The Political Origins of Corporate Transparency:
Theorizing a Business-Led Transparency Cycle

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Abstract

How do corporate transparency laws pass despite powerful business opposition? Research theorizing the causes of transparency converged on a common causal pathway: a crisis raises public salience and opens a window of opportunity for policy entrepreneurs to successfully pressure politicians for transparency. Using the case of beneficial ownership transparency (BOT) laws, I advance an alternate causal pathway I call a business-led transparency cycle. Past policy decisions mandating information collection by certain industries produces inter-industry divergence in transparency preferences and undermines opposition business lobbying. Civil society groups engage in policy entrepreneurship to integrate aligned industries into a new pro-transparency advocacy coalition. Increasing coalition size and organizational diversity raises political pressure on politicians leading to the adoption of corporate transparency laws. I conduct a structured, focused comparison of the United States, United Kingdom, Canada, and Australia as parallel demonstrations of the business-led transparency cycle. I combine primary and secondary source documentation with 50 elite interviews to process trace failed attempts within each country and to compare successful instances of policy change across countries from 2000 to 2022. This paper centers endogenous feedback processes as a primary driver of transparency, provides further evidence of when firms prefer stronger regulation, and suggests limits to the transnational capture of global finance over policymaking.

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Introduction

Transparency policies have proliferated worldwide over the last three decades. While earlier reforms prioritized shining a light on the activities of legislators and bureaucrats, later reforms shifted toward businesses. Politicians, activists, and citizens alike seek access to information about labor violations, environmental impacts, data practices, and other issues from businesses. Like politicians, most businesses prefer secrecy to openness and oppose measures like corporate transparency laws that would expose or restrict their activities. The adoption of corporate transparency laws, then, despite powerful business opposition to increasing disclosures is a puzzling outcome. How are corporate transparency laws adopted under these conditions?

Political scientists have theorized causes of transparency across American politics (Fung, Graham, and Weil 2007), comparative politics (Berliner 2014), and international relations (Seabrooke and Wigan 2016; Hakelberg 2020) and have converged around a similar causal sequence. Transparency policies require a crisis like an environmental disaster, an economic recession, or a political scandal to increase issue salience among the public and to open a window of opportunity for policy entrepreneurs to successfully pressure politicians for policy change (Sell and Prakash 2004; Montalbano 2020). Under these conditions, business interest groups struggle both to oppose corporate transparency laws and to influence the policy process. In short, the crisis functions as an exogenous shock initiating a "transparency action cycle" (Fung, Graham, and Weil 2007) that alters the balance of power between business versus the public and civil society groups, increasing the influence of the latter and leading to change in the short window after the shock.

Instead, I argue the existence of this cycle often follows a different causal pathway driven by rule changes resulting in shifts in business preferences rather than by increasing public issue salience through a crisis. This business-led transparency cycle begins when governments turn to

mandating that firms collect certain information as a low-stakes, politically viable solution to a policy problem. Previous policy choices by governments to mandate information collection among some industries but not others generate inter-industry splits in their transparency preferences (Streeck and Thelen 2004; Newman 2010). Industries who must collect information prefer stronger regulations providing greater access to information to either lower their costs or to impose costs onto rivals (Gjølberg 2011; Kennard 2020; Perlman 2020). This shift in industry support gives civil society organizations (CSOs) the opportunity to act as policy entrepreneurs by reaching out to aligned industry interest groups to expand the size and diversity of the pro-transparency coalition (Kastner 2014, 2017). CSOs that take this opportunity to exchange information and coordinate strategy with aligned industry groups weaken the opposing coalition and increase pressure politicians to adopt corporate transparency laws. This process unfolds over several years, leading to the adoption of corporate transparency laws despite low salience and opposition from powerful business interests.

To test this business-led transparency cycle, I use the case of beneficial ownership transparency (BOT) laws in advanced industrial democracies as a "least likely" case for adoption. BOT laws require the disclosure of the real person(s) who owns a corporate entity to a (free, public, centralized) government register – in effect, banning anonymous shell entities (Findley, Nielson, and Sharman 2014). BOT laws are thus intended to address an array of issues from tax avoidance and political corruption to terrorist financing and aid theft. I conduct four qualitive case studies of the United Kingdom, United States, Canada, and Australia, combining primary and secondary sources with 50 elite interviews to process trace previous failed attempts at policy change within each country and to compare successful instances of change across countries from 2000 to 2022. Active industry support for BOT laws only comes after government expansion of a country's anti-

money laundering (AML) regime, leading to inter-industry divisions and decreasing their collective influence. These governments passed BOT laws only after the country had both broadened its AML information collection regime and CSOs acted as policy entrepreneurs to create a new formal advocacy coalition composed of CSOs and aligned industry actors.

This paper makes three contributions to existing scholarship. First, I theorize an alternate causal pathway of institutional change from endogenous rather than exogenous sources that better explains the adoption of corporate transparency laws across a variety of policy areas. These policies are often passed outside periods of high public attention, with political pressure coming from supportive business interest groups. Divisions in industry preferences (Atikcan and Chalmers 2019; Kennard 2020) from past policy changes are the key causal factor. Second, I contribute evidence highlighting the limits of the structural power of finance in shaping policy outcomes (Macartney, Howarth, and James 2020) and that business power declines only under high issue salience (Kastner 2018; Kalyanpur and Newman 2019). Public regulation encourages the future institutionalization of transparency, even in unfavorable conditions. Governments can leverage instances where their interests align with some firms or industries (Moehlecke 2020) and business' political miscalculation of their ability to shape future implementation (Schnell 2018) to pass corporate transparency laws. Lastly, I theorize a causal pathway leading to AML reforms in advanced industrial democracies where coercion from the US (Hakelberg 2015; Emmenegger 2017) or from international organizations (Morse 2022) is unlikely to explain BOT adoption. Domestic incentives matter independently of international pressures (Hakelberg 2020).

Transparency and Institutional Change

What causes transparency?

Explanations for the causes of transparency laws across American, comparative, and international politics converge around abrupt change resulting from a crisis, a major event believed to be exogenous to normal political processes. This crisis raises public salience about an issue and opens a window of opportunity for policy entrepreneurs to successfully pressure politicians for transparency, regardless of whether transparency is the appropriate solution to the underlying problem(s) that led to the crisis. This common causal pathway recurs across research about tax transparency policies, government transparency policies, and disclosure policies targeting firms. However, this explanation overstates the causal necessity of external events while neglecting long-term institutional shifts in the underlying domestic interest groups that favor transparency.

International political economy research on tax transparency describes the global financial crisis and corporate tax scandals as exogenous shocks. These events increased public salience of tax evasion and avoidance by corporations and wealthy individuals alike, opening a window for governments to adopt tax transparency laws or to make international commitments to adopt them (Rixen 2013; Eccleston and Woodward 2014; Seabrooke and Wigan 2016; Emmenegger 2017; Hakelberg 2020). A related study of anti-corruption and kleptocracy reforms by Jason Sharman (2017) argues rich, developed countries required individual scandals to produce media coverage, public salience, and political pressure to adopt specific anti-corruption reforms like transparency laws. Yet unlike heightened public outrage about corporate tax avoidance, both awareness and indignation about anonymous companies remained low even after a series of document leaks in the 2010s, particularly the 2016 Panama Papers. Thus these revelations did not generate sustained, bottom-up pressure on policymakers to either alter their transparency preferences or to adopt BOT laws in many advanced industrial democracies.

Macro-level explanations for government transparency policies at the national and international level (Porumbescu, Meijer, and Grimmelikhuijsen 2022) point to financial or political pressures as a primary cause. These pressures usually result from a crisis increasing the salience of underlying issues to which transparency is proposed as a solution. Economic downturns are a crisis that leads to questioning of opacity in the financial system and calls to increase banking transparency (Stiglitz 2002; Arapis and Reitano 2018). Countries plagued by corruption scandals increase the public salience of transparency as a key anti-corruption reform (Persson, Rothstein and Teorell 2013; Schnell 2018). Fung, Graham, and Weil's (2007) study of fifteen targeted transparency laws mandating disclosures by firms and industries in the United States finds that adopting transparency usually begins with some type of crisis, such as "stock market crashes, toxic chemical accidents, bank discrimination, and perceived public school failure" (28). Taken together, both tax and government transparency laws follow a similar pathway of increased salience and successful policy entrepreneurship initiated by an exogenous shock.

Exogenous Shocks and Business Power

Related explanations from the business power literature in comparative politics and international relations argue that exogenous shocks reduce business power and would lead to the passage of corporate transparency laws despite business opposition. The shock increases the salience of issues businesses prefer to keep quiet (Culpepper 2011; Röeper 2021). Issues with high salience produce public pressure on legislators, giving civil society organizations a window of opportunity where they can push governments for policy changes as skilled entrepreneurs (Kastner 2014, 2017, 2018; Kalyanpur and Newman 2019). Thus business will use the tools of "quiet" politics and attempt to mitigate the impact of events that increase salience to maximize their ability to win policy battles (Morgan and Ibsen 2021). Governments are less likely to take up issues that

lack public attention and instead gravitate toward solving higher-profile issues where they face political and/or electoral pressures for policy change. Similarly, low salience issues attract less attention from both the public and CSOs, allowing businesses with resources and organizational capacity to achieve their policy preferences via governmental lobbying.

The case of beneficial ownership transparency (BOT) highlights the limitations of these explanations. It is empirically puzzling that a powerful coalition of business interests spanning major accounting firms (Kalaitzake 2019), private equity and hedge funds, global law firms, and related industry groups lost on a crucial low salience issue. BOT laws specifically represent a major policy shift for both the global AML and tax transparency regimes developed over the last thirty years. Among the plethora of anti-corruption, transparency, and accountability reforms proposed in this period, BOT was viewed as a political "third rail" among politicians and a pipe dream for civil society advocates. National and transnational officials at the height of the global financial crisis in 2009-10 said BOT was politically impossible even with the crisis (Interviews 29, 41). This perceived lack of political opportunity combined with structurally powerful industries engaging in "quiet politics" should be an instance where existing theory fits well: an exogenous shock like the Panama Papers is necessary to reduce business power and produce policy change.

Yet BOT laws in advanced industrial democracies were passed long before or after shocks like the global financial crisis and the Panama Papers. Instead, I suggest that existing explanations overestimate the causal effect of exogenous shocks and underestimate endogenous processes that shift the underlying coalition of transparency supporters. The causal process theorized below better explains the passage of corporate transparency policies, where the layering of new regulations onto some industries together with a formal cross-sectoral advocacy coalition are a sufficient cause for transparency (Verghese 2022).

A Business-Led Transparency Cycle

My theory begins by proposing the existence of a "transparency action cycle" as a positive policy feedback process as outlined by Fung, Graham, and Weil (2007). In this cycle, firms provide greater transparency after a crisis or scandal. Whether governments require industries to provide greater transparency or firms voluntarily provide greater transparency to the public post-crisis, having access to information changes the public's incentives to purchase a firm's goods and services. The public is more likely to buy from firms that are transparent or are revealed to provide better goods and services. The material and reputational benefits that more transparent firms accrue reinforce demands from the public and beneficiary firms for additional transparency. I argue the existence of this cycle often follows a different causal pathway, driven by rule changes resulting in shifts in business preferences rather than by increasing public issue salience through a crisis.

Firms have incentives not to collect information and to not be transparent

A business-led transparency cycle begins when governments require industries to collect information that they had not been gathering previously. Information collection by necessity precedes dissemination; actors cannot share or exchange information that they do not have. Academic research that examines both the causes and consequences of transparency frequently collapses these steps of collection and dissemination together. For instance, Jonathan Fox's (2007) influential article theorizing the relationship between transparency and accountability supposes an actor has already collected the relevant information with outsiders demanding that this existing information be disclosed (see Figure 1). Other social scientists have conceptualized transparency as encompassing both information collection and dissemination across subfields in political science (Dingwerth and Eichinger 2010; Fung 2013; Hollyer, Rosendorff, and Vreeland 2018), in economics (Williams 2015), in public policy (Coremans 2020), in business (Bushman, Piotrowski,

and Smith 2004), and in related fields. However, in practice these two steps often occur separately and underscore the differences in the costs that businesses bear between collecting and disseminating information.

The information economics literature on transaction costs highlights how information collection has high fixed start-up costs for firms. These costs include the searching for and collecting the information, the opportunity cost of the time taken up by searching, and sorting through and integrating that information into a firm's existing processes (Coremans 2020, 595; Hollyer, Rosendorff, and Vreeland 2018, 40-42). Relatedly, mandated information collection usually generates concentrated costs for firms but diffuse benefits for society, so firms do not want to bear the costs of information collection for uncertain societal benefits (Fung, Graham, and Weil 2007). Therefore, if firms do not have a compelling business reason to collect additional information and justify these high start-up costs, they will not do so.

Firms have other incentives to not collect information related to blame avoidance. Firms and policymakers alike seek to avoid blame, and greater transparency makes this more difficult as increased access to information for outsiders increases outsiders' ability to attribute blame (Hood 2006; Stiglitz 2002, 488). Increasing information dissemination is not the only way to produce blame avoidance behaviors; requiring information collection can increase pressures on firms and industries to address a problem. Issues become knowable and discoverable once an actor decides that a problem exists and to collect information about that problem. Avoiding collecting information that would threaten profits or require substantial changes to a firm's business model allows industries to collectively ignore underlying issues. In other words, for firms "ignorance is a virtue if knowledge will lead to pressures to undertake costly changes to existing practice" (Coglianese, Zeckhauser, and Parson 2004, 287).

A similar logic appears in critical theory-oriented research seeking to understand the role of information in politics from the perspective of both knowledge and ignorance. If "a successful knowledge economy relies on judgements concerning what and when information should be shared or encrypted, patented or made secret for maximum profit" (Birchall 2011, 14), then it also includes judgements about what information firms choose *not* to collect. While this statement highlights how firms have incentives to maintain information asymmetries to maintain their competitive advantage, the opposite is often true as well. Firms frequently choose to *not* collect information when knowledge of an issue would conflict with the goal of maximizing profit. They can strategically choose to maintain ignorance via denial to avoid addressing problems that would be too costly for them to solve (Best 2022). Thus in many instances firms do not collect information that would make them aware of problems they would have to address or increase the likelihood that outsiders become aware of the problem.

Conversely, the resources required to disseminate information are comparatively low once collected, with technological advances enabling nearly costless information sharing today (Hollyer, Rosendorff, and Vreeland 2018, 172). But these costs of dissemination not only include the material resources necessary to distribute information, but also the potential financial and reputational costs a firm may incur from disseminating it. This logic mirrors related information economics research arguing that firms do not collect or share information they believe will negatively impact them. One reason is that firms can increase information asymmetries between themselves and government or between themselves and other firms to exploit their market power (Stiglitz 2002, 470; Perlman 2020). Maintaining secrecy or hoarding data allows firms to retain and extend their competitive edge (Newman 2010). Similarly, firms have financial and reputational incentives to withhold negative information. Negative disclosures that can be

attributed to specific firms may lead to lost business, legal fees, government fines, and/or increased regulatory costs (Breitinger and Bonardi 2019; Crippa 2022). Collectively, these rationales for why firms avoid collecting and disseminating information form the basis of industry-level opposition to increasing corporate transparency.

Information collection is a politically acceptable policy solution

From the perspective of policymakers tasked with addressing a range of thorny policy problems, requiring firms to collect information is an acceptable solution they can pursue when other solutions are not politically viable. There are at least four reasons why mandating information collection is politically possible for policymakers when firms would otherwise not do so. Several of these reasons are echoed by legal scholars Omri Ben-Shahar and Carl Schneider (2014) about mandated disclosures in the United States, such as requiring comparatively few resources from government (145) and firms preferring disclosure compared to "hard" regulation (173). I suggest several of these rationales extend to solely information collection rules.

First, governments are limited in the resources they can invest in regulatory regimes. Regulators thus have limited organizational, personnel, and financial capacities to effectively implement and enforce all of the rules within their purview. Knowing that firms and industries often will not collect information unless they are compelled to do so, regulators outsource information collection to business as a way to minimize the resources they must spend to oversee them. Second, there is precedent for compelling information collection across a range of policy areas despite conflicting objectives across different regulators. Firms must collect a variety of information to regulators that is not necessarily made available to the public or politicians, such as tax, statistical, safety, environmental, and other information. Adapting existing minor policy

changes from other policy areas presents the path of least resistance and makes it more difficult for regulators who disagree with greater transparency to oppose it.

Third, firms may prefer information collection over "harder" or more substantive regulations as a next-best option. When presented with the option to either collect information about an issue or to change their way of doing business to address the underlying issue, the former is less costly than the latter. Relatedly, information collection as a new rule may fly "under the radar" of business interest groups who must juggle multiple regulatory issues simultaneously. Compared to other instances where governments propose additional regulations on an industry, business interest groups will prioritize lobbying around more costly or damaging rules. Fourth, information collection offers policymakers and firms a way to claim credit for "taking action" about a problem. Though gathering data is often the first step in developing a viable solution to a problem, it often becomes an end in and of itself. This issue is common across government transparency initiatives where regulators collect and disseminate to information without having a clear notion of who will use the data or educating users about the data (Ben-Sharar and Schneider 2014; Piotrowski 2017).

Taken together, politicians adopt information collection rules as short-term opportunistic decision rather than as long-term strategic choice (Fung, Graham, and Weil 2007; Ben-Sharar and Schneider 2014). Combined with the previous expectation of firms having strong incentives not to collect information, policymakers have all the more reason to compel information collection from firms when faced with a policy problem.

Information collection regulations split industry preferences

Once policymakers adopt information collection regulations as a legitimate and politically acceptable tool to address a policy problem, this decision changes the incentives of newly regulated

industries to support corporate transparency. Historical institutionalist research has long noted that past policy choices shape the both the regulation and distribution of information assets among businesses as well as firm preferences (Woll 2008; Newman 2010). In influencing who has to gather what and when, industries that are compelled to collect information they would not otherwise collect are at a disadvantage compared to non-regulated industries. Therefore, in contrast to Newman (2010) who theorizes that large firms do not want to share their information assets because it would erode their competitive advantage, rules that require some firms to collect information that they otherwise would not gather generate different incentives. Rather than wanting to maintain a closed data environment, regulated industries seek a more liberal data environment with greater access to information.

These information collection policies produce two types of effects that lead some industry interest groups to support corporate transparency laws. The first effect is cost absorption among the industries that are mandated to collect information (Atikcan and Chalmers 2019; Kennard 2020; Perlman 2020; Van Den Broek 2021; Meckling and Trachtman 2022). Firms or industries that have already absorbed the cost of corporate social responsibility regulations like greater transparency seek stronger rules to level the playing field (Gjølberg 2011; Van Den Broek 2021). For instance, the UK government included more industries under its AML regime compared to Australia in the mid-2000s. This layering forced newly regulated industries to absorb the information collection costs for customer due diligence rules, leading more industries to prefer BOT in the UK compared to Australia since transparency would lower their costs to access information for compliance or could impose new due diligence costs onto competitors. Recent research on regulatory intermediaries reaches a similar conclusion: in competitive environments,

industries can be incentivized to support their disempowerment by devolving authority back to the regulator to save costs and/or impose costs on competitors (Kellerman 2021).

The second effect is incentivizing the creation of new industries that collect and sell information and services to third parties (Liss and Sharman 2015). The rise of intermediaries to assist industries in collecting information to manage risk or to assess their competition has grown exponentially in the last few decades. The AML compliance industry owes its existence to the passage of laws criminalizing money laundering and requiring firms to take proactive steps to minimize their facilitation of it. This dynamic has been highlighted by scholars of government transparency as well. For instance, the majority of freedom of information users at the federal level in the United States are businesses trying to find out information about other businesses (Fung, Graham, and Weil 2007; Kwoka 2016). An entire third party industry arose where firms pay middlemen to file FOI requests on their behalf to uncover their rivals' corporate strategy or trade secrets. Therefore, when governments mandate that an industry collect information, new or existing intermediaries will step in to fill that gap and support greater transparency to lower the costs of the services they provide.

How does industry support influence the adoption of corporate transparency laws?

While some industries now have incentives to support corporate transparency laws, this support does not necessarily translate into actively lobbying governments for stronger regulation. When faced with prospect of a corporate transparency law, industries can choose whether to (1) actively oppose it, (2) passively support or oppose it, or (3) actively support it. With the adoption of information collection rules, regulated industries that would have opposed a corporate transparency law are now much more likely to actively support it. These regulated industries want to make sure that they can obtain the benefits of greater information dissemination, through some

may passively support greater transparency and rely on the lobbying of others to achieve their preferences. In contrast, non-regulated industries remain opposed and will actively lobby to avoid information collection and dissemination costs. Still, this new preference split among industry-level interest groups presents an opportunity that can be leveraged by other interest groups.

Civil society organizations act as policy entrepreneurs to create "strange" coalitions

Even in the absence of industry support, CSOs seek the adoption of corporate transparency laws and to expand membership in their supporting coalition. Transparency and anti-corruption groups in both the US and the UK in the early 2010s decided to make BOT one of their priorities for policy change because they thought the issue was "winnable" despite opposition from industry groups, some government officials, and wealthy individuals (Interviews 15, 29, 37). Their perception of winnability arose from corporate transparency being amenable to multiple issue frames, the proposed policy solution being simple and straightforward, and exploiting opportunities like information leaks to bring attention to the issue (Capano and Galanti 2020).

To that end, these CSOs engaged in activities associated with policy entrepreneurship: they invested their time, personnel, and resources over an extended period to achieve their policy preferences (Sell and Prakash 2004; Kastner 2017). They collected data and produced reports about labor abuses in the oil and minerals industries, about corrupt leaders siphoning development and aid funds to patronage networks, and about money laundering through high-end real estate around the world, among other issues. They conducted outreach to interest groups they would normally align with and educated them about how anonymous shell companies intersected with their work, integrating environmental, human rights, and faith-based groups into their coalition. These groups also applied for and secured grant funding to build a formal cross-sector coalition to pass BOT reform in their respective countries, such as Global Witness winning a $1 million TED

grant in 2014 to address shell company abuse.[1] These standalone coalitions that CSOs formed – the FACT Coalition in the US, the Financial Transparency Coalition in the UK, and #endsnowwashing in Canada – signaled the seriousness of their efforts to outsiders.

As policy entrepreneurs, CSOs are acutely aware of political opportunities they can leverage to achieve their policy objectives. In countries where the government had extended their AML regime, these coalitions realized that AML-regulated industries theoretically should support BOT, either to lower their own regulatory costs or to impose costs on other industries who did not currently bear them. They sought out these industry groups to be members in their coalition, particularly those who had the resources to be active supporters. For example, in the United States the FACT Coalition reached out to key banking industry groups within a month of the government finalizing the Customer Due Diligence Rule and agreed that they should work together to secure the adoption of a US BOT law (Interviews 11, 17, 21). Would-be coalition members are often waiting for someone else to take the lead or free riding off others' efforts until it becomes clear they can win (Emmenegger 2021, 618). CSOs thus leveraged the incentives for regulated industries to support transparency and overcame the collective action problem of organizing to lobby collectively (Pierson 1993, 600).[2]

Beyond establishing ties with aligned industry groups, CSOs sought access to key decision-makers within government. The UK BOT advocacy coalition gained direct access to PM David Cameron's business minister through a personal aide rather than going through the ministry's bureaucrats (Interviews 37, 40). The Canadian civil society coalition worked to build bureaucratic

[1] Charmain Gooch, March 2014, "My Wish: To Launch a New Era of Openness in Business." TED.

[2] Mandated information collection specifically has the characteristics of high set-up costs and benefits from coordination that make this kind of policy feedback mechanism more likely.

allies across several government departments (Interviews 31, 34). Members of these formal advocacy coalitions linked the issue of anonymous companies to a wide variety of policy areas to maximize potential coalition partners within government, and they emphasized its simplicity compared to other tax transparency and AML reforms. Together these strategies strengthened the pro-transparency coalition against the opposition among policymakers.

Sustaining this type of strange coalition is possible because industry interest groups and CSOs obtain complementary benefits from one another. Industry interest groups gain political cover for supporting a public interest regulation like transparency in tandem with CSOs rather than merely pursuing their self-interest. CSOs gain access to additional lobbying resources, such as access to policymakers who otherwise would not speak with them or additional personnel to work on the policy campaign, that they otherwise would not have. Together they attract the attention of policymakers who may otherwise ignore the issue since strange coalitions remain relatively rare in politics (Pagliari and Young 2020) and because they increase the credibility of their policy preference for greater transparency.

Governments Adopt Laws Supported by Large, Heterogenous Coalitions

The formation of a coalition ranging from financial and real estate industry groups to environmental and faith-based groups to small business and law enforcement groups exemplifies a strange coalition of interest groups who normally do not work together. These strange coalitions are often politically powerful: governments are more likely to adopt laws supported by large, organizationally diverse coalitions (Nelson and Yackee 2012; Dwidar 2022). Coalition size matters because larger coalitions suggest broad popularity for a policy proposal, while heterogeneity in the types of organizations and their political leanings suggest a broad, cross-

ideological consensus about transparency as the best policy solution. Both of these qualities allow policymakers claim credit for adopting best practice as well as supporting a popular policy.

Theory Summary

To review the business-led transparency cycle, I argue industry interest groups are initially united in their opposition to corporate transparency policies. The high fixed costs of information collection and the potentially high financial and/or reputational costs of potential information dissemination form the basis of their opposition. The layering of new information collection rules onto existing domestic regulatory regimes (Streeck and Thelen 2004, Mahoney and Thelen 2015) produces inter-industry divisions in transparency policy preferences. Industry support arises from the costs newly regulated actors within these industries absorb from complying with new rules (Perlman 2020; Kennard 2020) or from the creation of new industries to provide third party services (Liss and Sharman 2015). These actors now prefer having greater access to information to ease the information collection requirements and/or to impose costs onto other industries. However, regulated industries will not act alone to lobby for greater transparency. They require the presence of CSOs advocating for corporate transparency to act as a policy entrepreneur (Kastner 2017, 2018; Roland 2020) and to bring aligned industry groups into a new coalition. The increased size and diversity of the supporting coalition generates pressure on politicians to adopt corporate transparency laws.

Importantly, expanding information collection rules – either by covering more activities or more types of actors – is not done by governments with the intention of fostering more favorable conditions to pass corporate transparency policies. Information collection is an acceptable low-stakes policy tool that policymakers turn to in addressing a variety of problems. Fung, Graham, and Weil's research suggests that transparency as a policy tool was selected "usually without any

awareness by their creators that they were participating in a more general innovation in governance" (2007, 5). Research on mandated disclosures (both collecting and sharing information) also finds that regulated entities prefer transparency to more intrusive techniques (Ben-Sharar and Schneider 2014, 6). Rather, the downstream effects of new rules produce inter-industry divisions about transparency as an unintended consequence.

Methods and Data

To evaluate the proposed causal sequence, I conduct within-case process tracing (Kay and Baker 2015; Mahoney and Thelen 2015; Trampusch and Palier 2016) and cross-case "most similar" comparisons of the BOT policymaking process in the United Kingdom, the United States, Canada, and Australia. These four cases allow careful examination of within-case sequencing of events while validating the sequence and mechanisms across cases. The UK, US, and Canada provide "parallel demonstrations" where all outcomes are positive and where the theoretically specified mechanisms occur in the same way (Peinert 2018). The Australian case provides an instance where both events, and thus the subsequent sequence and mechanisms, are not present as further support for the theory. In addition, all four countries are the "least likely" cases for policy change with major institutional frictions, low public salience, and opposing coalitions backed by structurally powerful industries like global law firms and major accounting firms as the countries who arguably contributed to the major limitations of the global AML regime (Young and Woodiwiss 2021). In sum, choosing "most similar, least likely" cases provides a stronger test of the causal mechanisms with parallel demonstrations of the sequence to improve internal validity.

Table 1: Variation in Conditions and Outcomes Across Selected Cases

Cases	**Condition 1** *Broaden Regulatory Regime*	**Condition 2** *Policy Entrepreneur CSOs*	**Outcome** *BOT adoption*
United Kingdom	Yes	Yes	Yes
United States	No → Yes (2016)	Yes	Yes

Canada	No → Yes (2014, 2020)	No → Yes (2017)	No*
Australia	No	No	No

I combine data from a variety of sources to trace the processes leading to adoption. These data include media reporting; government and interest group reports, testimony, case studies, and related documentation; lobbying disclosures; public consultation comments; and 50 semi-structured elite interviews. For each event in the sequence, I review the available evidence to assess the likelihood of the proposed mechanism compared to plausible alternatives and whether the event produced a set of plausible observable implications if the expected mechanism is present. For example, if the cost absorption mechanism is present, then I should observe regulated business interest groups' preferences shifting to support BOT only *after* governments expanded their AML regime, with actors attributing the preference shift to increased costs or the ability to impose costs on competitors. Likewise, if cross-sectoral entrepreneurship is present, I should observe such as increased lobbying spending from the new civil society-regulated industry and the coordination of lobbying strategy with one another.

For each case study, I am mindful of issues related to missing data in process tracing (Gonzalez-Ocantos and LaPorte 2021). There may be concerns about undocumented steps – lacking evidence to support the observable implications of a step in the causal change – or about hidden mechanisms – lacking evidence of the reasoning connecting one step in the causal chain to the next (having the right *how*, but not the right *why*). Additionally, the ongoing coronavirus pandemic has meant nearly all data collection was conducted remotely through online database searches and virtual interviews. These limitations affect the types of evidence available to assess my claims (Howlett 2022), primarily through limiting the number of in-person interactions that facilitate access to additional interviewees.

To address these concerns, I contextualize the data generating process by describing actors' motives and incentives to leave a record of their activities and to share their activities with me as a junior academic researcher (Glas 2021). I also evaluate the likelihood that data would exist given the proposed mechanism. For example, industry lobbying groups who oppose transparency likely credit-claim internally among their members about influence over policy outcomes that they do not necessarily want to be public information. As such, there may be few written traces (website press releases, lobbying disclosures, etc.) of their attempts to influence corporate transparency laws, or few lobbyists willing to be interviewed about their impact on the policy process. Furthermore, by attending public in-person workshops, seminars, and meetings related to BOT starting in fall 2019 and continuing virtually through the coronavirus pandemic, I have acquired contextual knowledge that improves my ability to weigh the causal effect of each piece of primary and secondary source evidence gathered. Together these approaches mitigate issues both with missing data and assessing alternative explanations.

Case Studies

In the following section, I provide evidence for the business-led transparency cycle in the United Kingdom, the United States, and Canada. Each case provides relevant context from 2000 to 2008 in the wake of 9/11 and before the global financial crisis, with primary analysis of the causal sequence from 2008 through 2022. A separate section about Australia illustrates the counterfactual and addresses three plausible alternative explanations for the adoption of corporate transparency policies.

The United Kingdom – An Unlikely Early Mover

The United Kingdom broadened their anti-money laundering rules in the post-9/11 period with a series of domestic laws, along with parallel EU directives transposed into UK law. These

laws required AML due diligence from many additional industries, such as requiring corporate service providers and formation agents, trust providers, casinos, high value good dealers, lawyers, accountants, and estate agents to identify the ultimate beneficial owner(s) among their customers. Discussions of whether to include a BOT law establishing a public registry as part of these reforms were marginal to nonexistent. The UK and EU both conducted regulatory impact analyses of the costs and benefits of a BOT register in July 2002 and in February 2007 respectively but went no further in recommending policy changes. Having a relatively expansive AML regime in place prior to the 2010s set the stage for many regulated industry groups' preferences to be aligned with a formal civil society coalition as they had already absorbed the regimes' compliance costs and would benefit from systematic information access.

Two streams of formal coalition building complemented and reinforced one another in the late 2000s. The formation of the Financial Transparency Coalition (FTC) in September 2009 as a global network comprised of many UK-based organizations began working toward reform across all tax transparency issues, including automatic exchange of information and country-by-country reporting along with BOT. This formal coalition included groups like Global Financial Integrity, the Tax Justice Network, Global Witness, and Transparency International, all of whom became members of both the UK and US-based coalitions. The FTC prioritized BOT as an issue: their biannual conferences included BOT as a core agenda item in most sessions from 2009 through 2020. Members of the FTC in partnership with Global Witness spearheaded the UK BOT campaign starting in March 2009 with their "Undue Diligence" report highlighting how banks work with corrupt actors. Yet even members within the coalition considered their efforts a long-shot campaign and realized that going through international organizations like the Financial Action Task Force or the OECD were unlikely to be successful (Interview 29, 30, 37, 41).

Therefore, the Global Witness-led coalition focused on a perceived domestic opportunity and launched a UK campaign targeting BOT. They recognized that they would be able to work with industry groups who would benefit from greater access to beneficial ownership information, along with CSOs working in other issue areas. The core of the coalition included collaborating with CSOs like Oxfam, Christian Aid, Action Aid, and the ONE Campaign, releasing a series of case studies, reports, and investigations, as well as lobbying the government directly. These groups' strengths complemented one another: Global Witness and Transparency International-UK provided issue expertise, while large NGOs like ONE provided media contacts and government access. They also allied with socially conscious business interest groups like The B Team and investor groups running pension and insurance funds who sought improve their risk management capacities and to minimize reputational issues. Next, the coalition secured the neutrality of key industry groups like the Confederation of British Industry (Interview 29) while courting quiet private support from the banking industry because it would lessen the costs and reputational pressures related to their customer due diligence responsibilities (Interviews 22, 37, 41).[3] Lastly, they obtained government support from the UK Treasury, the business minister MP Vince Cable, and law enforcement who went against civil servants in the business ministry who opposed BOT.

Recognizing the potential of a broad-based coalition supporting BOT and looking for relatively affordable ways to engage in positive foreign policy initiatives in the age of austerity (Interviews 24, 29, 37), Prime Minister David Cameron announced the UK's commitment to implementing a BOT register in January 2013 at Davos and recommitted to a public register at the June 2013 G8 summit. Public consultations, private working group meetings, and public hearings proceeded from July 2013 through October 2014. But individual law firms and the business

[3] UK Finance and Property Mark, representing the banking and real estate industries, did not make their support public until after the reform passed in March 2015 onward (Interviews 28, 30).

sections of law societies representing corrupt and/or high-net worth individuals actively opposed BOT and were successful at exempting some types of corporate forms from their reporting requirements. Yet having already lost the battle around conducting due diligence checks, the majority of the UK banking, real estate, and legal professions collectively sought the benefits of information dissemination via the BOT register and worked with government officials to ensure access to the data. The combination of a cross-sectoral coalition and bundling BOT as part of a small business bill ensured the issue would be viewed as a non-controversial, technical matter rather than a political one (Interview 30), leading to its passage in Parliament in March 2015.

The United States – Changing Information Collection Rules

Although policymakers attempted to expand the US AML regime after 9/11, its coverage remained limited through the 2000s. Former Michigan Senator Carl Levin and staff on the Permanent Subcommittee on Investigations targeted money laundering in a series of hearings from the late 1990s through the mid-2000s, culminating in two Government Accountability Office reports focused on beneficial ownership in 2006.[4] The expansion of AML rules as part of the October 2001 PATRIOT Act, however, did not include all industries originally proposed in the bill. Rulemakings to include industries like investment companies and real estate agents were eventually dropped after industry pushback in 2003. Yet these setbacks did not deter Senator Levin and his allies. In May 2008, Senator Levin proposed the Incorporation Transparency and Law Enforcement Assistance Act as a standalone bill. New York Representative Carolyn Maloney proposed a corresponding House bill every following session of Congress. Iterations of both bills

[4] November 1999, "Private Banking and Money Laundering: A Case Study of Opportunities and Vulnerabilities"; February 2001, ""Correspondent Banking: A Gateway for Money Laundering"; July 2004, "Money Laundering and Foreign Corruption: Enforcement and Effectiveness of the PATRIOT Act"; August 2006, "Tax Haven Abuses: The Enablers, The Tools & Secrecy"; April and November 2006, "Minimal Ownership Information is Collected and Available"

failed to move beyond committee hearings until after 2016, partly in the fallout of the Panama Papers and partly in response to the continued advocacy of CSOs.

Parallel to these efforts, the Uniform Law Commission (a national non-profit association of lawyers who develop proposals for standardized US state laws) advanced a state-level model BOT law in the late 2000s. However, Senator Levin and his allies rejected their proposed law for not going far enough in collecting BOT information. This approach also faced stiff resistance from US state Secretaries of State, who were concerned about the increased administrative burden of collecting beneficial ownership information without guaranteed financial and administrative support from the federal government (Interviews 10, 16). A different proposal from the Obama administration for collecting of beneficial ownership information through the IRS rather than the Treasury went nowhere among legislators and advocates as well (Interviews 2, 11, 16, 26).

While politicians struggled in Congress, some civil society groups like US PIRG and Global Financial Integrity had been working on these issues in isolation and made little headway on gaining broad support for BOT. It was not until the founding of Financial Accountability and Corporate Transparency (FACT) Coalition in 2011 to coordinate corporate and tax transparency advocacy that a cross-sector coalition began to coalesce. FACT slowly built a coalition of law enforcement, faith-based, environmental, and other groups, often without being able to pay initial coalition members for their efforts until FACT secured grant funding several years later. Nevertheless, they did not pursue a partnership with the banking industry prior to 2016 because "they were the longest, hardest shot" (Interviews 15, 17), highlighting the absence of a perceived institutional opportunity to incorporate the banking industry as part of the cross-sectoral coalition.

This assumed lack of opportunity was not unfounded. Small and medium-sized banks opposed the Treasury's customer due diligence (CDD) rule initially proposed in March 2012

requiring them to collect beneficial ownership information for new client accounts, whereas large banks voiced lukewarm public opposition but spent little to lobby on the issue (Interview 3). After Treasury finalized the CDD rule in May 2016, US banking industry preferences unified in support of a federal BOT law from anticipating the costs of complying with the CDD rules. Similarly, support from residential real estate and title insurer interest groups only arose after January 2016 geographic targeting order (GTO) rules stating all-cash purchases of residential real estate in certain areas of the country came into effect, with a similar desire to have greater access to information to lower compliance costs. The spread of the GTO rules to more US countries led to a split in preferences between title insurers and residential real estate groups on one side and commercial real estate interest groups on the other (Interview 17). The former industry groups joined the FACT Coalition's lobbying efforts in 2018. The US legal profession led by the American Bar Association, on the other hand, and many alternative investment industry groups consistently opposed BOT as they are not required to comply with any AML rules.

Collectively, this new cross-sectoral coalition weakened the opposition and accumulated greater influence over the policy process. The US Chamber of Commerce shifted from active opposition to neutrality after pressure from one of its key members, the Bank Policy Institute (Interviews 2, 3, 5, 32). The Senators and Secretary of State from Delaware, representing the interests of the corporate service providers in the state, also shifted from opposition to neutrality to active support over 2016 to 2019 (Interviews 2, 3, 11, 21, 38).[5] In 2018, the new bank industry-CSO coalition prevented a broader AML reform bill from coming out of committee when they removed BOT, signaling the coalition's strength (Interview 17, 18, 38). Industry groups in accounting, hedge funds, private equity and others that had successfully exempted themselves

[5] June 2018 letter. April 2019 letter.

from the post-9/11 AML reforms and avoided rules to collect beneficial ownership information lobbied against the BOT law. With public support from actors who had vocally opposed BOT, passing a law became increasingly likely.

Although the new coalition weakened the opposition and limited their influence over the details of the final bill, they lacked political support to pass BOT as a standalone piece of legislation. Rather, the advocacy-regulated industry coalition proposed including BOT in a wider 2019 anti-money laundering reform bill and then as part of the annual must-pass national defense spending bill in 2020 (Interviews 1, 17, 35). These two moves linked BOT to a broadly favorable area of national security issues, giving legislators political cover to pass BOT without having to state their explicit support for it. The Corporate Transparency Act became law on January 1, 2021, after Congress overrode President Trump's veto of the defense spending bill.

Canada – Policy Entrepreneurs are Necessary but Insufficient Alone

The Canadian AML regime grew largely out of a response to 9/11, much like the US and UK. The government's immediate response to 9/11 was to expand its AML regime to incorporate terrorist financing. Over 2002-2003, domestic and foreign banks, credit unions, life insurance companies, trust and loan companies, securities and investment counselors, money services businesses, and casinos all had to do in some degree of AML reporting. However, the Federation of Law Societies of Canada initiated a legal challenge to their inclusion under the AML regime in 2002 that took over ten years to reach a final ruling; during that period, lawyers were not required to comply with AML rules. In 2015, the Canadian Supreme Court ruled that lawyers were exempt from the Canadian AML regime.[6] Further revisions to their AML laws in July 2014 extended AML rules further to include accountants, virtual currency dealers, and several other professions.

[6] Supreme Court ruling.

Like the relatively broad AML regime in the UK, regulated industries had incentives to support dissemination of beneficial ownership data through a transparency law. Yet because the issue was not a first-order priority and could take years of lobbying to obtain policy change, none of these industry groups organized to lobby in favor of BOT. Prior to 2016, there was little discussion of BOT in Canada at either the provincial or the federal level to suggest political momentum around the issue. The Department of Finance included BOT as a suggested policy measure in a November 2011 report,[7] and testimony from Global Financial Integrity before the Standing Committee on Finance in the House of Commons in February 2013 argued in favor of BOT.[8] Without signals from CSOs to make concerted effort to press the issue or active consideration of BOT by the federal government, regulated industry groups did not act.

The Panama Papers did alter CSOs' perception of the possibility to organize around BOT as a standalone issue (Interview 28). Although Canadian CSOs had been working on tax justice and transparency issues prior to the leaks, they had not coordinated their efforts into creating a formal coalition or campaign. The start of the #endsnowwashing coalition, comprised of Publish What You Pay Canada, Transparency International - Canada, and Canadians for Tax Fairness, began with a letter to the federal government in December 2016 before they obtained funding from the Open Society Foundation in fall 2017.[9] TI-Canada also released its first BOT-focused reports in December 2016, with coalition follow-up reports in December 2017, March 2019, May 2020, and January 2022. They quickly gathered a coalition comprised of labor, natural resource, environmental, investment industry, money service businesses, and some real estate and legal

[7] Department of Finance report.
[8] House of Commons hearing.
[9] Transparency and Accountability Initiative. July 2021. "BOT Case Study: Canada Commits to Public BO Registry."

profession groups[10] as part of their formal coalition. The #endsnowwashing coalition began dividing up tasks based on their strengths, submitting comments for both provincial and federal consultations, and participating in public and closed-doors hearings to persuade policymakers within government to adopt a BOT law.

Within a short period, other industry groups saw BOT shifted to when it would pass rather than an if (Interview 28, 31). First Bill-C86 passed in December 2018 and required private companies registered at the federal level to hold information about their beneficial owners. Quebec held a consultation about establishing a BOT register in October 2019, followed by British Columbia in January 2020 and the federal government in February 2020. Both Quebec and BC decided to proceed with their own provincial-level registers. During this period, the Cullen Commission[11] inquiry into money laundering in British Columbia began in 2019 and underscored how a lack of BOT facilitated money laundering through casinos and real estate in the province. The final push came from another extension of AML due diligence requirements to casinos, real estate agents, accountants, and a few other professions beginning in June 2021. Although these rules had not taken effect until after the government committed to adopting a BOT register, they increased the number of industries who would benefit from greater information dissemination.

Still, like the UK business ministry bureaucrats continued to oppose and resist calls for BOT, in contrast to support from finance bureaucrats and from high-net worth families in Canada (Interview 28, 31, 42). Business ministers feared that requiring BOT would make Canada a less business-friendly destination and lower their ranking on the Ease of Doing Business Index from the World Bank. Support from the cross-sectoral coalition insulated the government from some of

[10] Though the Federation of Law Societies led the case to exempt lawyers from the AML regime, they supported BOT because they preferred it over wholesale AML compliance.
[11] Cullen Commission website.

this resistance. Inclusion of BOT as a policy commitment in Canada's 2021 budget from Prime Minister Justin Trudeau further insulated the proposal from opposition from bureaucrats in the country's Ministry of Innovation, Science and Industry who opposed BOT. The government accelerated its initial commitment to adopting a BOT register by 2025 to 2023 in the wake of the Russian invasion of Ukraine.

Australia as the Counterfactual Case and Alternative Explanations

The first part of this section reconstructs the causal sequence of events in Australia to illustrate the counterfactual where both events were absent. The comparatively narrow information collection regulations and the absence of a formal advocacy coalition organizing for BOT hindered policy change in Australia. The second part of this section addresses plausible alternative explanations. I show that the window of opportunity created by the Panama Papers did not make adopting BOT more likely through increasing issue salience, producing favorable conditions for domestic or transnational experts to push their ideas, or creating conditions that aligned with the party ideology of the executive.

Australia – An AML and Tax Transparency Reform Laggard

Like the US, UK, and Canada, Australian policymakers also sought to reform their AML regime in response to 9/11. The Australian government passed what are called the "Tranche I" AML reforms mandating information collection by a small subset of industries in December 2006. Tranche I covered the financial industry, bullion dealers, and the gambling sector, as well as legal sector actors who provided certain types of financial services. But in August 2008, the government adopted a revised AML rule that exempted legal practitioners from obligations, which was confirmed and extended in November 2009. Similar to the United States and to Canada, comparatively fewer industries absorbed the costs of new information collection rules.

The Australian government tried to extend their AML regime to “Tranche II” industries in the late 2000s, despite the legal sector’s success in securing their exemption. CSOs pushed the government to enact the Tranche II reforms through 2010; the government responded that they would pause the process until the end of the global financial crisis and resume AML reforms in mid-2011. Rather than the financial crisis increasing the salience of corporate tax issues and spilling over to issues of corporate secrecy and money laundering, the government used the crisis to avoid action. The next substantive mention of Tranche II did not come until September 2015 when the Parliamentary Joint Committee on Law Enforcement suggested certain non-financial industries should be included in Australia’s AML laws. Australia still has not included lawyers, accountants, corporate service providers, or real estate agents under its AML laws (Sharman 2017). Thus the relatively narrow scope of Australian industries that had to follow AML regulations limited inter-industry preference splits around increasing corporate transparency via BOT.

Attention toward BOT was briefly raised by the Panama Papers in April 2016. As an immediate response, Prime Minister Malcolm Turnbull promised that his government would create a public BOT register in the coming years. The Treasury eventually initiated a consultation about increasing the beneficial ownership of companies in February 2017.[12] But resistance both within and outside of government remained high and led to a back-and-forth stance from the government. In May 2017, the Australian Tax Office head suggested that BOT register would be a waste of government time and resources during Senate hearings. Yet in December 2017, the government recommitted to their promise of creating BOT register. After the election of PM Scott Morrison in August 2018, the government either forgot about or ignored this previous commitment: in February 2019, the Treasury said they had never committed to a register despite holding a

[12] February 2017 consultation paper.

consultation two years prior and public promises to the contrary.[13] After the disruption of the coronavirus pandemic, reporting by the Australian Financial Review and others in spring 2021 suggested that both Morrison government and Treasury department were not open to BOT register, with prominent Liberal Party Senator Jane Hume reportedly refusing to back the register.[14]

Australia does have several transparency and anti-corruption civil society groups working on tax transparency and anti-corruption issues. However, they conducted little research, outreach, or advocacy on BOT until early 2018, well after the Panama Papers. The two leading CSOs – Transparency International Australia and Publish What You Pay Australia – have not created a formal coalition or campaign to pressure the government for BOT specifically. Due to limited domestic AML regulation, CSOs may perceive few institutional opportunities to engage in coalition building with business interest groups that would benefit from BOT and generate momentum for policy change (Interviews 13, 36). They have struggled to persuade some individual politicians and bureaucrats to support and advocate for BOT as well. Taken together, the absence of the necessary conditions for the business-led transparency cycle to operate Australia still has not passed a BOT law.

Addressing Three Alternative Explanations

Among the alternative explanations for the adoption of corporate transparency policies, I assess the three most plausible relative to the proposed business-led transparency cycle. The first alternative mechanism proposes that leaks did increase the issue salience of tax transparency and anonymous companies, raising pressure on policymakers to address the problem (Kastner 2014, 2017; Patz 2016; Kalyanpur and Newman 2019). But sustained high issue salience did not occur across any of these cases. Of the global information leaks facilitated by the ICIJ during the 2010s,

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[13] The Guardian article.

[14] Australian Financial Review article. Regulation Asia article.

the Panama Papers had the greatest degree of geographic and policy proximity and should have produced the highest issue salience and potential for policy change (Nohrstedt and Weible 2010). Yet contemporaneous polling data suggests the public largely ignored the Panama Papers, leading to little public pressure on politicians for greater transparency. A cross-national Ipsos Poll in May 2016 demonstrates low awareness of the Panama Papers, with 25% of Australians, 26% of Canadians, 28% of Americans, and 44% of Britons claiming to know about the leaks. Similar US and UK YouGov polling shows 34% of Americans and 37% of Britons followed news coverage the leaks. Global news databases also show the rapid, steep decline in media reporting about these leaks, with the majority of reporting occurring in April and May 2016.

Moreover, interview evidence from policymakers and activists alike suggests that leaks like Panama Papers were just one of many factors contributing to BOT. Policymakers viewed the leaks as an opportunity to make policy commitments they did not necessarily have intentions to follow through (Interviews 11, 21). Activists emphasized that securing BOT adoption was an "inside" politics (interest group lobbying and relationship-building with key policymakers) rather than an "outside" politics (organizing and mobilizing the wider public) game (Interview 29, 41) where high issue salience would have been part of an outside politics strategy. Thus while the leaks drew some attention to the issue, they were not the primary impetus for policy change.

A second alternative mechanism theorizes BOT reforms were the product of contestation among experts in transnational settings, using their ideational resources and network positions to push for BOT. Exogenous shocks offered these experts the opportunity to shift the framing of BOT as moral issue rather than technical problem and to contest the issue more effectively (Sell and Prakash 2004; Seabrooke and Wigan 2013, 2016; Christensen 2021). However, experts and professionals advocating for tax transparency in international settings did not view BOT as their

primary policy fight and prioritized securing automatic exchange of information (AEOI) and country-by-country-reporting (CBCR) of tax data. For instance, members of Tax Justice Network appeared on panels arguing for AEOI and CBCR at biannual Financial Transparency Coalition conferences and downplayed the importance of BOT. Relatedly, there were multiple, competing issue frames that remained constant before and after the Panama Papers and other leaks. International development, foreign aid, drug and human trafficking, tax avoidance, and several other frames connected to moral issues were all consistently raised over the last decade as different actors made competing claims about BOT. The issue of creating, maintaining, and improving BOT registers is comparatively less technically complex than other tax transparency measures as well. While experts were involved in the policy process, their influence was neither the primary nor proximate cause of adoption.

A third alternative mechanism locates change at the domestic level and theorizes tax transparency reforms are only possible under left-leaning governments in developed democracies (Grimmelikhuijsen and Welch 2012; Hakelberg 2020). Left-leaning governments support a constellation of policy positions aligned with BOT, such as higher taxes on the wealthy and corporations, improving outcomes related to development and aid funding in developing countries, preventing illicit actors from laundering money through their country's financial system, and limiting the influence of kleptocrats and oligarchs over their country's politics. However, right-leaning governments are often aligned on with the aspects of BOT that are less tax-focused, such as concerns about national security. Conservative PM David Cameron worked in tandem with Labour MP Margaret Hodge and others to ensure passage of the UK's BOT law. Republican Senators Marco Rubio and Chuck Grassley worked with Democratic Senators Sheldon Whitehouse and Ron Wyden to push for passage of the Corporate Transparency Act. Although

left-leaning governments may be more likely to pass tax transparency policies, they are not a decisive causal factor determining BOT adoption.

Conclusion

This paper proposes an alternative causal pathway leading to the adoption of transparency policies as the product of a long-term endogenous process – primarily the layering of new rules onto existing institutions – rather than a short-term window of opportunity resulting from exogenous shocks. A business-led transparency cycle results from the establishment of new information collection rules for some industries, leading to policy preference shifts in favor of greater transparency among regulated industries. Combined with ongoing transparency policy entrepreneurship by CSOs and integrating regulated industries into a formal advocacy coalition, this cycle leads to the adoption of transparency policies outside of periods of high salience and despite opposition from powerful business interest groups. I provide evidence of this cycle through "parallel demonstrations" of its operation in the United Kingdom, the United States, and Canada around beneficial ownership transparency laws from 2000 through 2022.

These findings counter research arguing that business power can only be effectively contested during periods of high issue salience (Kastner 2018; Kalyanpur and Newman 2019). Inter-industry divisions in business preferences about the need for stronger regulation (Gjølberg 2011; Van den Broek 2021) are the key causal factor leading to policy change. One implication of this finding is prior information collection rules can encourage the future institutionalization of transparency. Governments can leverage instances where business interests align with their interests (Moehlecke 2020) and business' political miscalculation of future events (Schnell 2018) to pass corporate transparency policies.

These findings also question the structural power of financial actors in shaping policy outcomes (Macartney, Howarth, and James 2020). The growing power of financial industry actors outside of banking, particularly accounting and consulting (Kalaitzake 2019; Chalmers 2020; Montalbano 2020), will lead to more instances where different industries hold opposing preferences about stronger regulation and come into conflict with one another. In this instance, the banking industry across the UK, US, and Canada leveraged their structural importance in conjunction with their CSO coalition partnership to push for a transparency law that the accounting, legal, and consulting professions largely opposed. Thus financial industry actors whose policy preferences align with the government may be more likely to obtain them.

The business-led transparency cycle is likely generalizable to other policy issues as well. For example, the adoption of social media platform transparency laws after the leak of Frances Haugen's Facebook Files varied between the US and the EU and followed the theorized expectations. Existing EU platform privacy and data sharing regulations prior to the Facebook Files constitute pre-existing broadening of its members' information collection rules, with the disclosures galvanizing CSOs into creating a formal coalition to advocate for platform transparency. In contrast, the relatively limited US regulatory regime has undermined CSO's efforts to create a formal coalition to advocate for platform transparency, despite legislative proposals and several Congressional hearings on the issue.[15] Therefore, the theory would expect EU success and US failure despite high salience and a window of opportunity in both contexts. EU policy change did occur in April 2022: members reached an agreement on the Digital Services Act including several transparency obligations for social media companies. Platforms like YouTube and TikTok[16] announced increased transparency measures responding to this policy

[15] A Senate Judiciary Committee hearing in May 2022 represents the most recent Congressional efforts.
[16] YouTube research. TikTok research.

change in July 2022 by providing structured access to platform data for academic researchers. In contrast, US policy efforts have stalled after the proposal of several platform transparency bills.

This cycle can also be transposed to other levels of analysis to assess its external validity. Broadening regulatory regimes in a subnational unit can produce firm and industry-level cost absorption that shifts business support and resources to a coalition pushing for national corporate transparency policies (Meckling and Trachtman 2021). After the 2020 US BOT law passed, the US's largest corporate service provider Corporation Services Company (based in Delaware) now actively supports further extending and strengthening the US BOT law, presumably to undermine competitors in states like Nevada and Wyoming.[17] They know federal legislation levels the playing field across states and that competitor companies in secrecy-providing states will be more negatively impacted by greater transparency, whereas they can absorb its costs through processing a higher volume of corporate formations.

However, this paper does not address other stages of the policy process. Increasingly studies find that transparency laws without meaningful implementation and enforcement fail at producing accountability for the targeted actors (Sharman 2017; Collin, Hollenbach, and Szakonyi 2022; Honig, Lall, and Parks 2022). With the high risk for "openwashing" (Heimstädt 2017), it remains unclear why some transparency policies have successful implementation and enforcement from the start while others falter. Business support for policy change may be one factor increasing the likelihood of successful implementation.

[17] Corporation Services Company comment.

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