

Impacting the discourse around international tax avoidance: findings from large-scale media analysis

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Revenues lost from global tax avoidance are estimated to total half a trillion dollars annually (Cobham 2017). Over the past decade, the subject has received substantial amounts of attention in the media and online, thanks to campaigns by international non-governmental organizations (INGOs) seeking to publicize the problem, as well as through journalistic reporting, including the 2016 Panama Papers series and other media storms prompted by tax-related leaks (figure 1).

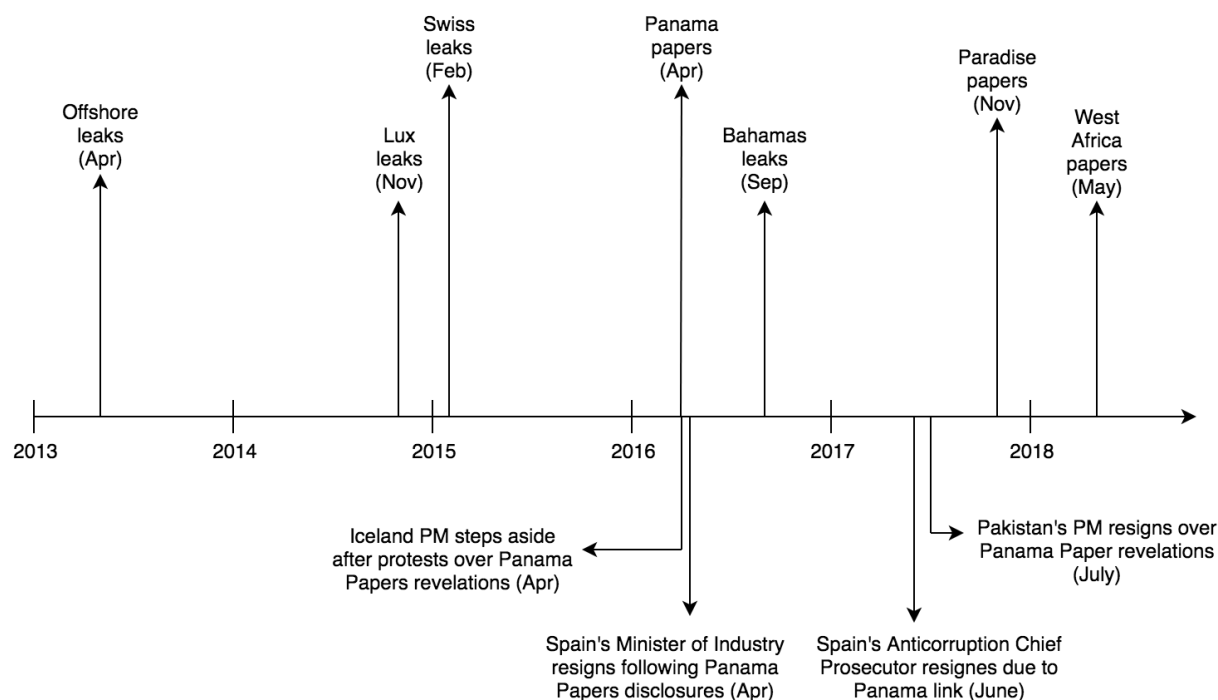


Figure 1: Major leaks in the past six years

Despite this attention, it remains unclear what impact the press coverage and campaigning has had. This research uses computational methods to collect and analyze press coverage (38,112 news articles) and social media conversation (762,412 tweets, plus an equivalent number of Facebook engagement stats) around four key document leaks (Lux Leaks, Swiss Leaks, Panama Papers and Paradise Papers), with a focus on English-language media.

The goal is to evaluate if and how media reports made tax avoidance salient to broad audiences, especially in the United States and United Kingdom.

Informed by four interviews with leading actors in organizations that promote tax reform, we also ponder whether this newfound salience resulted in deliberative impact (for example, Congressional hearings) or substantive impact (such as policy changes or new laws), to borrow the terminology laid down by Protesse et al. (1991, 23) to describe media impact.

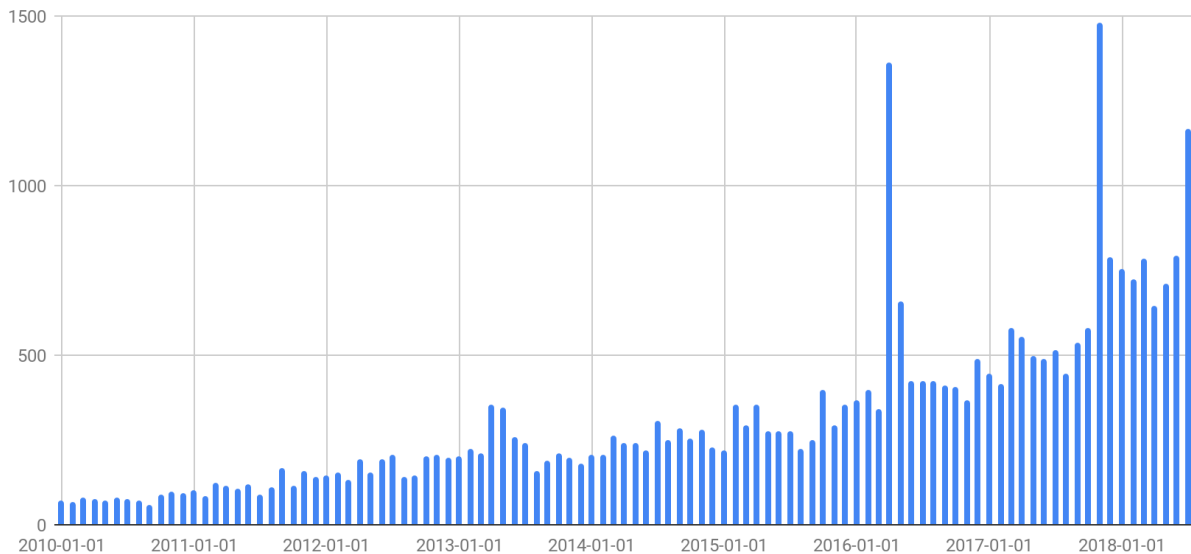


Figure 2: Number of online articles per month for generic search terms and hashtags

An overall view of our data shows a clear, relatively steady increase in the amount of online articles related to tax avoidance, tax evasion and tax reform over the assessed period (figure 2). While there were expected spikes associated with the various leaks, there was no evidence of a singular turning point or moment at which overall interest took off and settled at a consistently higher level. Rather, given that the rise appears to be relatively constant, this suggests that interest is being sustained over time and that the ongoing publishing of articles is itself generating further attention in this space. Such organic growth implies greater resilience for the staying power of this issue over the medium-term than a simple spike in the data, because it signals rising interest in the subject overall – a desire for information, which is addressed by an accompanying increased level of news production and commentary.

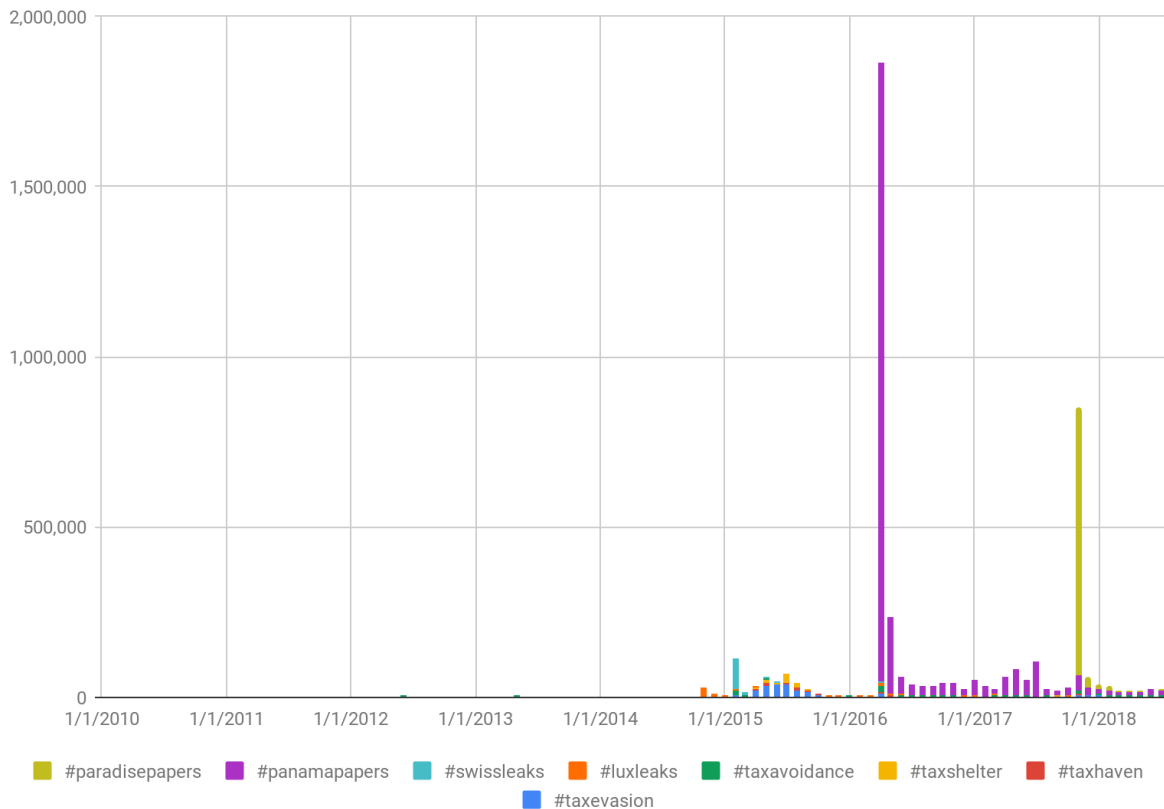


Figure 3: Number of tweets per month for all hashtags (data from Crimson Hexagon)

Our data also lays bare how news coverage of the major tax scandals were enormously successful in grabbing social media attention (figure 3). In fact, campaigns organized by INGOs (that usually resorted to generic hashtags like #taxavoidance, #taxevasion, #taxshelter and #taxhaven) dwindle in comparison to the media storm in the aftermath of the Paradise Papers and, especially, the Panama Papers (hashtags #paradisepapers and #panamapapers, respectively). Moreover, figure 3 shows that, in the following months, there continued to be a sizeable amount of attention dedicated to the Panama Papers revelations.

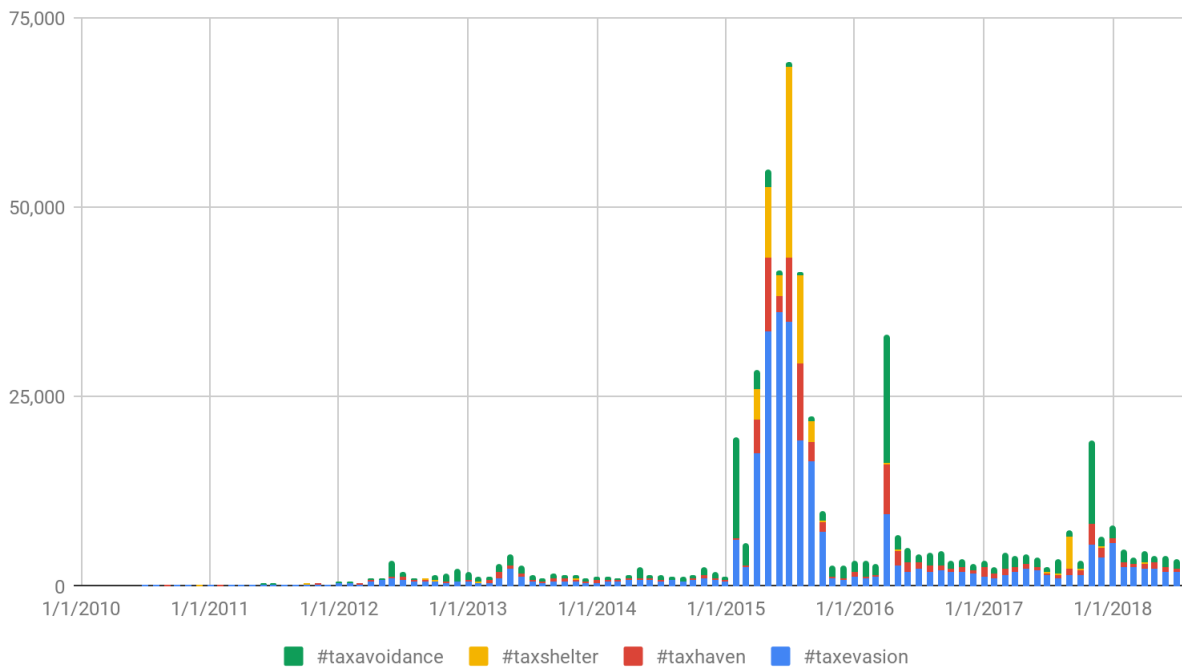


Figure 4: Number of tweets per month for generic hashtags (data from Crimson Hexagon)

However, the generic hashtags (#taxavoidance, #taxevasion, #taxshelter and #taxhaven) are useful to identify both the efforts of INGOs to promote change and the consequent legal and political developments. Figure 4, for instance, reflects various directives from the European Union in the wake of the Lux and Swiss Leaks, with key spikes for subjects including tax shelters, tax havens and tax evasion taking place in the first half of 2015 – shortly after Swiss Leaks broke in February of that year. Notably, the majority of these tweets emanated from EU domains, reflecting their focus on the European Commission crackdown at this time.

According to Fitzgibbon (2018), there is “no doubt” that reporting, along with the disclosure of names, led to reforms and resignations, including that of Iceland’s Prime Minister Sigmundur Gunnlaugsson, as well as Dr Michael Grahammer, CEO of Austrian bank Hypo Vorarlberg. “Especially in Europe, there were resignations not because they admitted wrongdoing, but because the ‘look and feel’ of being associated with [the] Panama Papers was so off. [...] There is little doubt in many people’s mind that the decision of the Government of Panama to sign up to more international tax information exchange agreements was also related to the Panama Papers. The German parliament also passed the so-called Panama Law, which I think speaks for itself, at least in terms of branding and governments wishing to be seen to respond.”

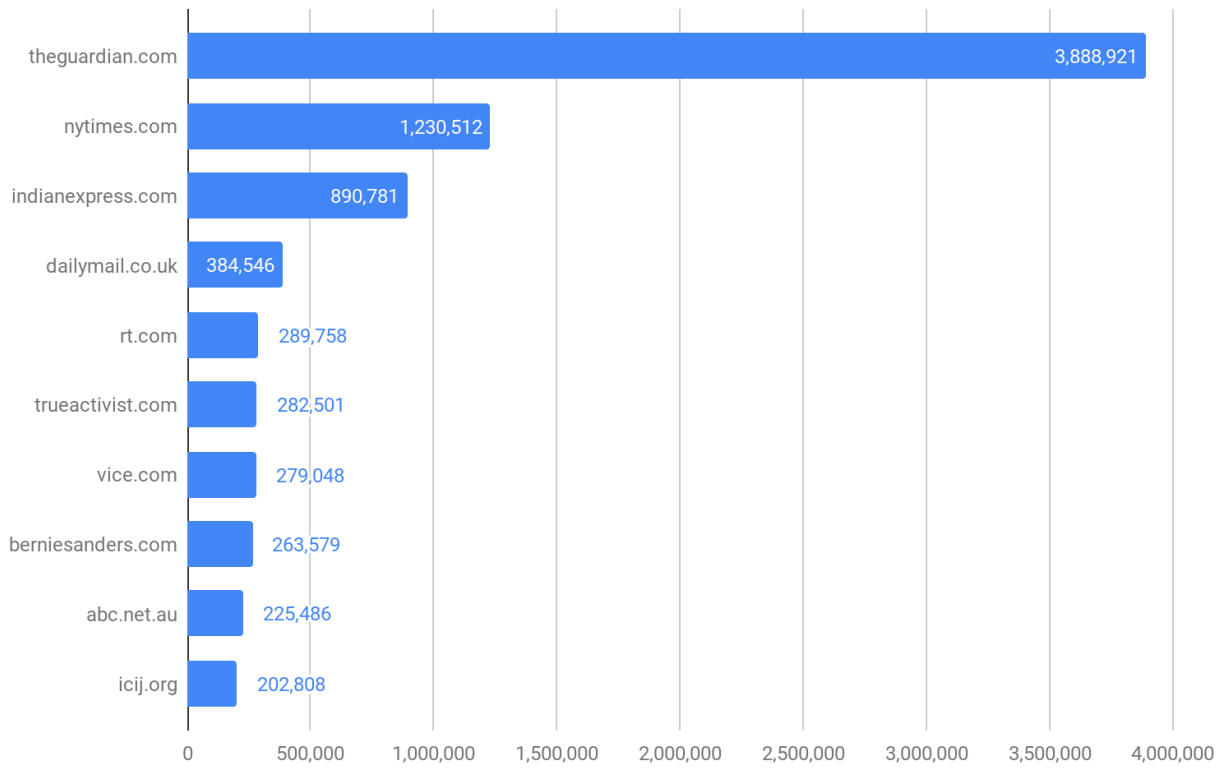


Figure 5: Top 10 domains by Facebook engagement on tax-related articles

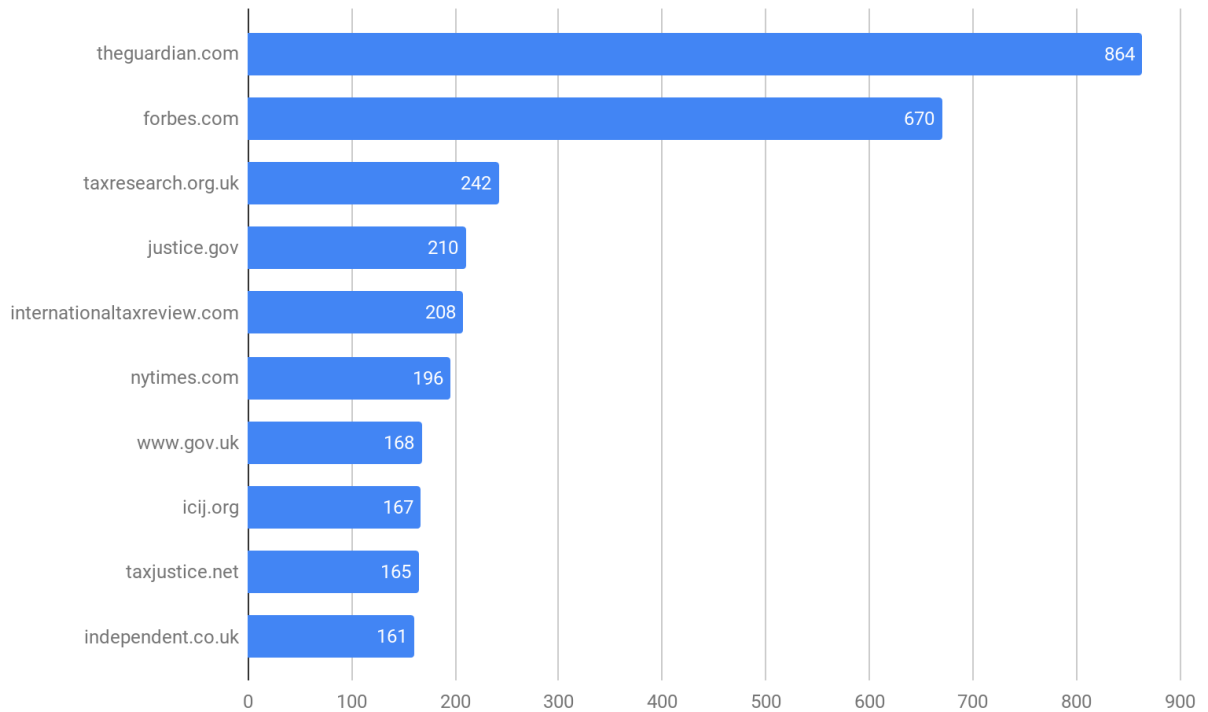


Figure 6: Top 10 domains by number of articles on tax-related articles

Figure 5 and figure 6 show the top-ranked domains for articles on tax issues, by overall number and Facebook engagement. Both show heavy prominence for reporting by *The Guardian*, which gave the issue a high degree of billing, and could be considered the lead English-language narrative driver on this topic. Along with the *BBC*, the paper was a leading English-language partner in the Panama and Paradise Papers project, along with *Süddeutsche Zeitung*, *Le Monde*, *SonntagsZeitung*, *Falter*, *La Nación*, German broadcasters *NDR* and *WDR*, and Austrian broadcaster *ORF*. The paper also has a strong online presence and no paywall, two factors that would help its stories generate high levels of impact both in and of themselves and through social media shares.

Notable, however, is the prominence in shares of *The Indian Express* – a national daily Indian paper which took a leading role in promulgating details of the Panama and Paradise leaks and published numerous articles based on them (258 based on the Panama Papers, 72 from the Paradise Papers), as well as collaborative work on Swiss Leaks. To some extent, their high ranking may be a function of the simple volume of traffic – India’s large population means that a major international story such as this with multiple local angles will likely result in a high level of traffic. Nonetheless, the notably prominent results suggest ongoing interest in this story amongst Indian readers, as does the paper’s dedication to publishing such a large number of stories on the subject – perhaps also influenced by the significant number of prominent Indian public figures named in the Papers.

The precise role of INGOs in driving narrative is somewhat obscured. It is to be expected that mainstream media publications would outrank articles published by INGOs, as seen in figure 5 and figure 6. The INGOs were involved in exposing tax avoidance years before the Panama Papers was published but they did not spend a lot of time on social media (Siu 2017; Quantrill 2017; O’Sullivan 2017). This is reflected in the corpus as the news reporting seemed to generate more interest online than did the earlier INGO campaigns. Much of the INGO effort was behind the scenes and involved negotiation with government officials. It may be that the INGOs paved the way by raising awareness but the reinforcement from the media reporting had more immediate results of forcing government officials to resign and call for parliamentary hearings.

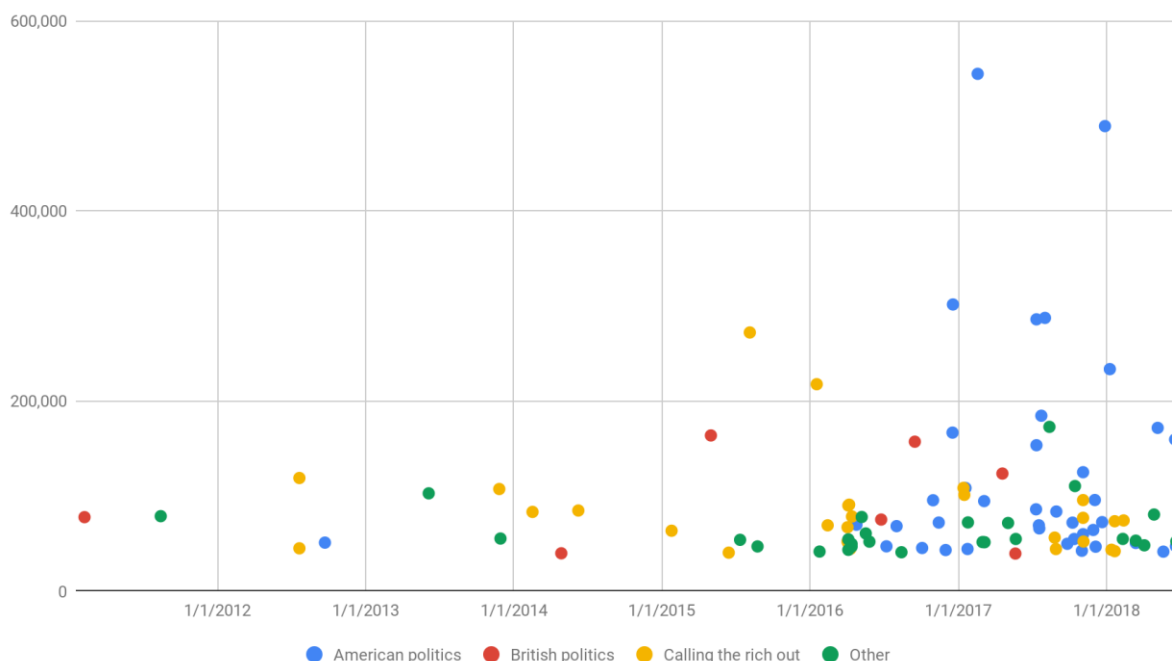


Figure 7: Facebook engagement of the top 100 articles

The political campaign of Bernie Sanders gave visibility to the problem of tax avoidance, evidenced by Sanders’ site being the eighth-highest ranked website as shared on social media (figure 5), while the refusal of President Trump to release his returns allowed the media a news hook to keep returning to the issue. Figure 7 represents the top 100 articles based on Facebook engagement. The dots are colored according to the underlying topic of the respective article. It shows that tax avoidance and evasion became prominent in the US since the 2016 presidential election. The blue dots are comprised by articles on Trump’s tax reform, his refusal to release his returns, and the alleged links of his businesses and aides to tax scandals. To some extent, Trump and his aides brought the topic of tax avoidance and evasion on to the national agenda. Interestingly, the articles with the highest level of Facebook engagement in our corpus mention the Panama Papers only incidentally while describing the alleged connections between Republican and Democrats with Russian operatives (Gregory 2017; Gray 2017; May 2017).

	From Oct 2015 to Mar 2016		From June 2016 to Nov 2016	
Rank	Concept	N. of texts	Concept	N. of texts
1	Tax	1984	Tax	2187
2	European Union	134	European Union	209
3	Bank	67	Crime	50
4	British Virgin Islands	48	Capital gains tax	27
5	Transfer pricing	39	Prison	22
6	Wealth	36	New Zealand	20

7	Poverty	34	Africa	19
8	Crime	27	Narendra Modi	18
9	Australia	25	FC Barcelona	17
10	Hedge fund	21	Al Capone	15
11	Business	21	Jury	15
12	Bar Refaeli (Israeli top model)	17	La Liga	15
13	Human rights	17	Big Four auditors	13
14	Inheritance	16	Insurance	13
15	Employment	16	Deposit account	12

Figure 8: Most prevalent concepts before and after the Panama Papers (April and May 2016)

For each one of the articles in our corpus, we extracted the concepts present in the text using IBM Watson's package Natural Language Understanding. Figure 8 compares the frequency of the most prominent concepts in the six-month period preceding and immediately following the Panama Papers leak. It shows a clear evolution in the topics discussed. While many of the key concepts remained constant, there was a noticeable increase in the prominence of negatively-charged concepts, including 'crime' (in conjunction with 'jury'), 'prison' and 'Al Capone'. There are also mentions of FC Barcelona and La Liga (referencing soccer player Lionel Messi's name appearing in the Papers), and Indian Prime Minister Narendra Modi, who saw people close to him implicated in the leaks, and was also the leader of a country which saw a relatively large number of high-profile individuals exposed by the leaks.

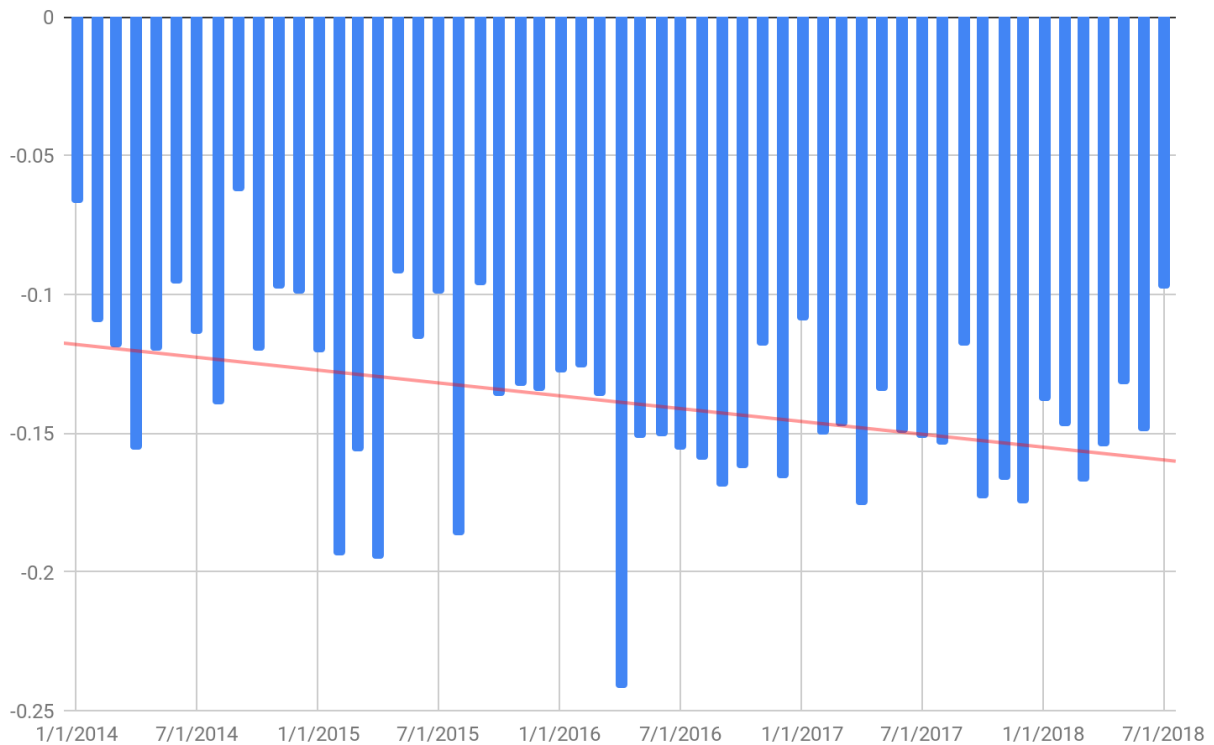


Figure 9: Monthly average sentiment score for tax-related articles (calculated by IBM Watson)

We used the same IBM Watson package to conduct sentiment analysis on the corpus, as seen in figure 9, which displays the calculated average sentiment of the articles month-by-month. At no stage did the sentiment analysis tick into positive territory, suggesting that most of the coverage retained a negative slant. In more detail, it means that the words used to talk about tax havens, tax shelters and tax avoidance were words associated with negative feelings (such as disgust, anger, sadness and so on). The most prominent low coincided with reportage of the Panama Papers (first half of 2016), while Swiss Leaks (early 2015) also marked another notable spike in negativity. The trendline depicts an increasing level of negativity over the assessed period, indicating that language became more negative when people referenced this issue.

Our research suggests that, while raising awareness and generating outrage are not enough on their own to bring about policy change, they can certainly create the groundwork for such policy change to happen. This has certainly been the argument advanced by the INGO campaigners. Our results seem to confirm previous research that found a link between conversation sparked by the media and substantive change (Hamilton 2016). Given that tax avoidance has existed for decades, it certainly appears that the increased attention in the media and the naming-and-shaming process catalyzed the government response that appeared shortly after.

However, while journalists were pleased with the degree of attention garnered, activists were disappointed by some of the regulatory changes which fell short of what the INGOs had sought. Nevertheless, according to Quantrill (2017), the raised awareness will make it “much

easier to find opportunities to test and promote new policy ideas, which might in the past have been very hard to ‘sell’ outside a tiny circle of technical experts”.

Undoubtedly, measuring the impact of media reporting is extremely difficult, in part because of attribution difficulties and the complexity of establishing causation (Napoli 2014; Lublinski et al. 2015; Schiffrin and Zuckerman 2015). In the case of the campaigns and reporting on tax avoidance, it is relatively easy to see whether discussion on social media increased and more newspaper articles appeared. A causal link between a newspaper report and the resignation of a government official can be made. But it is far more difficult to know, from a distance, whether a regulatory change was made in response to press coverage or campaign, or whether it was already in the making.

What has become clear, however, is that discussions of tax avoidance have real-world implications. Currently, tax issues are broadly featured in the media and a substantial part of the debate deals with the trustworthiness and power of authorities. Future researchers may want to understand how INGO campaigns and media reporting can lead to solutions for the problem of tax avoidance rather than greater distrust in the political system. Tactics are in question here too. Both the INGO campaigning on tax avoidance and reporting such as the Panama Papers relies on naming-and-shaming as a mechanism to encourage behavioral change and changes in policy. But will these tactics still work in the future? Does the polity become inured to such allegations if they are heard repeatedly in the same way that compassion fatigue sets in (Moeller 1999; Hafner-Burton 2008; Schiffrin 2014). Given that much of the reporting has been cross-border and in multiple languages, further research will need to focus on different regions and languages in order to understand the full magnitude of the campaigns and media coverage.

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