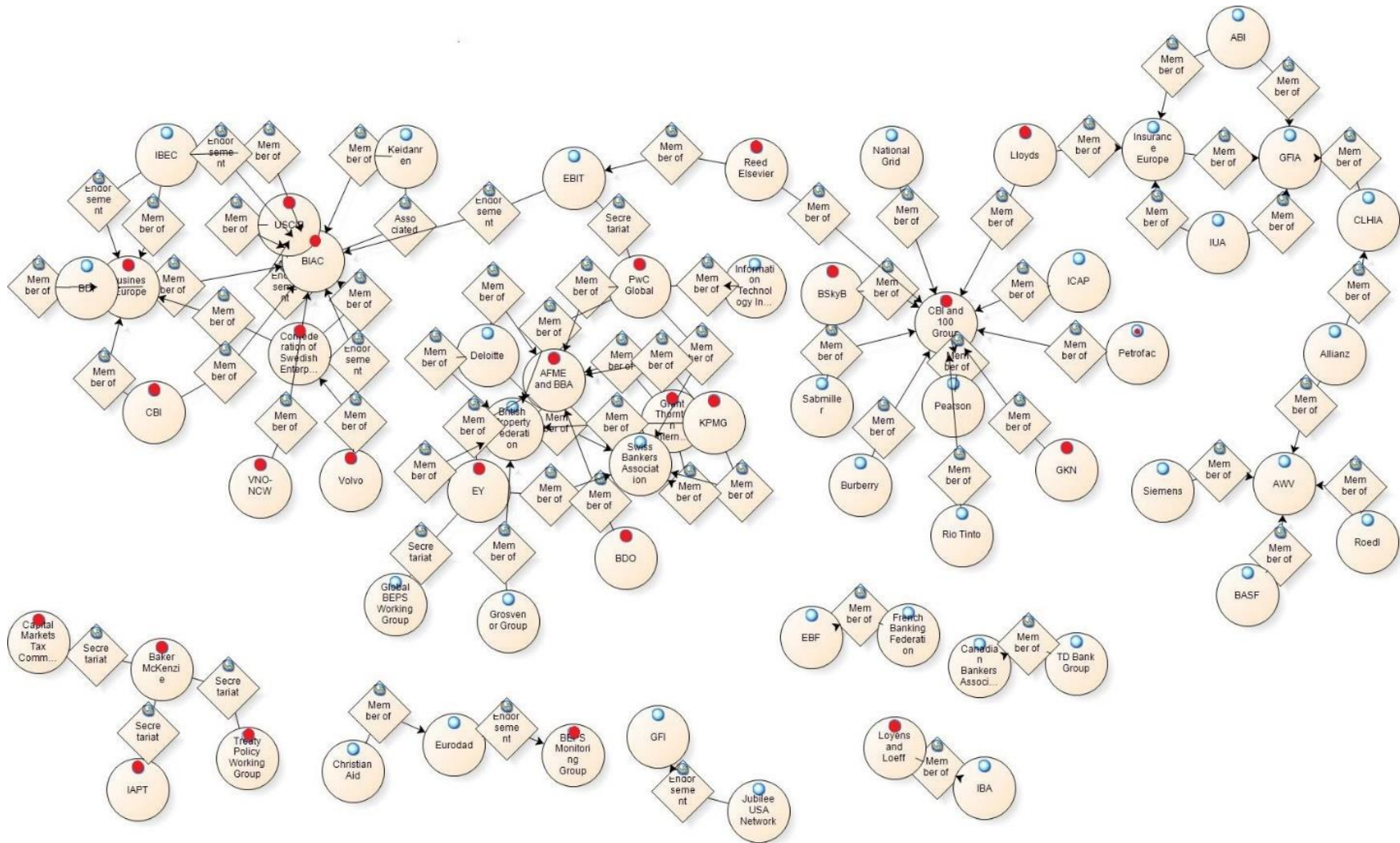
In sum, ‘arrows’ show an alternative influence mechanism, not reliant strictly on career diversity and expertise. This ability of well-connected professionals has been highlighted before, e.g. in critical works on ‘corporate elite networks’ (e.g. Apeldoorn & de Graaf 2012) and ‘flexians’ (Wedel 2009). Apeldoorn & de Graaf argue that elites connected in corporate transnational and policy-planning networks have dominated post-war US foreign policy-making. And Wedel stressed that activation of expertise in different policy-relevant settings, in what she terms a “flex” culture, i.e. a cultural state of manipulation and chameleon-like shifts in roles, opinions and arguments. She details cases of influentials, spanning different organisations, in different roles. For instance, she discusses an influential retired US army general, who was also a “military analyst for the media, defense industry consultant, president of his own consulting firm, part-time professor, and expert, whose advice on the conduct of the post-9/11 U.S. wars was sought by the George W. Bush administration and Congress”. While these works stress the importance of being connected through *diverse* networks, my case on BEPS Action 13 shows that network *diversity* might not be necessary for influence if a professional is connected through the *right* networks within one particular field. Here, several arrows are connected through similar professional bodies or committees strictly within either tax or accounting or transfer pricing, yet they are still influential.

5.9 Managing influentials and lobby centres

The notion of influentials – octopuses and arrows – is significant for professional competition around BEPS Action 13, but also more broadly for our understanding of interest groups and policy processes. Put simply, if an influential is arguing your case, it is more likely to succeed. And many organisations are aware of this; they realise that access to the right expertise and positioning is crucial in making successful policy claims. Thus, some interest groups are geared to leverage and/or obtain access to specific professionals’ influence – something that is not usually recognised in the interest group literature. This strategy, gaining access to and leveraging influentials’ expertise and networks, is evident in two key ways in BEPS Action 13: managing influentials and *lobby centres*.

First, comparing the professionals that manage organisations’ involvement in BEPS Action 13 (“managing professionals”), with the formal group links identified in section 4.6, an interesting picture emerges. In figure 16 below, adding a red dot to all organisations with a managing professionals that is influential (a “managing influential”):

Figure 16. Formal group links and managing influentials



As the figure shows, most organisations at the core of networks have a managing influential, while organisations at the periphery mostly do not. As expected, influentials are more likely to be at the centre of professional networks and, consequently, the organisations that they are involved with are more likely to be central.

We also witness the leveraging of influentials' expertise and networks in what I call *lobby centres*. Lobby centres are BEPS- or tax-specific lobby groups managed by one particular professional. Rather than primarily connected via associations or socialisation, some arrows are connected via these lobby centres, which leverage their expertise and/or connect it with other non-influential professionals' expertise, in order to create stronger alliances for influence. The same goes for octopuses, whom I propose are at the centre of lobby groups due to their knowledge diversity. There are nine lobby centres formally involved in BEPS Action 13, listed in table 10:

Table 10. Lobby centres

Lobby centres
Banking and Finance Company Working Group on BEPS
Insurance Company Working Group on BEPS
Global BEPS Working Group
Financial Services Industry Working Group
International Alliance for Principled Taxation
Treaty Policy Working Group
BEPS Monitoring Group
Capital Markets Tax Committee of Asia
European Business Initiative on Taxation

Most of these lobby centres are business lobbies, where the managing professional, who is usually influential, is not employed with any of the participating businesses. For seven of the nine lobby centres, I was able to obtain sufficient career data on the managing professional, and for all but one of those seven, he/she is an influential, cf. table 7. Table 11 below lists the managing professionals:

Table 11. Managing professionals of lobby centres

ID	Work role	Realm	Influential type
AB	Tax lawyer	Private sector	Octopus
BK	Transfer pricing professional	Private sector	Octopus
BM	Senior manager	Private sector	Octopus
CD	Tax lawyer	Private sector	Octopus
PS	Academic	Academia	Arrow
SJ	Tax lawyer	Private sector	Octopus
VB	Transfer pricing professional	Private sector	-

The use of an unaffiliated professional as a 'figurehead' can, for some of the lobby centres, be explained by the unwillingness of the organisations behind it to publicise their involvement/opinions. However, and more importantly, the use of specific *influentials* signals the desire to leverage the expertise, network position and access of these professionals. Lobby centre influence may be amplified if the managing influential has previous experience working in or with the OECD, as is the case for at least four of the identified managing influentials

in table 11. Such experience can contribute to professionals' networks and positioning for BEPS Action 13, thereby further increasing their own standing.

The one civil society lobby centre, the BEPS Monitoring Group is an interesting case. A civil society "expert network", it is the only civil society group of its kind involved in BEPS. Compared to business groups, NGOs generally have fewer resources, including less professional expertise on tax & transfer pricing, which, as I have discussed, is central in Action 13. Traditionally, NGO participation in the technical tax and transfer pricing debate has been limited; instead, they have prioritised wider campaigning for public salience. For instance, NGOs submitted just two (of 243) comment letters for the 2011 IASB agenda consultation, which included CBCR (though also other initiatives) (IFRS 2012). And over the past 10 years, just 12 (0,31%) of commentary/practice articles in the prominent journal *Tax Notes International* were written by authors mainly affiliated with civil society groups (author's research). Indeed, in BEPS, the eight civil society letters (5%) sent for the Action 13 consultation is by far the most of any consultation so far.

If NGOs want to influence technical tax/TP policy debates, they need to acquire expertise and network positioning or create alliances to the same effect. This is what the BEPS Monitoring Group has done. And indeed I find that BEPS MG professionals *have* been influential. They have achieved this by combining relevant expertises from many different professionals (NGO experts, academics, campaigners) across several ecologies, separate from their organisational belonging (members participate in the group in their personal capacity), and by leveraging network access and prestige of key professionals. The BEPS MG structure is comparative to the Tax Justice Network, though (though the former has broader membership and narrower scope), which has been the most influential civil society group in global tax debates. Perhaps not coincidentally, several of the professionals are members of both groups.

The observation of lobby centres, and their effect on professional competition and influence, is significant for at least three reasons. First, it demonstrates another dynamic of professional competition. Second, it illustrates the central need for access to the right expertise and networking positioning for (successfully) engaging in professional competition. Because BEPS Action 13 is complex, with technical debates that disguise politics, this access is key to influence. Third, the lobby centres show a very specific, and significant, strategy employed by business as well as civil society groups in policy consultations, which is not covered by existing literature.

To elaborate on the last point: lobby centres shed light on an aspect of the interest group process that the interest group literature rarely touches upon, namely the specific role of professional skills and networks in strategies and decisions related to mobilisation. The interest group literature *does* recognise that successful engagement in policy reform is not merely about participation ("being there"), and that transnational actors *do* mobilise to transnational rule-making processes by creating specific lobby groups or "transnational advocacy networks" – both business (e.g. Arnold 2005) and civil society groups (e.g. Carpenter 2007, Tomaskovic-Devey et al. 2011). And it *has* shown that private sector coalitions, such as those created by lobby centres, are key to influencing policy processes and achieving policy objectives (Pagliari & Young 2014b). But it has not systematically studies lobbying strategies focused on professional expertise and networks. Keck & Sikkink's (1998) have shown that NGO pressure for influence must be coupled with information tactics, and Seabrooke & Wigan's (2013) shown Tax Justice Network's influence through strategic application of different expertises by different professionals. However, the analysis provided here gives an account of lobbying strategies that applies to a broader range of organisations, showing how different groups and professionals, from different realms, engage, mobilise and leverage expertise and networks around a key global political reform.

6. Conclusion

In the context of the global financial crisis, states under fiscal pressure and increasing public demands for reform of international corporate taxation, the Base Erosion and Profit Shifting (BEPS) project has emerged as the key global tax reform, poised to effect wholesale change to the global tax landscape. In particular, BEPS Action 13 on transfer pricing documentation is significant, as it will change the fundamental balance of cost, risk and compliance of transfer pricing, which accounts for 60 percent of world trade. Moreover, Action 13 proposes to require multinational companies to file country-by-country reporting (CBCR), a controversial obligation, which hints at a move away from the current arm's-length standard of transfer pricing, towards an alternative system of taxing multinationals, based on formulary apportionment. Because of its importance, it is imperative that social science provides answers to the core question: Who decides the new rules and how?

Whereas conventional explanations within IPE focus on state bargaining, corporate elites or international bureaucratic culture, I argue that professional competition plays a significant role in determining policy outcomes in complex, transnational policy processes like BEPS. Here, the highly technical policy discussions require various expertise, and thus they are open to contestation by a broad range of expert professionals. Professionals are different from other actors, being involved in slow, continuous battles over knowledge (i.e. how to 'properly' understand policy issues), rather than one-off interest bargaining. This professional competition over influence and knowledge control is, in turn, based on expertise (being able to speak authoritatively) and networks (being listened to).

Seeking to understand the professional competition around BEPS Action 13, I have taken a relationalist approach, focused on the dynamic relations and context of professional ecologies. I have analysed the BEPS Action 13 consultation, and the professionals and professional competition around BEPS Action 13. The analyses have been based on a combination of qualitative consultation data, LinkedIn and CV career data, numerous first-hand interviews and participant/direct observation in several tax events, supported by various official documents, media material, academic literature, and the NVivo and TraMineR softwares.

My analysis of the BEPS Action 13 consultation shows that it was dominated by Western tax advisers and business representatives, that there was a general preference for a limited TPD package, and that there was significant variation in attitudes between similar participating organisations. Furthermore, the discussions were highly complex, requiring substantial technical expertise, and thus limiting the range of participating organisations. I have discuss the expertises relevant to BEPS Action 13, namely professions (law, accountancy, economics), realms (public, private, IO) and other fields (transfer pricing, management, academia), and discuss how expertises underpin key policy claims. Looking at the pool of BEPS Action 13 professionals' expertises, I find that while legal and private sector views are important in the reform, several other expertises are also relevant, signifying the need for varied expertise in order to obtain policy influence.

The notion that professional competition is contingent upon varied expertise, rather than organisational belonging (as in, e.g., the 'regulatory capture' story), is that diverse experience gives professionals' access to and ability to apply different skills and networks, thus being able to speak authoritatively and being listened to. Examining this by analysing the involved professionals' careers, I find that a mixed group of civil society, business and IO professionals are influential because of their career diversity, corresponding to the overall distribution of the population of professionals, with slightly more IO staffers influential because of OECD's deliberate recruitment of career diverse professionals.

The mix of influentials is reflected in the career trends of professionals involved in BEPS Action 13. Applying the optimal matching (OM) algorithm, I find four groups of professionals with similar career trends: young professionals, senior managers, tax lawyers and transfer pricing professionals/economists. Senior managers are most influential, having long and diverse careers, followed by TP professionals/economists, many of whom have worked with both economics and transfer pricing, and tax lawyers, who tend to stay within tax law for specialisation. Youngsters are, expectedly, least influential, but there is a sub-group of youngsters with short but varied careers, primarily IO staff, who seem to have learned the benefit of career diversity.

The phenomenon of ‘revolving doors’ reveals the importance of career diversity, with professionals moving strategically between realms and professional work roles, increasing their prestige and allow them become ‘well-knowing’ and well-connected. Thus, I argue that an alternative to conventional explanations, which characterise revolving doors as a “brain drain” or regulatory capture mechanism, is to understand revolving doors as an articulation and effect of professional competition.

Adding the empirics from interviews and observation, I distinguish two types of influential professionals: career diverse professionals (“octopuses”) and well-connected specialists (“arrows”). While the former are influential because of their varied expertise, the latter are mainly influential because they are respected through key professional bodies and committees relevant for tax and transfer pricing. In particular, professional associations are central because of the personal socialisation with equal colleagues they provide, and the common vocabularies and close relations they foster.

Finally, the significance of access to the right expertise and networks is visible in another articulation of professional competition in BEPS Action 13: *lobby centres*. Lobby centres are specific interest groups where different professionals and organisations collectively engage the policy process, spearheaded by one particular professional, who most often is influential. Peripheral professionals and groups without access will use this lobbying strategy to leverage the expertise and networks of influential professionals. This strategy highlights the importance of being able to access the right professional expertise and networks in order to make engage successfully in policy debates. However, this importance is not sufficiently recognised by the interest group literature, which emphasises organisational finances or issue attributes.

In sum, the contribution of this thesis is threefold. First, I add to the literature on professional competition within international political economy, providing answers to central questions of global political processes and influence. Second, I contribute an original case study on global tax reform, including two brand new and comprehensive data sets on BEPS Action 13: groups and attitudes in the consultation and professional careers and connections. Third, I provide novel analysis on professionals within tax (including accountants, lawyers, economists and transfer pricing professionals) and on interest groups, where I show the importance of professional expertise and networks for policy mobilisation.

While I have addressed a gap in the academic literature regarding professional competition, expertise and networks in global tax reform, much more can and should be done. This thesis addresses only one specific BEPS action point, over a limited time horizon. More research is needed on the professionals that contest global tax issues, the competition and its elements. I hope to have provided a small step towards this end.

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Annex I: List of in-depth interviews

No.	Position	Organisation type	Nationality
1	Senior manager	Private sector	UK
2	Tax lawyer	Public sector	Ghana
3	Tax lawyer	Public sector	Denmark
4	Tax lawyer	Public sector	Denmark
5	Senior manager	Private sector	Germany
6	Transfer pricing professional	Private sector	Denmark
7	Academic	Academia	US
8	Tax lawyer	Private sector	UK
9	Transfer pricing professional	Private sector	Belgium
10	Tax lawyer	Private sector	Netherlands
11	Tax lawyer	Private sector	Sweden
12	Transfer pricing professional	Public sector	Denmark
13	Tax lawyer	Private sector	Germany
14	Tax lawyer	Private sector	UK
15	Tax lawyer	IO	UK
16	Tax lawyer	Public sector	Chile
17	Tax lawyer	Private sector	UK
18	Tax lawyer	Public sector	Germany
19	Senior manager	IO	Netherlands
20	Tax lawyer	Private sector	Germany
21	Senior manager	Private sector	UK
22	Other	Civil society	France
23	Transfer pricing professional	Public sector	Switzerland
24	Tax lawyer	Private sector	Netherlands
25	Academic	Academia	UK
26	Tax lawyer	Public sector	South Africa
27	Tax lawyer	Private sector	France
28	Other	Civil society	Denmark

Annex II: R coding

```
## OPENING THE DATA SET:
```

```
library("TraMineR")
```

```
data("CVs")
```

```
## DEFINING THE SEQUENCES:
```

```
CVs.def <- seqdef(CVs, 2:52, missing.color="white")
```

```
## COLOUR SCHEMES:
```

```
## Based on professional work roles:
```

```
cpal(CVs.def) <- c("white", "khaki4", "gray40", "gray70", "lightslategrey", "goldenrod3", "yellow3", "gold3",  
"gray10", "black", "gray5", "lightgrey", "firebrick4", "red4", "orangered4", "deepskyblue4", "blue4",  
"royalblue4")
```

```
## Based on realms:
```

```
cpal(CVs.def) <- c("white", "khaki4", "green", "blue", "red", "green", "blue", "red", "green", "blue", "red",  
"lightgrey", "green", "blue", "red", "green", "blue", "red")
```

```
## PLOTS:
```

```
## Mean time spent in each state
```

```
seqmtplot(CVs.def)
```

```
## Overview index plot
```

```
seqIplot(CVs.def, sortv="from.start")
```

```
## State distribution plot
```

```
seqdplot(CVs.def)
```

```
## COMPLEXITY MEASURE:
```

```
seqici(CVs.def)
```

```
## TRANSITION RATES
```

```
CVs.trate <- seqtrate(CVs.def)
```

```
round(CVs.def, 3)
```

```
## OPTIMAL MATCHING
```

```
## Defining the substitution cost matrix
```

```
cost.manual <- seqsubm(CVs.def, method="CONSTANT", time.varying= F)
```

```
cost.manual[1,] <- c(0, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2)
```

```
cost.manual[2,] <- c(2, 0, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3)
```

```
cost.manual[3,] <- c(2, 3, 0, 1, 1, 3, 3, 3, 2, 3, 3, 3, 3, 3, 3, 2, 2, 2)
```

```
cost.manual[4,] <- c(2, 3, 1, 0, 1, 3, 3, 3, 3, 2, 3, 3, 3, 3, 3, 2, 2, 2)
```

```
cost.manual[5,] <- c(2, 3, 1, 1, 0, 3, 3, 3, 3, 3, 2, 3, 3, 3, 3, 2, 2, 2)
```

```
cost.manual[6,] <- c(2, 3, 3, 3, 3, 0, 1, 1, 2, 3, 3, 3, 3, 3, 3, 2, 2, 2)
```

```
cost.manual[7,] <- c(2, 3, 3, 3, 3, 1, 0, 1, 3, 2, 3, 3, 3, 3, 3, 2, 2, 2)
```

```
cost.manual[8,] <- c(2, 3, 3, 3, 3, 1, 1, 0, 3, 3, 2, 3, 3, 3, 3, 2, 2, 2)
```

```
cost.manual[9,] <- c(2, 3, 2, 3, 3, 2, 3, 3, 0, 1, 1, 3, 2, 3, 3, 2, 3, 3)
```

```
cost.manual[10,] <- c(2, 3, 3, 2, 3, 3, 2, 3, 1, 0, 1, 3, 3, 2, 3, 3, 2, 3)
```

```
cost.manual[11,] <- c(2, 3, 3, 3, 2, 3, 3, 2, 1, 1, 0, 3, 3, 3, 2, 3, 3, 2)
```

```
cost.manual[12,] <- c(2, 3, 3, 3, 3, 3, 3, 3, 3, 3, 0, 3, 3, 3, 3, 3, 3, 3)
```

```
cost.manual[13,] <- c(2, 3, 3, 3, 3, 3, 3, 3, 2, 3, 3, 3, 0, 1, 1, 2, 2, 2)
```

```
cost.manual[14,] <- c(2, 3, 3, 3, 3, 3, 3, 3, 3, 2, 3, 3, 1, 0, 1, 2, 2, 2)
```

```
cost.manual[15,] <- c(2, 3, 3, 3, 3, 3, 3, 3, 3, 2, 3, 1, 1, 0, 2, 2, 2, 2)
```

```
cost.manual[16,] <- c(2, 3, 2, 2, 2, 2, 2, 2, 2, 3, 3, 3, 2, 2, 2, 0, 1, 1)
```

```
cost.manual[17,] <- c(2, 3, 2, 2, 2, 2, 2, 2, 3, 2, 3, 3, 2, 2, 2, 1, 0, 1)
```

```
cost.manual[18,] <- c(2, 3, 2, 2, 2, 2, 2, 2, 3, 3, 2, 3, 2, 2, 2, 1, 1, 0)
```

```
CVs.om <- seqdist(CVs.def, method = "OM", indel = 2, sm = cost.manual)
```

```
## OM Clusters:
```

```
library("cluster")
```

```
clusterward <- agnes(CVs.om, diss = TRUE, method = "ward")
```

```
CVs.cl4 <- cutree(clusterward, k = 4)
```

```
cl4.lab <- factor(CVs.cl4, labels = paste("Cluster", 1:4))
```

```
## Cluster plots:
```

```
seqIplot(CVs.def, group=cl4.lab)
```