

# There are ways to tackle corporate abuse, and many of t...

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The Observer editorial today addresses the issue of unethical behaviour by major companies. As [they say](#):

*Looking back over the last seven years, one thing stands out: the extent to which it has been taxpayers, rather than the banking industry, who have absorbed the pain of the crisis is remarkable. This has remained a constant theme in relation to corporate malpractice.*

And it was not hard for them to come up with a long list to refer to: anyone could have done that without a lot of thought. It's the difference in the reaction that draws their attention though:

*Other sectors are far from immune from illegal and unethical practice: in recent years, politics, charities and sports have also been beset by scandals. But it is notable that the worst abusers of the MP expenses system ended up in jail; when unethical charity fundraising practices were uncovered, charities backed tough new rules that were quickly put in place; athletes are regularly banned from their sports.*

*In contrast, companies seem to get away with being treated far more leniently when they break the law.*

So what does the Observer recommend? They start with this:

*Government can also do much more to reform corporation tax to prevent avoidance, for example by taxing companies a proportion of their global profits based on UK sales.*

That's unitary taxation, [which the tax justice movement has long promoted](#).

And it says:

*[The government] should promote international tax transparency, which would require all large companies to report profits and taxes paid in all countries in which they trade.*

That's [country-by-country reporting](#), which I created in 2003.

Next it says:

*And [it]should take greater steps against the use of tax havens, many of which are British crown dependencies.*

That's [always been a tax justice theme](#).

And they say:

*But if consumers are going to play a greater role in holding businesses to account, they need better information. For example, the European parliament has called for a fair tax kitemark so consumers and governments can make better decisions about who to buy from.*

That's the [Fair Tax Mark idea](#).

Now I acknowledge there are other ideas mentioned - but tax justice and the accountability we demand is clearly at the core of this issue. It would also let us tell whether the Observer's conclusion was right:

*It is a handful of bad companies that persist in making money by breaking the law or engaging in unethical behaviour at the expense of consumers, taxpayers and employees. But it remains too easy for them to get away with it and their behaviour tarnishes the whole private sector. All of us — government, the private sector and consumers — have a responsibility to do a better job of holding them to account.*

We know - and I readily acknowledge it - that there are good companies. But we do not know the split, and that is the problem.

Which is why we [need Tax Reporting Standards](#). We need to sort out the good from the bad. Now.