NOMINATION FOR THE PUBLIC EYE AWARD

Nominated for the Public Eye Global Award 2007 by the Tax Justice Network and the Association for Accountancy and Business Affairs

NOMINATION:	**INTERNATIONAL ACCOUNTING STANDARDS BOARD**
ADDRESS:	30 Cannon Street, London EC4M 6XH, United Kingdom
BUSINESS:	A private organisation that formulates accounting standards applicable to company accounts.
Owned by:	International Accounting Standards Committee Foundation
Registered:	Delaware, USA
Revenues:	Corporate donations £10.3 million; sale of publications £3 million
Employees	76

One of the most disturbing aspects of contemporary globalisation is the privatisation of public policymaking. All over the world, public regulation is moving away from public bodies and elected governments and towards private and unaccountable cartels. An example of this is the International Accounting Standards Board (IASB). This body formulates rules for accounting by companies which have the force of law but does not owe a 'duty of care' to anyone.

The IASB is a private organisation. It is registered in the US state of Delaware, which is well known for secrecy. It is funded by major corporations and the Big Four accounting firms. These firms and companies control all its thinking and processes. The IASB has obtained control of accounting standard setting throughout the EU and much of the world except for the USA.

The IASB's aim is global uniformity in pursuit of its own global conquest. The USA is now in its sights. It expects all major businesses - whether based in Britain or Bolivia, Germany or Gambia - to follow its standards regardless of local needs and histories. The IASB accounting standards are imposed on poorer countries as conditions of loans, grants, investments and donations by governments, the World Bank and the International Monetary Fund. This is a new colonialism. Such imposition makes poorer countries dependent on organisations over which they have no control and prevents them from developing appropriate local institutional structures. When it was suggested that countries develop accounting practices to meet local needs, the IASB chairman said "We have to nip this in the bud."

The Big Four accounting firms provide about US$6 million (£3 million) to the IASB each year. The Big Four are mired in scandals and all face lawsuits for dubious activities. KPMG, for example, were fined $456 million for tax evasion in 2005. Ernst & Young partners have formally been charged with tax evasion. The IASB's financial backers also include Bank of America, BASF, BP, Citigroup, Heineken and Deutsche Bank, who have also been mired in scandals.

The IASB claims to be independent of these corporate interests, but the collapse of Enron shed a different light. The IASB had solicited a contribution of $500,000 from that company. Enron executives considered this request because they thought it might help them to influence accounting rulemaking.

The control of accounting rulemaking is very important. The IASB accounting standards affect the distribution of income, wages, dividends, wealth, risks, taxes and social welfare. The IASB standards function in a law-like manner and can be used by the courts to adjudicate claims of improper corporate and executive behaviour. Despite this the IASB is not accountable to any democratically-elected parliament. Its members are not elected by stakeholders or any representative organisations. Neither is their suitability scrutinised by parliamentary committees.

The collapse of Enron and WorldCom drew public attention to organised tax avoidance and evasion in a globalised world. Poorer countries are estimated to lose at least US$385 billion each year from these corrupt practices. Transfer pricing abuse by commercial companies is the biggest way of laundering this money. Yet the IASB has made no effort to require companies to provide information on transfer pricing policy and practice, tax avoiding behaviour or even the amount of profit they earn and tax that they pay in each country in which they operate. It was lobbied by nearly 80 NGOs to require companies to publish this information. It ignored their requests and refused to meet their representatives before doing so. One of its members said in public session that the IASB did not want to become involved with transfer pricing issues.

The victims of incompetent and abusive accounting cannot call the IASB to account because it does not owe a "duty of care" to any individual shareholder, creditor, pension scheme member or any other party affected by its decisions. The details of any Enron-type deals made with financial backers are not on public record. Despite being a de facto public policymaker, the IASB is not subject to "freedom of information" laws.

The aim of the IASB is global domination to make the world fit for major corporations. But their accounting standards, now forced upon poorer countries, have already failed, as shown by numerous western accounting scandals. They have little relevance to countries which do not have or do not need active capital markets and wish to develop alternative ways of corporate governance. For example, the IASB accounting standards do not easily fit Islamic business practices, and thus exacerbate tensions.

The IASB is, therefore, a prime mover of corporate irresponsibility worldwide and a worthy nominee for this award.

Further information about the IASB is available in these recent articles:

http://commentisfree.guardian.co.uk/prem_sikka_/2007/08/no_accounting_for_accounting_s.html

http://commentisfree.guardian.co.uk/prem_sikka_/2007/09/unaccountable.html

http://www.taxresearch.org.uk/Blog/2007/05/10/10-reasons-why-country-by-country-accounting-is-vital/