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Taylor & Francis Group

Review of International Political Economy

ISSN: (Print) (Online) Journal homepage: www.tandfonline.com/journals/rrip20

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To cite this article: Elizabeth Meehan (14 Feb 2024): The political origins of corporate transparency: forging strange coalitions through information rules and policy entrepreneurship, Review of International Political Economy, DOI: 10.1080/09692290.2024.2316077

To link to this article: https://doi.org/10.1080/09692290.2024.2316077

REVIEW OF INTERNATIONAL POLITICAL ECONOMY
https://doi.org/10.1080/09692290.2024.2316077

The political origins of corporate transparency: forging strange coalitions through information rules and policy entrepreneurship

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ABSTRACT

When does business support corporate transparency laws, and how do they succeed despite opposition from other powerful business groups? Existing research converges on a common causal pathway: Crises increase public issue salience and open windows of opportunity for policy entrepreneurs to pressure politicians into adopting transparency laws. Examining the case of beneficial ownership transparency (BOT) laws, I theorize an alternative causal pathway where past policy decisions mandating information collection by certain industries produce inter-industry divergence in their policy preferences and undermine opposition business lobbying. Civil society groups can then engage in policy entrepreneurship to integrate supportive regulated industries into new coalitions. Large, organizationally diverse 'strange coalitions' increase political pressure on policymakers, 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 this causal pathway. I combine primary and secondary source documentation with 44 semi-structured interviews to trace failed and successful attempts to adopt BOT laws during the 2010s and early 2020s. I center endogenous feedback processes as a primary cause of transparency, provide further evidence of when firms prefer stronger regulation, and highlight the continued importance of domestic interests in transnational policy issues.

KEYWORDS

Transparency; regulation; business power; lobbying; case studies

Introduction

Corporate transparency laws have proliferated worldwide over the last three decades. Politicians, activists, and citizens alike seek access to information about labor violations, carbon emissions, data breaches, and many other issues to hold corporate actors accountable. Existing research expects firms and industry groups alike to lobby against corporate transparency laws that would expose their unsavory

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Supplemental data for this article can be accessed online at https://doi.org/10.1080/09692290.2024.2316077

activities and produce significant material and/or reputational costs (Atikcan & Chalmers, 2019; Kinderman, 2020). Yet some business groups not only support corporate transparency laws, but also actively pressure governments for their adoption. Why do some industry groups support corporate transparency laws, and how do they secure their adoption over the opposition of other powerful business groups?

Political scientists have theorized the causes of transparency laws across American politics (Fung et al., 2007), comparative politics (Berliner, 2014), and international relations (Hakelberg, 2020; Seabrooke & Wigan, 2016), converging around a similar causal pathway. Transparency laws require a crisis such as an economic recession, natural disaster, or information leak to increase public issue salience that opens a window for policy entrepreneurs to successfully pressure politicians to adopt legislation (Kalyanpur & Newman, 2019; Kastner, 2014; Montalbano, 2020). The crisis functions as an exogenous shock that increases the influence of civil society groups over business in both domestic and transnational settings and leads to policy change shortly after the shock. However, these explanations assume that high public issue salience is necessary to overcome business opposition (Culpepper, 2021) when stronger economic regulations like disclosure laws are often adopted well after the public's attention has faded (Moschella & Tsingou, 2013).

I theorize an alternate causal pathway for the passage of corporate transparency laws building from theories of economic regulation and business power. This pathway begins when governments require firms to collect certain information as a politically viable solution to a policy problem unrelated to the goal of greater transparency. Previous policy decisions by governments to mandate information collection by certain industries produce inter-industry divisions in their transparency preferences (Newman, 2010). Industries that must collect information prefer corporate transparency laws that increase their access to information to decrease costs or to impose costs onto rivals (Gjølberg, 2011; Kennard, 2020; Perlman, 2020). This preference shift allows civil society groups to build relationships with pro-transparency industry groups to expand the size and diversity of their advocacy coalition (Kastner, 2017). Cross-sectoral coalitions weaken the power of opposing industry groups since politicians are more responsive to large, heterogenous 'strange coalitions' of usually-opposing groups (Atikcan & Chalmers, 2019; Dwidar, 2022), leading to the adoption of corporate transparency laws.

To assess this causal pathway, I examine the adoption of beneficial ownership transparency (BOT) laws in advanced industrial democracies as 'most similar, least likely' cases for change. BOT laws require the disclosure of the real person(s) who owns a corporate entity to a government register—effectively banning anonymous shell companies that facilitate money laundering, tax evasion, and other financial crimes (Findley et al., 2014). BOT is a low public salience issue where current theories expect no legislative change, and these laws target powerful financial, accounting, and real estate industry groups that frequently succeed at opposing new regulation (Kalaitzake, 2019; Pagliari & Young, 2014). I conduct four case studies of the United Kingdom, United States, Canada, and Australia, combining primary and secondary source data and 44 semi-structured interviews to compare within-country and across-country attempts to pass BOT laws since 2008. I show that industry group support for BOT laws largely arose after governments expanded their country's anti-money laundering (AML) regime to require information collection by additional industries and/or corporate activities, leading to inter-industry

preference divisions. These countries then passed BOT laws only after the government had both broadened its AML information collection regime and civil society groups formed cross-sectoral coalitions with pro-transparency regulated industry groups to secure politicians' support.

This paper makes several contributions to both the comparative and international political economy literature. I theorize an alternate explanation for the adoption of stronger economic regulations that is primarily endogenously rather than exogenously driven by shocks from the effects of globalization (Farrell & Newman, 2016). Divisions in industry preferences from past regulation (Atikcan & Chalmers, 2019; Kennard, 2020) remain a key causal factor in explaining why business loses some policy battles. Similarly, I demonstrate limits to the structural power of financial actors (Macartney et al., 2020) and counter claims that business power declines only with high issue salience (Kalyanpur & Newman, 2019; Kastner, 2018). Public information regulation bolsters the future institutionalization of transparency laws and other corporate social responsibility initiatives. Such laws often go against the preferences of transnational real estate, accounting, and alternative investment industries that increasingly attempt to influence domestic and international policymaking (Christensen & Seabrooke, 2022; Kalaitzake, 2019). Understanding the conditions under which these 'new' transnational financial actors have domestic policy influence compared to the traditional IPE focus on international organizations (IOs) and banks (O'Connell & Elliott, 2023) can clarify which actors have structural versus instrumental power within the global economy.

I also provide an explanation for the adoption of an AML reform in several countries that facilitate a substantial amount of global illicit financial flows. Existing theories centered on coercion by the United States (Emmenegger, 2017; Hakelberg, 2015) or by international organizations (Morse, 2022), as well as on competition for prestige and influence among transnational policy communities (Christensen, 2021) illustrate how international diffusion mechanisms force legal changes in small, developing countries. The striking absence of the main policy diffusion mechanisms of learning, emulation, coercion, and competition in domestic policy debates around BOT is noteworthy given the fundamentally transnational nature of both global anti-money laundering and tax transparency policymaking. Politicians responding to domestic political incentives can still override diffusion pressures (Hakelberg, 2020) and limit transnational political opportunities from rule overlap (Farrell & Newman, 2016).

Causes of transparency

Explanations for the causes of transparency laws across political science converge on abrupt change resulting from a crisis, defined as a major event believed to be exogenous to normal political processes. This crisis raises public salience about an issue and opens a window for policy entrepreneurs to successfully pressure policymakers to adopt corporate transparency laws, regardless of whether transparency is the appropriate solution to the underlying problem(s). This common causal pathway recurs across research on tax transparency, government transparency, and disclosure policies that target firms. However, this explanation overstates the causal necessity of crises while neglecting the importance of long-term preference shifts and lobbying by key domestic interest groups.

International political economy research on tax transparency describes events like the global financial crisis and tax document leaks as exogenous shocks. These events increased public issue salience of tax evasion and avoidance by corporations and wealthy individuals alike, providing an opportunity for governments to adopt an array of tax transparency laws (Christensen & Seabrooke, 2022; Eccleston & Woodward, 2014; Emmenegger, 2017; Hakelberg, 2020; Rixen, 2013; Seabrooke & Wigan, 2016). Similarly, the adoption of anti-corruption reforms by rich countries required scandals to produce media coverage, public salience, and political pressure (Sharman, 2017). Yet unlike heightened public outrage around alleged tax crimes, both awareness and indignation about anonymous companies remained low even after a series of global information leaks during the 2010s, particularly the 2016 Panama Papers. Few durable grassroots social movements developed around ending corporate tax avoidance in response to the leaks (Vaughan, 2019). The causal links between media coverage, public pressure, and politicians' responsiveness causing tax transparency laws requires greater scrutiny.

Macro-level explanations for government transparency policies at the national and international level (Porumbescu et al., 2022) also point to financial and political crises as a primary cause. Major economic downturns cause crises that lead to questioning of financial system opacity and calls to increase banking transparency (Arapis & Reitano, 2018; Stiglitz, 2002). Countries plagued by corruption scandals increase the public salience of transparency as a key anti-corruption reform (Persson et al., 2013; Schnell, 2018). Similarly, Fung et al.'s (2007) study of 15 laws mandating disclosure in the United States finds that crises like stock market crashes and toxic chemical accidents initiate most transparency reforms (p. 28). Taken together, the adoption of government and corporate transparency laws follows a similar pathway of increased public issue salience and successful policy entrepreneurship initiated by an exogenous shock. Some of these shocks, however, produced reforms within weeks, while others took nearly a decade. It is unclear how long both the public and politicians remain attentive once the initial crisis subsides, and whether it is the primary cause of transparency laws.

Exogenous shocks and business power

Related explanations from the business power literature argue that exogenous shocks enable policy change despite ongoing business opposition by raising public issue salience (Culpepper, 2011; Röeper, 2021). High salience issues increase public pressure on legislators, giving civil society groups a window of opportunity to push governments for policy changes as skilled policy entrepreneurs (Kalyanpur & Newman, 2019; Kastner, 2014, 2017, 2018). In response, business groups leverage 'quiet' politics tactics to maximize their ability to win publicly contested policy battles (Morgan & Ibsen, 2021). Governments gravitate toward solving higher-profile issues where they face likely electoral pressures around policy change. Low salience issues also attract less attention from both the public and civil society groups, allowing firms and business groups with greater resources and organizational capacity to achieve their policy preferences *via* lobbying.

But the adoption of BOT laws in countries like the United States and the United Kingdom highlights the limitations of these explanations. Powerful coalitions of

industry groups including major accounting firms (Christensen & Seabrooke, 2022; Kalaitzake, 2019), private equity groups, and global law firms lost the policy battle on a critical low salience issue. BOT laws represent a major reform within the global AML and tax transparency regimes developed over the last thirty years. Politicians and activists alike viewed BOT as a political 'third rail' at the height of the global financial crisis in 2009 and maintained that passing BOT laws would be politically impossible (Interview 29, 41). This perceived lack of political opportunity combined with structurally powerful industry groups engaging in 'quiet politics' lobbying should be an instance where existing theory fits well: An exogenous shock like the Panama Papers is necessary to dampen business power, to increase civil society entrepreneurs' influence, and to produce legislative change. I suggest that existing explanations overstate the causal effect of exogenous shocks and underestimate long-term processes that shift the composition of the underlying coalition of interest groups that support corporate transparency laws like BOT. The causal process theorized below offers an alternative explanation where domestic information collection rules and the building of cross-sectoral coalitions by civil society groups are jointly sufficient causes (Verghese, 2023).

The role of information collection rules and policy entrepreneurship

My theory relies on several propositions drawn from the transparency, regulatory, and business power literatures. First, firms often have incentives *not* to collect or share information when it would be materially or reputationally costly to them. Second, politicians can adopt information collection rules since mandated disclosures offer a straightforward solution acceptable to both left and right-leaning politicians for its light-touch regulatory approach while also shining a light on bad corporate behavior (Ben-Shahar & Schneider, 2014). Third, information collection rules divide business group preferences because they impose costs onto some industries but not others (Stigler, 1971). I elaborate on each of these propositions in turn.

Firms have incentives not to collect or disseminate information

This alternative causal pathway starts when governments require industries to collect information they had not been gathering previously. Information collection by necessity precedes sharing; actors cannot exchange information that they do not have. Research examining the causes and consequences of transparency frequently collapses information collection and sharing together (Fox, 2007). In practice, these two steps often occur separately and underscore the differences in how transparency imposes costs on business. The information economics literature on transaction costs emphasizes the high fixed start-up costs of information collection for firms. These costs include 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 (Hollyer et al., 2018, pp. 40–42). Mandated information collection also imposes concentrated costs on firms but diffuse benefits for society, so firms do not want to bear the costs of information collection for uncertain societal benefits (Fung et al., 2007). Therefore, if firms do

not have a compelling business reason to collect additional information that justifies these costs, they will not do so.

Firms avoid blame as well, and greater corporate transparency makes this more difficult since increased access to information increases outsiders' ability to attribute blame (Hood, 2007; Stiglitz, 2002, p. 488). Increasing information sharing is not the only way to produce blame avoidance behaviors; requiring information collection can generate internal pressures within firms and across an industry 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 and to avoid being blamed for them (Coglianese et al., 2004, p. 287).

Conversely, the resources required to share information are comparatively low once collected, with technological advances enabling nearly costless information sharing today (Hollyer et al., 2018, p. 172). Yet these sharing costs not only include the material resources required to distribute information, but also the potential material and reputational costs a firm may incur from sharing. This logic mirrors information economics research arguing that firms do not collect or share information they believe will negatively impact them. One reason is that firms seek to maintain information asymmetries between themselves and government or between themselves and other firms to exploit their market power (Perlman, 2020; Stiglitz, 2002, p. 470). Maintaining secrecy or hoarding data allows firms to retain and extend their competitive edge (Newman, 2010). Negative disclosures that can be attributed to specific firms may lead to lost business, legal fees, government fines, and/or increased regulatory costs (Breitinger & Bonardi, 2019). Collectively, these rationales for why firms avoid collecting information form the basis of industry-level opposition to corporate transparency laws.

Information collection as 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 more easily than other public regulation. There are at least four reasons why information collection is more politically viable. First, governments have limited resources to invest in regulatory regimes. Knowing that firms and industries often will not collect information unless they are compelled to do so, regulators outsource information collection to business *via* regulation to minimize the resources the government must spend to oversee them (Ben-Shahar & Schneider, 2014). 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 for regulators that is not necessarily made available to the public or politicians, such as tax, safety, environmental, and other information (Fung et al., 2007). Adapting existing minor regulatory changes from other policy areas presents the path of least resistance and makes it more difficult for regulators who disagree with greater information collection to oppose it.

Third, firms prefer information collection over 'harder' or more substantive regulations. When presented with the option to either collect information or to change

their way of doing business to address an underlying issue, the former is usually less costly than the latter. New information collection 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 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 the first step in developing a 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 information without having a clear notion of who will use the data or educating users about the data (Ben-Shahar & Schneider, 2014). Information collection rules thus offer governments a low-cost way to claim that they are addressing an issue while minimizing businesses and regulators' ability to resist these rules.

Information collection rules split industry preferences

Historical institutionalist research has long noted that past policy choices shape the firm preferences around information (Newman, 2010; Woll, 2008). New information collection rules force firms in regulated industries to absorb the costs of developing, implementing, and maintaining new information systems (Atikcan & Chalmers, 2019; Kennard, 2020; Meckling & Trachtman, 2021; Perlman, 2020; Van den Broek, 2021). Firms in regulated industries seek to reduce duplicate information collection and the amount of resources used to verify and validate that information as part of their new compliance obligations. These firms also seek to minimize the number of customers seeking substitutes for their services from a combination of higher costs and/or greater scrutiny over customers' actions (Stigler, 1971). Business politics research over the last decade consistently finds that business actors that have already absorbed the cost of corporate social responsibility regulations seek stronger rules to level the playing field and to harmonize rules across contexts (Gjølberg, 2011; Van den Broek, 2021). Thus, regulated industries support the passage of corporate transparency laws, whereas unregulated industries remain opposed to them.

From industry support to law adoption

While some industry groups have incentives to support corporate transparency laws, this support does not necessarily translate into lobbying governments for their adoption. When faced with proposed legislation, they 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 ensure that they can obtain the benefits of greater information sharing, though some may passively support greater transparency and rely on the lobbying of others to achieve their preferences. In contrast, unregulated industries remain opposed and will actively lobby to avoid information collection and sharing costs. Still, this new preference division among

industry groups presents an opportunity that civil society groups can leverage as policy entrepreneurs.

Civil society groups act as policy entrepreneurs to create 'strange coalitions'

Civil society groups seek the adoption of corporate transparency laws and to expand membership in their supporting coalition to achieve this goal. Therefore, they engage in activities associated with policy entrepreneurship by investing their time, personnel, and resources over an extended period to achieve their policy preferences (Kastner, 2017; Sell & Prakash, 2004). They collect data and produce reports to support their policy positions, conduct issue education outreach to allies, seek funding to support long-term campaigning, and leverage political opportunities to achieve their objectives. They also seek to bring new members into their coalition, including interest groups that they rarely work with or usually oppose them. In countries where governments have expanded information collection rules, civil society groups recognize that regulated industries should support corporate transparency laws to lower their costs or to impose costs onto competitors. They seek out regulated industry groups to become coalition members, particularly those with the resources to become active supporters. Would-be coalition members—including business groups—are often waiting for someone else to take the lead on a policy issue or are free riding off others' efforts until it becomes clear they can win (Emmenegger, 2021, p. 618). Civil society groups are thus more likely to and better positioned than business groups to take on this entrepreneurial role.

Sustaining this coalition is possible because industry groups and civil society groups obtain complementary benefits from one another. Industry interest groups secure reputational cover for supporting public interest causes like transparency laws in tandem with civil society groups rather than facing accusations of nakedly pursuing their self-interest (Kastner, 2017). These industry groups can free ride on the policy leadership of civil society groups to ensure that the issue remains on the active policy agenda (Emmenegger, 2021). On the other hand, civil society groups gain additional lobbying resources, such as access to policymakers who otherwise would not engage with them or additional personnel to work on the policy campaign, that they would not have by partnering with business groups. Together they attract the attention of policymakers who may otherwise ignore the issue since 'strange coalitions' remain relatively rare in politics (McNamara, 2023; Pagliari & Young, 2016).

Governments adopt laws supported by large, heterogenous coalitions

Strange coalitions of interest groups representing different sectors are politically powerful: Governments are more likely to adopt laws supported by large, organizationally diverse coalitions (Atikcan & Chalmers, 2019; Dwidar, 2022). Coalition size matters because larger coalitions suggest corporate transparency laws are popular, 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 aspects allow policymakers to claim credit for adopting best practices and for supporting a popular policy. Large, heterogenous coalitions also make it easier for

political entrepreneurs in the legislature to increase issue salience among their fellow legislators. Given many other competing policy priorities, these political entrepreneurs rely on entrepreneurial civil society groups to do much of this coalition-building work for them among both interest groups and other policymakers.

Furthermore, would-be political entrepreneurs recognize that there are some types of outreach and tactics that interest groups can pursue when legislators themselves cannot. Politicians may run into issues related to party seniority or committee assignments that limit them from taking more aggressive approaches, such as publicizing the opposition of a fellow party member to pressure them into supporting a corporate transparency law. Having a large, heterogenous coalition that can engage in tactics with potentially negative political consequences facilitates political entrepreneurs' ability to secure legislative support. Conversely, interest groups know that entrepreneurial politicians have tactics available to them that they do not, such as vote trading or personal connections to obtain support for legislation. But political entrepreneurs often cannot use these tactics until it becomes evident that there is widespread interest group support for adopting a corporate transparency law—which the large, diverse interest group coalition provides. Collectively, large, cross-sectoral coalitions increase the efficacy of policy entrepreneurs in securing the political support necessary to pass corporate transparency laws (Dwidar, 2022).

Importantly, politicians do not have to adopt information collection rules with the intent to build cross-sectoral support for corporate transparency laws over the medium to long-term. Fung, Graham, and Weil's research argues that transparency laws were adopted 'usually without any awareness by their creators that they were participating in a more general innovation in governance' (Fung et al. 2007, p. 5). This lack of strategic forward thinking applies to information collection rules as well. Information collection offers a straightforward solution with few downsides for policymakers and presents a better alternative for industries than full public regulation. Table 1 provides a summary of the main outcomes, conditions, and causal mechanisms.

Table 1. Endogenous causal pathway for the adoption of corporate transparency laws.

Outcomes	Conditions	Causal Mechanisms
Business corporate transparency preferences	Information collection rules	• Industry associations and related interest groups attribute their support for corporate transparency laws to lowering regulatory costs or to imposing costs onto their rivals. • These actors are willing to lobby for hard law to level the playing field.
Corporate transparency law adoption	Business corporate transparency preferences Civil society group policy entrepreneurship	• Civil society groups act as policy entrepreneurs by allying with aligned industry actors to expand the supporting coalition. The groups act as policy entrepreneurs rather than regulated firms and industry associations. • Civil society and aligned industry groups exchange information and coordinate strategy through an advocacy coalition, such as contacting legislators, developing messaging and framing strategies, and related activities. • Increasing the size and organizational diversity of the supporting coalition is the primary reason why politicians support and pass corporate transparency laws.

Methods and data

To evaluate the proposed causal pathway, I conduct process tracing of 'most similar, least likely' cases of BOT law adoption in the United Kingdom, the United States, Canada, and Australia (Mahoney & Thelen, 2015; Trampusch & Palier, 2016). These four cases allow careful examination of within-case sequencing of events while validating both the sequence and mechanisms for the universe of advanced industrial democracies. 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), while in Australia one condition and the outcome are absent to provide further support for the theory. All four countries are also the 'least likely' cases for policy change with major institutional frictions, low public issue salience, and opposing coalitions of structurally powerful industry groups. In sum, examining these cases provides a stronger test of the causal mechanisms with parallel demonstrations of the proposed sequence to improve internal validity (see Supplemental Appendix for additional cases considered).

I combine data from a variety of sources to evaluate the BOT policymaking process. These data include media reporting; government and interest group reports; legislative testimony; lobbying disclosures; public consultation comments; and 44 semi-structured virtual interviews (see Supplemental Appendix). For each event in the sequence, I review the available evidence to assess the likelihood of the proposed mechanisms compared to plausible alternatives, and whether the event produced the expected observable implications if it is the primary mechanism. For example, if the cost absorption mechanism is present and operating as expected, 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 their increased costs or wanting to impose costs on competitors. Likewise, if cross-sectoral policy entrepreneurship is present, I should observe activities such as increased lobbying from the new civil society-regulated industry and the coordination of lobbying strategies with one another.

For each case study, I am mindful of issues related to missing data in process tracing (Gonzalez-Ocantos & 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, nearly all data collection for this study was conducted remotely through online database searches and virtual interviews due to the coronavirus pandemic. 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 and competing data sources.

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 researcher (Glas, 2021). I also triangulate actors' activities, motivations, and beliefs through multiple data sources and from different categories of interview respondents to better assess my theory (Natow, 2020). I primarily rely on actors situated in different institutions corroborating the same factors and sequences as critically important to adopting BOT laws in their

Table 2. Variation in causal conditions and BOT outcomes across cases.

Cases	Condition 1 *Broad Information Collection Rules*	Condition 2 *Policy Entrepreneur Civil Society Groups*	Outcome *BOT Adoption*
United Kingdom	No → Yes (2002, 2007)	No → Yes (2012)	Yes (2015)
United States	No → Yes (2016)	No → Yes (2011)	Yes (2020)
Canada	No → (2014, 2020)	No → Yes (2017)	Yes (2023)
Australia	No → Yes (2006, 2014)	No	No

country. For instance, if a business lobbyist and a political staffer concurred about the role of a civil society group in building the coalition, then I can be more confident that this specific group's actions contributed to the outcome.

Case studies

In the following section, I outline evidence supporting the theorized causal pathway in the United Kingdom, the United States, and Canada for the adoption of BOT laws. Each case provides relevant policy context around anti-money laundering (AML) reforms from 2001 to 2023. Table 2 summarizes the within and across-case variation in the key conditions; additional details about the distribution of key interest group preferences across cases are provided in the Supplemental Appendix.

United Kingdom

The United Kingdom broadened its AML regime after 9/11 with a series of domestic laws and parallel EU directives transposed into UK law. One key provision required AML due diligence by mandating that corporate formation agents, trust providers, high value good dealers, lawyers, accountants, and estate agents collect information to identify the ultimate beneficial owner(s) among their customers. The 9/11 attacks provided a strong national security justification for broader AML reforms and allowed the government to claim they were fighting money laundering and terrorist financing. By putting the burden of client information collection onto private sector actors, this approach also conserved government resources to focus on reviewing suspicious activities submitted by firms in regulated industries.

AML compliance costs grew considerably for newly regulated industries. Even with a risk-based approach, costs increased 'by 60% since the introduction of the FSA AML regulations' (Ryder, 2008, p. 641), with smaller regulated entities struggling the most (Nakajima, 2006, p. 127; Ryder, 2008, p. 643). Many regulated industries relied on expensive third-party services provided by compliance and due diligence firms to meet regulatory deadlines (Verhage, 2011). These costs increased again with the transposition of the EU's AMLD3 in 2007. Regulatory costs for private banks increased by around 50 to 100% over the previous five years (Simpson, 2009), with most of those costs attributed to ongoing client monitoring (Katkov, 2011). Growing compliance costs highlighted the benefits of the government adopting a BOT law that would provide greater access to beneficial ownership information to reduce duplication and streamline client review processes for regulated industries.

Parallel to these reforms, several UK-based civil society groups like the Tax Justice Network, Global Witness, and Transparency International-UK began organizing a coalition to advocate for international tax transparency reforms in the late 2000s. Conversations with transnational policymakers led these groups to believe that working through international organizations like the Financial Action Task Force to secure strong global BOT standards were unlikely to be successful (Interview 29, 30, 37, 41). Therefore, UK-based civil society groups focused on a domestic policy opportunity around the Starbucks and Amazon corporate tax scandals and launched a UK BOT campaign in late 2012. This coalition first expanded their membership to include usual civil society allies like Oxfam, Christian Aid, and the ONE Campaign and released 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-specific 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 to minimize risk and reputational issues.

Most importantly, this civil society coalition recognized that they could work with regulated industry groups that would benefit from BOT laws. They courted quiet private support from the banking and real estate industries because it would lower the costs and reputational pressures associated with customer due diligence rules (Interview 22, 28, 30, 37, 41). They also secured the neutrality and eventual support of major industry groups like the Confederation of British Industry, the Institute of Directors, and the British Chambers of Commerce to signal broad-based business support for BOT. Lastly, the civil society coalition obtained support from the UK Treasury, business minister Vince Cable, and law enforcement departments who went against civil servants in the business ministry who opposed BOT (Interview 29, 41). Civil society coalition members were in regular contact with industry groups throughout much of their campaign and collaborated on their lobbying strategies where possible.

Recognizing the power of a large, broad pro-transparency coalition and looking for cheap foreign policy initiatives in the age of post-financial crisis austerity (Interview 24, 29, 37), Prime Minister David Cameron announced the UK's commitment to implementing a BOT register at Davos in January 2013. Cameron stressed the cross-sectoral nature of this coalition in his Davos speech: 'It's not just those in the NGOs who've been lobbying my government on these issues, it's those in the high rises in the City of London: bankers, lawyers, [and] senior figures in finance' asking for a BOT law to level the playing field. Labour MP Margaret Hodge and Conservative MP Andrew Mitchell took the lead in Parliament to persuade MPs across both parties to support the Prime Minister's initiative (Interview 20). Cameron then recommitted to a law with a public BOT register at the June 2013 G8 summit.

Public consultations, private working group meetings, and public hearings proceeded from July 2013 through October 2014. Several law and alternative investment associations actively opposed BOT during these consultations and were successful at exempting some types of corporate forms from reporting requirements. Yet key UK banking, real estate, and legal groups quietly supported the government's proposal (see Supplemental Appendix Table 4). They

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 wider 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 adoption in March 2015.

United States

Although policymakers attempted to expand the US AML regime through the PATRIOT Act after 9/11, its coverage remained limited through the mid-2010s. Congressmembers attempted to leverage the attacks to justify additional information collection to combat terrorist financing. While banks and other financial institutions were included in the final rules, rulemakings to include industries like investment companies, lawyers, and real estate agents under the AML regime were eventually dropped after industry pushback from 2002 to 2005. Michigan Democratic Senator Carl Levin and his staff on the Permanent Subcommittee on Investigations continued to investigate money laundering and argue for the expansion of AML information collection rules in a series of hearings from the mid-2000s to the mid-2010s but were ultimately unsuccessful.

For industries that did not secure exemptions to the PATRIOT Act, their costs to develop and implement an AML program increased substantially. The American Bankers' Association reported in 2003 that AML obligations were their most expensive compliance cost (Tsingou, 2005). Many banks had to build or buy customer identification and monitoring systems and train staff to implement the new rules; as a result, 'in North America, [AML] spending has increased by 70% or more' (Investment Executive, 2007). Similar outcomes occurred in the money services business, mutual fund, and insurance industries that fell under the PATRIOT Act rules and sought services from the rapidly growing AML compliance industry (Verhage, 2011). Together these regulated industries absorbed an increasing financial burden from AML compliance and began to seek solutions to reduce their costs.

The first attempt to reduce this burden came in May 2008 when Senator Levin first proposed the Incorporation Transparency and Law Enforcement Assistance Act, with New York Representative Carolyn Maloney proposing a corresponding House bill in every following Congressional session. Neither bill made it out of committee until 2017. Parallel to these efforts, the Uniform Law Commission (ULC) (a national nonprofit lawyers' association that develops proposals for standardized US state laws) advanced a state-level model BOT law in the late 2000s. However, Senator Levin rejected the ULC's proposed law for not requiring central, public registries of beneficial owners. The ULC's model law 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 (Interview 10, 16). A different proposal during the Obama administration for collecting beneficial ownership information through the IRS rather than the Treasury went nowhere among legislators and civil society advocates either (Interview 2, 11, 16, 26).

While policymakers struggled, corruption and tax-focused civil society groups like US PIRG and Global Financial Integrity had been working on these issues separately and had made little headway on gaining broad political support for BOT. The founding of the Financial Accountability and Corporate Transparency (FACT) Coalition in 2011 to coordinate these groups' corporate and tax transparency advocacy galvanized an initial civil society coalition. FACT slowly added law enforcement, religious, environmental, and union groups after educating them about the connections between their issue areas and the role of anonymous companies. Nevertheless, FACT did not pursue partnerships with banking industry groups before 2016 because 'they were the longest, hardest shot' (Interview 15, 17), highlighting the absence of a perceived institutional opportunity to incorporate these groups into a 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 proposed in March 2012 that would require them to collect beneficial ownership information for new client accounts, whereas large banks voiced lukewarm public opposition (Interview 3). After the 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 information collection obligations in the CDD rule. The Bank Policy Institute began actively lobbying in tandem with the FACT Coalition from late summer 2016 onward.

Similarly, support from residential real estate and title insurer groups only arose after the announcement of the January 2016 geographic targeting order (GTO) rules. The GTOs required collecting beneficial ownership information for certain all-cash residential real estate purchases in specific US counties, with a similar need to increase the real estate industry's access to information to lower compliance costs. Members of the American Land Title Association (ALTA) thought the GTOs would be basically useless at preventing real estate money laundering *via* shell companies (Solomont, 2016). Yet less than 18 months later, ALTA accepted that the GTOs were likely to be expanded and become permanent, so they began to publicly support a US BOT law in 2018 (Interview 17). 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 were not required to comply with any AML rules.

This growing cross-sectoral coalition weakened the opposing business coalition and accumulated greater policy influence during the Trump administration. The US Chamber of Commerce shifted from active opposition to neutrality after being pressured by one of its key members, the Bank Policy Institute (Interview 2, 3, 5, 32). The Senators and Secretary of State from Delaware, primarily representing the interests of corporate service providers in the state, also shifted from opposition to neutrality to active support over 2016 to 2019 (Interview 2, 3, 11, 21, 38). In summer 2018, the coalition prevented a broader AML reform bill from coming out of the committee when a committee member removed the proposed BOT law, signaling their growing lobbying strength (Interview 17, 18, 38). Industry groups in law, accounting, and private equity that had successfully exempted themselves from the post-9/11 AML reforms and avoided rules to collect beneficial ownership information continued to lobby against the BOT law. Yet with public support from industry groups that had vocally opposed BOT just a few years prior in tandem with civil society groups, passing a law became increasingly likely.

Additional cross-sectoral support from interest groups rarely aligned with one another in US politics, such as the National Fraternal Order of Police and Friends of the Earth, bolstered its prospects among both Republicans and Democrats. Senators Tom Cotton and Marco Rubio endorsed BOT for its national security implications and because the business community was onboard, becoming key co-sponsors on later versions of the bill (Interview 1, 2, 3, 9, 32). Treasury Secretary Steve Mnuchin supported a BOT law and made several favorable public statements (Interview 17, 18, 21, 32). Although the FACT 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 law. Instead, the cross-sectoral coalition proposed including BOT in a wider 2019 AML reform bill and then as part of the annual must-pass national defense spending bill in 2020 (Interview 1, 17, 35). These two moves solidified BOT's link to national security issues, giving legislators additional political cover to pass a law. The Corporate Transparency Act became law on January 1, 2021, after Congress overrode President Trump's veto of the defense spending bill.

Canada

The Canadian AML regime also developed out of a response to 9/11 by expanding to incorporate terrorist financing. Over 2002 and 2003, new laws required domestic and foreign banks, credit unions, life insurance companies, trust and loan companies, securities and investment counselors, and money services businesses to develop systems to start AML information collection. Compliance costs immediately became an issue: The Canadian Bankers' Association argued in a written House Committee submission that the costs of the new financial intelligence unit and the cost to implement compliance systems outweighed the benefits of the few money launderers that it would catch (Beare & Schneider, 2007, p. 73). Schneider (2006) also noted the emergent AML compliance industry in Canada and the growth in the number of firms in the space and the types of services they provide, which would not exist without the new rules. However, the Federation of Law Societies of Canada initiated a legal challenge to their inclusion under the AML regime in 2002; lawyers were not required to comply with AML rules during this challenge. While the Canadian Supreme Court ruled in 2015 that lawyers were exempt from the Canadian AML regime, further revisions to Canadian AML laws in July 2014 extended the AML information collection rules further to include accountants, virtual currency dealers, and several other professions.

Like the relatively broad AML regime in the UK, Canadian regulated industries had incentives to support the sharing of beneficial ownership data through a BOT law. Yet policymakers signaled little political interest in pursuing BOT at either the provincial or the federal level. The Department of Finance included BOT as a suggested policy measure in a November 2011 report, and testimony from the now-defunct civil society group Halifax Initiative before the Standing Committee on Finance in February 2013 argued in favor of BOT. A separate coalition advocating for transparency in the extractives sector did try to leverage their 2014 legislative win to secure the inclusion of a broader BOT commitment in Canada's Open Government Partnership (OGP) National Action plans. Despite some support

for BOT from a coalition of anti-corruption, natural resources, and tax justice groups, the government ultimately did not include a commitment to BOT in its 2012–2014, 2014–2016, or 2016–2018 OGP plans. Without more focused entrepreneurial efforts from civil society groups or active consideration of BOT by the federal government, regulated industry groups did not actively lobby on the issue.

The 2016 Panama Papers revelations did alter civil society groups' perception of the possibility to organize around BOT as a standalone issue and to coordinate their efforts into creating a coalition or campaign (Interview 28). The start of the #endsnowwashing coalition, composed 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 campaign funding from the Open Society Foundation in fall 2017. 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 making the case for BOT. They quickly gathered a coalition of labor, natural resource, environmental, investment industry, money service businesses, and some real estate and legal profession groups as part of their cross-sectoral coalition.

Within a short period, other industry groups saw BOT's prospects shift to when the law would pass due to this vocal cross-sectoral support at the provincial and federal level (Interview 28, 31). Bill-C86 passed in December 2018 that 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. #endsnowwashing encouraged its civil society and industry group members to submit supportive comments to these consultations, and both Quebec and British Columbia decided to proceed with their own provincial-level registers. Additionally, the 2019 Cullen Commission inquiry into money laundering in British Columbia underscored how a lack of BOT facilitated money laundering through casinos and real estate in the province and to national politicians.

The final advocacy push came from another extension of AML due diligence requirements to casinos, real estate agents, accountants, and a few other professions that went into effect in June 2021. For instance, the Canadian Real Estate Association shifted from opposing BOT during the government's 2018 AML consultation to supporting it during the 2020 BOT-specific consultation 'given the proposed changes to the PCMLTFA Regulations…which would require REALTORS® to obtain beneficial ownership information, the existence of such a registry would be a critical prerequisite to allowing REALTORS® to fulfill such an obligation' (2020, p. 1). These successive rule changes increased the number of industries who would benefit from greater information dissemination and who joined #endsnowwashing's campaign for a BOT law (see Supplemental Appendix Tables 5.1 and 5.2).

Still, like in the UK, Canadian business department bureaucrats continued to resist calls for BOT, in contrast to support from finance bureaucrats and from some high-net worth families in Canada (Interview 28, 31, 42). Business bureaucrats 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 this resistance. Prime Minister Justin Trudeau included BOT as a policy commitment in Canada's 2021 budget to further insulate the proposal from

opposition from the business department. The government accelerated its initial commitment to adopting a BOT register by 2025 to 2023 after the Russian invasion of Ukraine, with the bill passing the Senate and receiving Royal Assent in November 2023 after repeated strong endorsements from the #endsnowwashing coalition and allies through summer and fall 2023.

Australia as the negative case and alternative explanations

The first part of this section reviews the Australian case to illustrate the absence of the outcome when the necessary condition(s) are absent. The comparatively narrow information collection rules and the lack of dedicated civil society campaigning and cross-sectoral coalition building has hindered the adoption of a BOT law in Australia. The second part of this section addresses four alternatives and why they offer incomplete explanations for the outcomes in these cases. I contend that the exogenous shocks created by leaks like the Panama Papers did not make adopting BOT laws more likely through increasing public issue salience, producing favorable conditions for domestic or transnational experts to advance their ideas, or overcoming domestic opposition from right-leaning politicians or through subnational arbitrage.

Australia

Like the UK, US, and Canada, Australian policymakers initiated reforms to their AML regime in response to 9/11 and to conform with international standards set by the FATF (Goldbarscht, 2017; Ross & Hannan, 2007). The Australian government passed what they called 'Tranche I' AML reforms that in part mandated information collection by the financial industry, bullion dealers, and the gambling sector, as well as legal sector actors who provided certain types of financial services in December 2006. But in August 2008, the government adopted a revised AML rule that exempted legal practitioners from these obligations, which was confirmed and extended in November 2009. After this minor retrenchment, the financial crime ministry AUSTRAC conducted a follow-up consultation in 2013 with final amendments published in June 2014 that required Tranche I industries to identify and verify not just their customers, but any beneficial owners of a customer. Ultimately fewer Australian industries had to absorb the high costs of new AML information collection rules by the mid-2010s.

The Australian government then tried to extend their AML regime to additional 'Tranche II' industries first in the late 2000s. Civil society groups pushed the government to enact 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 corporate secrecy and money laundering, the government leveraged the crisis to avoid further reforms. The next substantive reference to 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. Thus, the smaller number of industries and activities falling under AML regulations limited inter-industry preference divisions with regulated industries favoring a corporate transparency law.

The Panama Papers briefly drew policymaker attention to BOT in April 2016, with Prime Minister Malcolm Turnbull promising to create a public BOT register in the coming years. The Treasury published a consultation about increasing beneficial ownership in February 2017. But resistance both within and outside of government remained high and produced inconsistent policy commitments. In May 2017, the head of the Australian Tax Office suggested that a BOT register would be a waste of government time and resources during Senate hearings. Yet in December 2017, the government recommitted to its promise of passing a law to create a BOT register. After the election of Prime Minister Scott Morrison in August 2018, he likely ignored the previous government's commitment: The Treasury said they had never committed to a register in February 2019 despite holding a consultation two years prior and public promises to the contrary. After a pause for the coronavirus pandemic, media reporting in spring 2021 suggested that both the Morrison government and Treasury department were not open to BOT register, with prominent Liberal Senator Jane Hume reportedly refusing to back the register.

This ongoing political opposition is somewhat surprising since Australia has several civil society groups engaged with the government on tax transparency and anti-corruption issues. However, they conducted little research, outreach, or advocacy around BOT specifically until early 2018, well after the Panama Papers. The two main civil society groups in this space—Transparency International (TI)-Australia and Publish What You Pay (PWYP) Australia—have not created a formal coalition or campaign to pressure the government for a BOT law despite their existing cross-sectoral membership. PWYP Australia represents faith, environmental, and human rights groups, which allows them to both demonstrate broad support for an issue and to draw on different skills, expertise, and voices when needed with policymakers. TI-Australia has a corporate membership program and regularly meets with financial and business partners to discuss policy issues. Between these groups, they coordinate significantly on their government relations: Information sharing, lobbying, finding friendly legislators who might become policy champions in Parliament, long-term strategizing, and so on (Interview 17). These complementary strengths should have offered powerful resources like the cross-sectoral UK, US, and Canadian interest group coalitions.

Yet due to its limited domestic AML regulations, civil society groups perceived few institutional opportunities to engage in further coalition building with industry groups that would benefit from BOT laws and generate momentum for policy change (Interviews 13, 36). They struggled with ongoing opposition from Tranche II industries, such as law, real estate, and accounting bodies that referenced regulatory costs and client privacy concerns. The Treasury initiated a second BOT consultation paper in November 2022 around developing and implementing a beneficial ownership registry as well as expanding AML requirements to Tranche II industries. A civil society coalition spearheaded by TJN Australia, TI-Australia, and PWYP Australia submitted a response, but they did not have any regulated industry groups co-sign their letter or reference support from these groups as a primary justification for why the government should adopt a BOT law. Unregulated real

estate, legal, and accounting groups again voiced their opposition in response to this consultation, with no changes in regulated industry groups' policy positions between the 2017 and 2022 consultations (see Supplemental Appendix Tables 6.1 and 6.2). The government published its final consultation response in July 2023, but it remains unclear whether they will follow through with legislation. Taken together, the limited scope of Australia's AML laws and limited civil society group entrepreneurship has inhibited the adoption of a BOT law.

Alternative explanations

The first alternative contends that exogenous shocks like tax document leaks increased the public salience of tax transparency, pressuring policymakers to end the existence of anonymous companies (Kalyanpur & Newman, 2019; Kastner, 2014, 2017; Patz, 2016). Yet the links between media coverage, public awareness, and policymaker pressure are questionable in all four cases. Contemporaneous polling data suggests the public largely ignored the Panama Papers and did not organize to demand BOT laws. A cross-national Ipsos Poll in May 2016 found low awareness of the Panama Papers, with 25% of Australians, 26% of Canadians, 28% of Americans, and 44% of Britons claiming to have heard about the leaks at all (Ipsos 2016). Contemporaneous US and UK YouGov polling shows only 34% of Americans and 37% of Britons claimed to be following Panama Papers news coverage (YouGov UK, 2016; YouGov US, 2016). Global news databases also show the rapid, steep decline in media reporting about these leaks, with most reporting concentrated in April and May 2016 and little ongoing media coverage or grassroots organizing around BOT in the months afterward (Piotrowski et al., 2022, p. 156; Vaughan, 2019).

Interview evidence suggests that leaks like the Panama Papers were just one of many factors contributing to BOT adoption. Civil society advocates held conflicting opinions about the Panama Papers' ability to galvanize popular pressure. Some viewed the leaks as a major event that reinvigorated or ignited the BOT campaign in their country and brought new actors into the policy debate (Interview 12, 16, 21, 22, 31, 38, 39), while others questioned how pivotal the leaks were in improving both public understanding of the issues and increasing their ability to influence the policymaking process (Interview 11, 14, 23, 36, 41). Policymakers viewed the leaks as an opportunity to make new policy commitments, but they did not necessarily intend to follow through on them (Interviews 11, 21). Activists overall emphasized that securing BOT adoption was a long-term 'inside' politics rather than an 'outside' politics game (Interview 29, 41) where public pressure played a secondary or tertiary role. Thus, while the leaks drew policymakers' attention to anonymous companies, they were not the primary impetus for legislative change.

A second alternative suggests that BOT laws were the product of contestation among transnational experts, leveraging their ideational resources and network connections to push for the domestic adoption of BOT laws. Exogenous shocks gave these experts the opportunity to shift the framing of BOT as a moral issue rather than as a technical problem to contest it more effectively (Christensen, 2021; Seabrooke & Wigan, 2016; Sell & Prakash, 2004). However, many experts advocating for tax transparency in international settings did not view BOT as their primary policy concern 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 global biannual Financial Transparency Coalition conferences throughout the 2000s and 2010s but downplayed the importance of BOT laws. Similarly, countries' announcements of their Open Government Partnership (OGP) National Action Plans every two years gave BOT campaigners an opportunity to increase its public and political salience (Piotrowski et al., 2022, p. 157). Yet policy advocates viewed the OGP as a 'soft lever' (Interview 24) partner that they found helpful but overall was not instrumental to advancing domestic reforms (Interview 30). Politicians cared more about how BOT would affect various domestic actors, valuing the input provided by their national law enforcement and business communities rather than what international regulators had to say (Interview 8, 13, 21, 23). While transnational experts and institutions were involved in domestic policy processes, their influence was limited overall.

A third alternative mechanism locates change at the domestic level and theorizes tax transparency reforms are more likely under left-leaning governments in advanced industrial democracies (Grimmelikhuijsen & Welch, 2012; Hakelberg, 2020). Left-leaning governments support a range of policies aligned with BOT, such as higher taxes on the wealthy and corporations, improving foreign aid outcomes in developing countries, and preventing and limiting the influence of kleptocrats and oligarchs over their country's politics. Yet right-leaning governments were often aligned with the national security and anti-corruption aspects of BOT laws and because it imposed a lesser regulatory burden on business. Conservative PM David Cameron worked in tandem with Labour MP Margaret Hodge and other members of both parties 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 some types of corporate transparency laws, they often have cross-party support and were not decisive for BOT adoption.

The final alternative is federalism, which enables interest groups to engage in regulatory arbitrage at the subnational level to stymie the adoption of national corporate transparency laws (Meckling & Trachtman, 2021; Vogel, 2018). While the US and Canadian cases were affected by this factor, subnational governments are laboratories for both business capture and for policy innovation. Policymakers in some US states and Canadian provinces pursued subnational BOT laws with support from civil society groups that provided a counter to opposition from other subnational policymakers and business groups. Additionally, once national-level information collection rules were in place, affected industry groups preferred within-country regulatory harmonization to reduce their costs and to level the playing field compared to their rivals. Concerns about domestic competition took precedence over international competition (Farrell & Newman, 2016).

Conclusion

This paper offers an explanation of why business supports corporate transparency laws and how their support influences the policymaking process. In contrast to predominant IPE explanations where civil society actors leverage high public issue salience after

exogenous shocks, new information collection rules impose material costs onto industries that lead them to support corporate transparency laws to reduce their regulatory burden. Combined with active policy entrepreneurship by civil society groups and integrating regulated industry groups into a cross-sectoral coalition, governments pass corporate transparency laws over opposition from other business groups.

These findings counter research arguing that business power can only be effectively contested during periods of high issue salience with public and advocacy group pressure (Culpepper, 2021; Kalyanpur & Newman, 2019; Kastner, 2018). Inter-industry divisions in business preferences about the need for stronger regulation (Gjølberg, 2011; Van den Broek, 2021) continue to produce significant policy change. Growing inter-industry divisions increase the likelihood of strange coalitions coalescing around various geopolitical issues, such as data (Atikcan & Chalmers, 2019; Beaumier, 2023) and industrial policy (McNamara, 2023) where civil society and industry preferences align, and where their resource complementarities and reputational benefits can sustain their cooperation. Understanding the role of information collection rules in shaping domestic opportunity structures can offer a framework to understand which policy areas are more likely to produce domestic versus transnational strange coalitions.

This paper also contributes additional evidence to debates about whether structural or instrumental power enables financial actors to have greater policy influence (Macartney et al., 2020). Divisions among business interests are a common explanation for why financial actors win or lose. Yet the growing power of financial industry actors beyond the banking industry, particularly in accounting and consulting (Christensen & Seabrooke, 2022; Kalaitzake, 2019; Montalbano, 2020), will generate more instances where industry groups hold opposing policy preferences and come into conflict. In this instance, the banking and real estate industries in the UK, US, and Canada leveraged their instrumental lobbying power and civil society coalition partnerships to push for a corporate transparency law that the accounting, legal, and consulting professions in these countries largely opposed. The shift away from banks to other financial actors like private equity, hedge funds, and cryptocurrency firms (O'Connell & Elliott, 2023) changes which actors have the resources to lobby—and potentially their structural importance in global economic policymaking.

Specifically studying transnational issues like anonymous shell companies offers empirical evidence that can bridge different theoretical frameworks within IPE. While domestic interests reacting to exogenous shocks are central in the Open Economy Politics framework (Lake, 2009), frameworks such as the new interdependence approach (Farrell & Newman, 2016) and complex interdependence (Oatley, 2019) focus on actors' responses to the consequences of decisions made in other contexts that emerge endogenously. Greater rule overlap producing firms' desire to seek regulatory certainty cross-nationally, as well as globalization creating opportunity structures for powerful transnational civil society alliances, were strikingly absent for BOT laws while domestic interests dominated. With increasing financial complexity, IPE scholars should examine why some policy areas are more resistant to mechanisms commonly associated with diffusion and interdependence.

While there are several potential avenues for future research, a crucial next step is to evaluate how the theorized conditions contribute to domestic-level variation in the strength and enforcement of corporate transparency laws. Countries where more industries must collect information may have stronger corporate transparency

laws on paper and/or more effective implementation in practice because governments experience greater pressure from a wider range of interest groups to follow through on their policy promises. For example, UK civil society groups and businesses quickly identified major flaws in its BOT registry, such as the increased use of Scottish limited partnerships since they were exempt from the law and the submission of 'garbage' information due to the absence of validation and verification mechanisms. The government corrected most of these issues through additional legislation. Furthermore, several studies find that transparency laws without meaningful government implementation and enforcement fail to produce accountability for the targeted actors (Collin et al., 2022; Sharman, 2017). Business support for effective regulation may be one factor that increases the likelihood of successful implementation of corporate transparency laws. With 92 jurisdictions now having some version of a BOT law on the books—and with 58 of these laws being adopted since 2018—testing whether business support contributes to variation in strength on paper may be more feasible than enforcement in practice over the next few years.

Acknowledgements

I thank Stephen Kaplan, Martha Finnemore, and David Szakonyi who provided invaluable feedback on early versions of this project. Timm Betz, Krzysztof Pelc, Aida Arfan Hozić, and the participants at the Junior Scholars in IPE workshop at APSA 2022 and at ISA-NE 2022 provided valuable comments and suggestions. I also thank the editorial team at *RIPE* and the three anonymous reviewers for their feedback.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

This project was supported by National Science Foundation Graduate Research Fellowship Grant No. 1746914. Any opinions, findings, and conclusions or recommendations expressed in this material are those of the author(s) and do not necessarily reflect the views of the National Science Foundation. All errors are my own.

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