



Coming soon: International crackdown on tax avoidance and evasion?

This week's U.S. Senate hearing on Apple's innovative but legal tax avoidance came against a backdrop of growing public outrage in Britain, France, Germany and Ireland over illegal tax evasion and legal tax avoidance.

UK politicians had already grilled Google, Amazon and Starbucks about their ability to avoid taxes on their UK profits, and had used "tax shaming"—if not the UK tax code itself—to persuade Starbucks to pay up. France recently presented Google with a €1.7 billion tax bill.

The ongoing clashes between governments and multinationals over tax avoidance have fueled momentum for international tax cooperation and global tax reforms. Much as nations used to engage in mutually destructive trade wars, today they are engaging in a destructive competition to attract multinational corporations through low-tax regimes.

The Apple saga is a case in point. By shifting its profits to an Irish shell corporation that had no home country for tax purposes, Apple in effect created "stateless income" and was able to pay just 1.9% tax on its overseas profits of \$37 billion.

Governments are recognizing that their industrial-era tax codes don't work well in the digital age: "It

is much easier for businesses with royalties and digital products to move profits to low-tax countries than it is, say, for grocery stores or automakers. A downloaded application, unlike a car, can be sold from anywhere."

The OECD, comprised of 34 developed nations, has said: "Global solutions are needed to ensure that tax systems do not unduly favor multinational enterprises, leaving citizens and small businesses with bigger tax bills. Many of the existing rules which protect multinational corporations from paying double taxation too often allow them to pay no taxes at all. These rules do not properly reflect today's economic integration across borders, the value of intellectual property or new communications technologies. These gaps, which enable multinationals to eliminate or reduce their taxation on income, give them an unfair competitive advantage over smaller businesses. They hurt investment, growth and employment and can leave average citizens footing a larger chunk of the tax bill."

U.S.-based multinationals are pushing for another tax holiday so they can bring "overseas" profits "home" at a drastically reduced tax rate.

continued on page 3

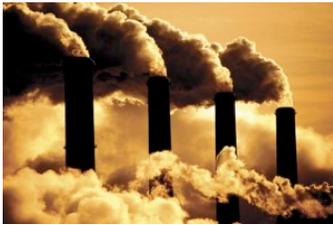
Did you know?

- Percentage of world trade that transits the Strait of Malacca .....40%
Increase in global sales and services related to 3D printing, 2011 to 2012 .....29%
Number of countries that got more than 30% of their electricity from renewable energy in 2011 .....13
Projected increase in middle class consumers globally by 2030 .....3 billion



### CO2 levels highest in millions of years

Atmospheric CO2 concentrations just passed 400 parts per million, [a level not seen on earth for millions of years](#), and well above the 350 ppm that



climate scientists thought might avert runaway climate change. "For the entire period of human civilization, roughly 8,000 years, the carbon dioxide level was relatively stable" near

280 ppm but levels have increased 41% since the industrial revolution.

What to do? One might read Joe Romm's post, ["Into the Valley of Death Rode the 600, Into the Valley of 400 ppm Rode the 7 Billion,"](#) and reflect on the factors that contribute to the collapse of civilizations. One should follow that up with a read of his post, ["99 one-liners rebutting denier talking points,"](#) and Frances Moore Lappe's hopeful, fact-laden article, ["Why sharing news about solutions is a revolutionary act."](#) ("It's only in changing the small stories that we change the big, dangerous story—the myth of our own powerlessness.")

Then get to work. As Bill McKibben, founder of [350.org](#), says on his [new website, 400.350.org](#), "The only question now is whether the relentless rise in carbon can be matched by a relentless rise in the activism necessary to stop it."

### 100,000 electric vehicles on U.S. roads

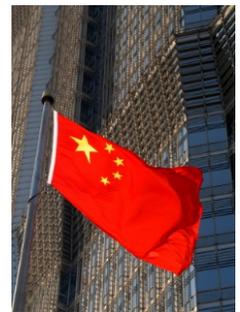
Electric vehicle sales hit a milestone this week in the U.S. as the 100,000<sup>th</sup> electric vehicle was delivered. "Based on the average US household size, this means that over a quarter million people are now being exposed regularly to the benefits of electric transportation," Barry Woods writes. [More than 100,000 plug-ins are expected to be sold in 2013 alone](#), up from just 20,000 in 2011.

### 2012 a record-breaking year for wind capacity

2012 set a record for new wind turbine installations, which increased global wind capacity by 19%, according to the World Wind Energy Association. Forty-six countries added wind power to the grid. In total megawatts, the wind industry has [expanded sevenfold over the last 10 years](#). With the new installations, wind can provide 3% of global electricity demand. [Denmark gets more than 30% of its electricity from wind power](#).

### China launches carbon trading program

China has announced details of its carbon trading program that will begin next month in Shenzhen. [Six other cities and provinces, including Beijing, will participate](#) in the pilot program, which will reportedly be fully implemented by next year. An absolute, nationwide cap on carbon emissions is under consideration.



### Most investors interested in "fossil-fuel free" portfolios

"Over half of sustainable, responsible, impact (SRI) investment industry professionals say that retail investors (65%) and institutional investors (53%) are currently expressing interest in fossil fuel-free portfolios in the face of growing signs of climate change, according to [First Affirmative Financial Network's Fossil Fuels Divestment Survey](#)."

The survey also found that "77% see growing risks for investors associated with fossil fuel company holdings in their investment portfolios." The survey was conducted in anticipation of the upcoming [SRI Conference](#) October 28-30 at The Broadmoor in Colorado Springs, Colorado.



*continued from page 1*

*International tax reforms?*

“Overseas profits” and “repatriation” are not literal terms; some of U.S. multinationals’ \$1.6 trillion in cash that is classified as “permanently invested overseas” [is parked in Manhattan bank accounts.](#))

The corporations argue that giving them another “repatriation holiday” will lead to more investment and jobs in the U.S. This is nonsense.

A similar repatriation holiday in 2004 “led to no discernible increase in American investment or hiring. On the contrary, some of the companies that brought back the most money laid off thousands of workers, and a study by the National Bureau of Economic Research later concluded that [92 cents on every dollar was used for dividends, stock buybacks or executive bonuses.](#) A study by the Congressional Joint Committee on Taxation estimated that a similar program would result in \$79 billion in forgone tax revenue over a decade.”

President Obama is right that [the U.S. tax code rewards companies that ship profits and jobs overseas.](#) A *Bloomberg News* analysis found that the “build-up of offshore profits—totaling \$1.46 trillion for the 83 companies examined—has increased because of incentives in the U.S. tax code for booking profits offshore and leaving them there.”

There is hope on the horizon. The OECD is looking at profit shifting and tax base erosion. The G8, G20 and OECD are working on an international standard for the automatic exchange of tax information. An EU summit this week revealed strong support for [a US-led drive to tackle banking secrecy.](#)

Angel Gurría, the head of the OECD, has rightly urged the G20 to crack down on multinationals’ tax avoidance because it is [undermining the ability of governments to recover from the financial crisis.](#) “This is about the survival of democracy,” he said.

**“Time for Big Green to Go Fossil Free”**

Despite the fast-growing fossil fuel divestment campaign, some mainstream environmental organizations still hold investments in fossil fuel stocks. [Naomi Klein](#) describes this foolishness in *The Nation*:

“One would assume that green groups would want to make absolutely sure that the money they have raised in the name of saving the planet is not being invested in the companies whose business model requires cooking said planet, and which have been sabotaging all attempts at serious climate action for more than two decades. But in some cases at least, that was a false assumption.... Now it turns out that some green groups are literally part owners of the industry causing the crisis they are purportedly trying to solve.”

**Leading for sustainability workshop with Academy Fellow Peter Senge**

“Collaboration is the human face of systemic change.” Join [Academy Fellow Peter Senge](#) for a 3-day leadership workshop, “[Leading for Sustainability,](#)” June 24-27 in Ashland, MA and “learn how to successfully and collaboratively make sustainability a core value in your organization, supply chain and community.”



**Call for nominations EthicMark® Awards**

Change advertising, change the media, change the world. Nominations for the Awards are open until July 15. It’s easy to submit nominations on the [Ethical Markets website.](#) Winners will be announced at the [24th annual SRI Conference.](#)



### Academy Transformational Leadership Conference 2013

The World Business Academy, in collaboration with the Transformational Leadership Council (TLC), hosted a special event for business leaders this April. The theme of the event, hosted at the beautiful Hilton Torrey Pines in La Jolla, CA, was transformation in a time of exponential change. The goal of the three-day intensive was to inspire new ways of viewing our challenges, our strengths and our responsibilities in a world growing more complicated, interconnected and interdependent by the minute.



Jack Canfield, Roxanne Emmerich, and Rinaldo S. Brutoco

Key themes included values-centric transformation, business leadership in the face of climate change, and transforming capitalism into an engine for social and environmental progress. Leading thinkers, coaches and

storytellers came together for a series of activities and conversations that can only be described as transformational.

Speakers included Jack Canfield, Rinaldo S. Brutoco, Jim Selman, Vince DiBianca, Richard Barrett, Stewart Emery, Deborah Rozman, Simon Mainwaring, Stephen Josephs, Matt Weinstein, David Wagner, Dr. Mark Hyman, Robert Chapman, and Academy Fellows Raj Sisodia and Lynne Twist.

### The Upcycle: Beyond Sustainability by Academy Fellow William McDonough

The visionary yet practical new book by [Academy Fellow William McDonough](#) and Michael Braungart, [The Upcycle: Beyond Sustainability—Designing for Abundance](#), shows how “questions of resource scarcity and sustainability are questions of design.”



The book builds on 10 years of practical experience applying the concepts in their bestseller [Cradle to Cradle](#), which rejected the prevailing “cradle-to-grave” manufacturing model in which 90% of materials used become waste.

*Upcycle* describes “scenarios in which humans transcend the role of mere stewards of the planet” by focusing not just on protecting the planet from ourselves but on redesigning our activities to improve the planet. “The goal is not simply to reuse products or designs but to upcycle them—make them better so they leave a positive footprint.”

According to McDonough and Braungart, “Human beings don’t have a pollution problem; they have a design problem. If humans were to devise products, tools, furniture, homes, factories, and cities more intelligently from the start, they wouldn’t even need to think in terms of waste, or contamination, or scarcity. Good design would allow for abundance, endless reuse, and pleasure.”