



## Gordon Brown shares how far we have come on the fight against tax evasion

Access the podcast at:

<https://doi.org/10.1787/286f5df7-en>

### Please cite this podcast as:

OECD (2020), "Gordon Brown shares how far we have come on the fight against tax evasion", *OECD Podcasts*, Duration: 12:25, OECD Publishing, Paris, <https://doi.org/10.1787/286f5df7-en>.

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**Duration:** 12:25

**Date:** 20 January 2020

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**Gordon Brown shares how far we have come  
on the fight against tax evasion**

**Intro** [00:00:07] It was 2009. The world was in the midst of the worst economic crisis most people had ever seen. The economy was in sharp decline. Banks were going under. Businesses were in trouble. People were losing their jobs, their homes, their future. Slower economic growth meant lower tax revenues for governments, just as demand for social services was skyrocketing. Governments were under pressure. They needed to make up for the lost revenues and restore trust in the financial system. One key element of the response came from the G20, a massive and still ongoing global campaign led by the OECD to crack down on banking secrecy and tax havens. Tighter financial-transparency standards put in place over the past 10 years have helped raise more than 100 billion euros in additional tax revenues. More than 100 countries are now automatically sharing information on overseas bank accounts, making it more likely than ever that soon, there'll be nowhere left to hide. I'm Lawrence Speer, and I'm talking today to former British Prime Minister Gordon Brown.

**Lawrence Speer** [00:01:15] Mr. Brown, thanks very much for being with us today.

**Gordon Brown** [00:01:19] Thank you.

**Lawrence Speer** [00:01:20] The UK was the chair of the G20 in 2009, so you were really in the hot seat. With the world facing so many economic challenges, how did tax transparency become such a central issue?

**Gordon Brown** [00:01:32] It's very interesting. The most controversial issue at the G20 in April 2009 in London was the issue of tax. You might have thought we would have been discussing in detail, and perhaps disagreeing, on the scale of the stimulus to the world economy, because it was a massive stimulus—more than a trillion. You might have thought we would have been arguing about the future role of the IMF and the World Bank, or about bank recapitalisation as opposed to, you know, assets being stored in a particular fund, as was proposed in America. But the most controversial issue was tax. One, of course, because revenues had been lost as a result of the declining growth. And yet the need for public expenditure was greater because of unemployment, and because of other social impacts from the recession. But the second was because people had come to the conclusion that too many people were avoiding their tax bills by siphoning money overseas, and that we had no means of being able to get that money back. And so partly because President Sarkozy pushed this, and partly because Britain was very determined that something be done, we had this huge debate at the G20. In fact, President Sarkozy threatened to walk out if he didn't get an agreement on some initiative on tax.

**Lawrence Speer** [00:03:00] And so you had to find some sort of compromise.

**Gordon Brown** [00:03:02] And the compromise was that we would not take action as the G20, but ask the OECD to take action. So we passed on this request to the head of the OECD, whom I talked to—that the OECD, which has already done a lot of work on tax, should do even more work on tax. And they should look at this categorisation of three types of tax regime, one that was non-compliant, one that was only partially compliant, and one that was compliant. And of course, there were a large number of tax regimes that were non-compliant. And that began the 10 years of work on greater transparency, on opening up some of the regimes that are offshore and hidden from public scrutiny. And, of course, the principle of automatic exchange of information—something that we'd introduced in Europe, but had to be introduced

right across the world to get all countries prepared. And I think 100 now are, to exchange their tax information. That means more money getting to the exchequers of individual countries. But it also means a sense of fairness in the tax system.

**Lawrence Speer** [00:04:08] Once you've identified the tax transparency was so critical, there were a number of obstacles to moving forward, right? I mean, there were the banks. There were the offshore financial centres themselves. There were certain other countries.

**Gordon Brown** [00:04:22] Yeah. But we had had some experience of taking on this issue of transparency in Europe. Europe had been planning since the year 2000 to have a savings tax, and it wanted to have a harmonised tax in every country of Europe. But we had argued for some time—unsuccessfully—that to have a tax simply within Europe would only mean that people would put their savings into non-European countries: Liechtenstein, Switzerland, Hong Kong, perhaps, and that sort of thing. And the only answer to the problem of tax avoidance was to have the automatic exchange of information. So we had won this battle in Europe, so that automatic exchange of information was being agreed. Countries who had opposed it were falling into line, and Europe while it wanted this harmonised savings tax had now agreed that automatic exchange of information was the way forward. What we now had to do was persuade the rest of the world that this was the best way of dealing with tax avoidance, and that it had to extend not only to European and near European countries, but right across the world, particularly to the large sort of loss of money in a number of tax havens, including, by the way, British dependencies which had to be dealt with.

**Lawrence Speer** [00:05:37] You bring up a very interesting point—obviously, the question of the dependencies. But also, other offshore financial centres. Some of the participants in that critical G20 meeting were saying, “we have to have a list, there has to be a list.” Other folks, obviously don't want to list. Nobody wants to be on the list.

**Gordon Brown** [00:05:56] Well, there was a list. We had a list. And the question was whether we published the list, and how we dealt with those who were on the list. And we were in no doubt that there was a number of tax havens that were exempted in a way from international regulation, and that we had to take action against them if we were ever going to have any fairness in our tax system. You see, the case that was being made, rightly so, was that, why should someone pay the basic rate of tax in an individual country, if the richest people were able to siphon off their wealth into tax havens and avoid tax almost altogether? And so, it was a matter of fairness, and we had to take some action.

**Lawrence Speer** [00:06:40] You've mentioned that the issue was passed on to the OECD, which then created the Global Forum, which today is more than 160 countries and jurisdictions.

**Gordon Brown** [00:06:50] We are keen, as the United Kingdom, to help those regimes have better systems. And we will give advice and help to them if they ask for it, send officials to back up what they are doing themselves. And so the UK has been very much behind not only the forum itself, but actually helping individual countries implement the results of the consultation.

**Lawrence Speer** [00:07:13] It's really multilateralism and international cooperation as it happens. And it's probably an appropriate moment to ask you: the multilateral system—which you were leading as the G20

president in 2009—is today under tremendous attack. Certain people suggest that longstanding institutions for global economic governance have past their shelf life. Others are saying that the work that's taken place in the 10 years on lifting the veil of secrecy on tax transparency is actually proof that international cooperation still works.

**Gordon Brown** [00:07:45] Well, this is the issue. We've got populism, breeding nationalism, breeding protectionism. And as a result, we've got countries pulling away from cooperation, whether it's on climate change or whether it's on the WTO, the World Trade Organisation, which is proving to be ineffective. There is no world trade deal for the first time for 50 years, or whether it's the relegation of the G20 and other institutions to being less important than they were 10 years ago. And I think this retreat from cooperation is one of the most dangerous things that's happening in the world today. So it's got huge consequences, not just for the economy, but for security and for safety. Now, what's happened is that perhaps we have emphasised too much in the last 20, 30 years, what I would call the wrong kind of cooperation, which is taking free trade to the level that it was not fair trade, allowing vulnerable countries to be, if you like, invaded by capital flows without any restrictions on them. So taking, if you like, a neoliberal view of what it means to have cooperation, I think has done a lot of damage. What we need to emphasise is what is the right kind of cooperation. And the right kind of cooperation includes action to deal with tax unfairness, to deal with tax avoidance, tax evasion. And I believe that most people in the world, if they were asked, “would you allow money from your country simply to be siphoned off into other countries to avoid tax,” they would say, “no, we need systems of cooperation to make sure that people pay their fair share of tax. And people do not escape by using loopholes, by using, if you like, offshore centres that are not properly regulated and supervised.” I think there's public support for that. So the right kind of cooperation, which I think would lead to people being prepared to have more multilateralism, is to deal with issues like tax avoidance in the way that the OECD has been doing, and perhaps even so, to step that up by putting pressure on those countries that are doing so little to do far more. And so I think the lesson of the last 10 years—yes, if you have the wrong kind of cooperation, it may lead to protectionism and nationalism. But if you have the right kind of cooperation, you can build support for multilateral change.

**Lawrence Speer** [00:10:06] It's quite radical, really, what's happened over the past decade. 100 countries are now doing automatic exchange of information. Countries have uncovered something like 45, 50 million offshore accounts with 5 trillion in assets. It's going to lead to billions upon billions of new revenue.

**Gordon Brown** [00:10:27] I know that Britain alone has 3 million taxpayers who've got offshore accounts. And if you extrapolate from that into what's happening with America and other countries, you get to the big figures that you're talking about. But every single country has been losing money as a result of the very rich evading or avoiding the tax responsibilities to their individual finance ministries and tax authorities. And the question is, can we now build on the success of the last 10 years and move further and faster? There was making sure that we don't only have information about what's lost, but we actually get the money back. And I think it's very important that we get countries that are not prepared to exchange information reciprocally to do so now. It's very important that countries that don't even hold that information—some tax havens, don't even hold the information about what a company or what an individual is and where they can be traced to, and they can be anonymous in that country—we've got to get to the bottom of that as well. And we've got to deal with trusts that actually are a method by which people hide their anonymity [identity] as a result of their desire to avoid tax. All these things must now be done. The OECD has moved this forward and now we must move it forward yet again.

**Lawrence Speer** [00:11:46] Thanks for speaking to me, Gordon Brown, and thanks for listening to all OECD podcasts. I'm Lawrence Speer. To learn more about the continuing fight against tax evasion, have a look at the website for the Global Forum on Tax Transparency, [oecd.org/tax/transparency](https://oecd.org/tax/transparency).