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Corporate America: woke, tax-averse and in GOP crosshairs

By **RYAN HEATH** | 04/07/2021 09:57 AM EDT

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G-20 — GLOBAL TAX STRUGGLE ON TODAY'S AGENDA: Digital taxation is one of the big issues on the docket of the G20's virtual gathering today of finance ministers, in particular Organisation for Economic Co-operation and Development (OECD) efforts to introduce a global minimum corporate tax rate as a way to ensure digital giants are taxed. U.S. Treasury Secretary **Janet Yellen** threw Washington's weight behind the initiative Monday. The U.S. already has a similar initiative in place, called GILTI, which the OECD last fall said was compliant with their current negotiations, giving Yellen strong influence over the landing zone for any global agreement. French finance minister **Bruno Le Maire** told AFP that "an agreement on international taxation is now within reach."

BEHIND THE IMF HEADLINES: You know by now that the IMF has upgraded its 2021 global growth prediction (to 6 percent). But what's animating the virtual corridors of this week's IMF and World Bank meetings? Accountability and equity.

IMF Managing Director **Kristalina Georgieva** met with finance ministers from the Group of Twenty-Four (G-24), who presented her a wish list of new support for vulnerable economies, including permanently reducing or eliminating IMF surcharges; providing liquidity support to any developing countries who need it; modernising the Fund's Special Drawing Rights (SDR) system; and "fair, meaningful and expeditious sovereign debt treatments."

The call for a more strategic approach to Special Drawing Rights is enjoying widespread support among economists and former leaders, though for now elected officials seem content simply to issue another \$650

billion of the IMF's special currency.

The Bretton Woods Project, a London-based non-profit, argues that IMF staff need to do more basic groundwork — including publishing an assessment of global reserve needs — before pressing ahead with issues more SDRs in June. Brookings Institution researchers say that whatever the eventual allocation, the IMF needs a mechanism “to reallocate SDRs to where they are most needed” rather than simply handing them out as free currency to every member, whether the member needs the money or not.

Former U.K. Prime Minister **Gordon Brown** is among those advocating to leverage \$44 billion of any SDR expansion to achieve a 70 percent global vaccination rate in developing countries by the end of 2022.

IMF ACCOUNTABILITY — AUSTERITY IN PRACTICE: The IMF has been working to soften its image, but its lending practices haven't shifted substantially according to two groups of researchers. The Bretton Woods Project argues the fine print of IMF policy advice shows that austerity is still the default policy advice for developing countries, while its recent encouragement of free-spending to limit Covid recessions is really only intended for rich countries. Boston University's Global Development Policy Center examined 335 targets in 154 IMF agreements since 2001, and found IMF-mandated austerity measures have not diminished since the 2008-09 financial crisis, and lead to persistently higher inequality over the medium-term.

An IMF COVID-19 Surveillance (ICS) Monitor developed by Boston University and the United Nations Conference on Trade and Development measures whether IMF surveillance is helping or hurting a country's health outcomes, vulnerable people and climate performance. Spoiler alert: the IMF has a climate change weak spot.

WORLD BANK WATCH: The Bank is certainly operating in the IMF's shadow this week. President **David Malpass** announced measures to bring the bank's lending into alignment with global climate goals. That means 35 percent — roughly the same benchmark as the EU's recovery fund — of all future World Bank finance will need to have climate benefits (the Bank says the rate for the previous five years was 26 percent). Key takeaway: this amounts to an informal ban on coal finance, and a shift towards climate resilience projects.

GLOBAL RISKS AND TRENDS

ASIA — HOW COVID CHANGED THE REGION: Sharp analysis from Richard Heydarian marks out the emergence of a “three-speed” Asia, in which “a few successful countries such as China and Vietnam are rapidly climbing up the economic rankings; relatively successful countries such as Singapore, South Korea and Thailand are on a glidepath to recovery; and laggards, such as the Philippines, India and Indonesia, are falling behind their peers for years, if not generations, to come.”

FACEBOOK UNDER HAMMER FOR DATA BREACH — CALL IT CAMBRIDGE ANALYTICA 2.0: The 530 million records — phone numbers, Facebook IDs, full names and birth dates — were discovered by cyber analyst Alon Gal on Saturday, after being made available online for free. The trove contains data on millions of Europeans, who are covered by the General Data Protection Regulation, and Californians who enjoy similar protections. European national regulators are beginning to investigate. Read Facebook's version of events, including the defense that “scraping data using features meant to help people violates our terms. We have teams across the company working to detect and stop these behaviors.”

Victims include Prime Ministers, Cabinet members, Commissioners and CEOs: [Transport Secretary Peter Buttigieg](#), the EU's data protection (!) commissioner **Didier Reynders**, Luxembourg Prime Minister **Xavier Bettel**, and four French Cabinet ministers are among those compromised ... [as is Facebook CEO Mark Zuckerberg](#).

Has your data been stolen? You can check on this [website](#). The site aggregates the number of times your email address has been subject to data breaches. It's happened to your author 23 times.

SNAILED IT! CONTROLLING COVID DOESN'T MAKE A COUNTRY GOOD AT VACCINATING: In [Taiwan](#), only 1 in 1,000 people are vaccinated. In New Zealand and Japan it's barely 1 in 100. In [Australia](#), it's 1 in 25 people. Global Translations [digs into Australia's vaccine blame game](#).

ELECTION OF THE WEEK — GREENLAND: [Left-wing environmentalists have finished first in a snap Greenland election](#), rallying voters around their opposition to a rare earth mining project.

BAD WEEK FOR — BENJAMIN NETANYAHU: Israeli president **Reuven Rivlin** picked Netanyahu to try to form a government with this assessment: [“No candidate has a realistic chance of forming a government that will have the confidence of the Knesset.”](#) Then there's the small matter of [the corruption case against Netanyahu](#) that's midway through court hearings, and progress toward the U.S. re-entering the Iran nuclear deal he despises.

BIDEN MEETS WORLD

THE LONG ROAD TO THE IRAN NUCLEAR DEAL: Indirect talks in Vienna have agreed ... that more talks are needed. Good thing then that parties are looking at 10 days of chats. [Stephanie Lichtenstein has more from Vienna](#).

BIDEN NOT PLANNING TO SOLVE ISRAELI-PALESTINIAN CONFLICT: The new president isn't interested in diplomacy's ultimate prize. [Nahal Toosi explains](#).

FORMER USAID CHIEF GAYLE SMITH TAPPED TO LEAD VACCINE DIPLOMACY EFFORTS

YES, WE ARE NOT YET BOYCOTTING THE BEIJING OLYMPICS, STATE DEPARTMENT CLARIFIES: After a few loose words at a press conference, the State Department [denied Tuesday that it was consulting with allies about a joint boycott](#) of the 2022 Beijing Olympics. Hawkish Republicans [want the Biden administration to punish the Chinese government](#).

Why it's a sticky question: If the White House applauds Major League Baseball administrators moving an All-Star game out of Georgia due to its new election law, it's hard to explain why the perpetrators of the Uyghur genocide should keep the Olympics, or enjoy U.S. participation in them.

What are others doing? The Canadian Parliament in January asked the International Olympic Committee to move the 2022 games to another city. U.K. Foreign Minister **Dominic Raab** also raised the possibility in October 2020, but made no formal move.

CONGRESSIONAL GLOBAL THREATS HEARINGS: The first Congressional hearings in more than two years with U.S. intelligence agency chiefs on the globe's greatest threats will take place April 14 (Senate) and April 15 (House).

INCLUSIVE RECOVERY SPOTLIGHT

THE \$25,000 WAGE GAP THREATENS BIDEN'S CLIMATE PLAN: The idea that clean energy jobs will more than replace fossil fuel jobs — with the right investment — runs through plenty of Republican districts (as Ryan has previously reported) but it also faces a financial hurdle. Solar workers earn a median wage of \$24.48 per hour, well short of the \$36.32 per hour median earnings of mining and fossil fuel extraction workers: the difference adds up to nearly \$500 a week, and \$25,000 a year. Natural gas sectors workers brought home a median \$30.33.

BUSINESS REJECTS PAYING FOR INFRASTRUCTURE PLAN: Corporate America has loudly complained for years about the crumbling state of the U.S. infrastructure, but now that there's a \$2.2 trillion plan on the table to fix it, they don't like it. Why? Because big businesses would have to chip-in via higher taxes, possibly via doubling the minimum tax on foreign profits to 21 percent.

Reality check: Roads, bridges and rail don't grow on trees. If we want them, someone has to pay. The choice is therefore between taxes that limit competitiveness and crumbling infrastructure that limits competitiveness.

MEMO TO MITCH — A FREE MARKET MEANS COMPANIES ARE FREE TO BE WOKE: There will be "serious consequences" if corporate America continues acting like "a woke parallel government," according to Senate Minority Leader **Mitch McConnell**, who added: "my advice to the corporate CEOs of America is to stay out of politics."

Is McConnell now rejecting corporate donations? Hardly. Republicans are instead pushing to take tax breaks away from companies with progressive social stances. Leaving aside that this may simply be giving Democrats something they want for free, McConnell is also shining a spotlight on how his business model differs from that of Corporate America. McConnell tries to turn a (electoral) profit by appealing to the roughly 35 percent of adult American citizens. The CEOs are appealing to a much bigger and more diverse national market: in short, interests are not aligned.

"IT'S STILL A WHITE MAN'S WORLD AT THE TOP", according to **Michael Passoff**, CEO of Proxy Impact, a shareholder advocacy group that tracks resolutions on environmental, social and governance issues. Amazon, JPMorgan, Johnson & Johnson and others are fighting shareholder efforts to put racial equity questions up for a vote. Just half the companies in the S&P 500 index reported anything about corporate board diversity in 2020. Analysis of the different perspectives here.

GLOBETROTTERS

UNPRESIDENTIAL — LITERAL MUSICAL CHAIRS IN TURKEY: This has to be seen to be believed. It's hard to know don't know who deserves the most blame. Is it the Turkish government, or the EU's asleep-on-the-job advance team?

BRITISH BRAIN DRAIN: [London alone has lost around 700,000 people during Covid](#) — out of a total population loss of 1.3 million The exodus is mostly to other countries, rather than the countryside. It's the equivalent of the U.S. population shrinking by 6.5 million people in a single year.

UN — PRIMARY PROCESS IS OPEN: If you'd like to be part of a radical reform to how the United Nations selects its leader, you can [register to vote in this grassroots primary](#).

MANSPIRATION FOR GLOBETROTTERS: Last fall, the U.S. State Department began a multi-year process to redesign American passports to make them more secure. Here's another idea for the department: Include more women. Current U.S. passport books include quotations from famous American people, documents and even from the Golden Spike, which ceremonially linked together the segments of the Transcontinental Railroad. ("May God continue the unity of our country as the railroad unites the two great oceans of the world.") Only two women — [Anna Julia Cooper](#) and [Jessamyn West](#) — are quoted in the larger, 52-page passport. Only Cooper is quoted in the smaller passport book.

The State Department blamed the disparity in part its need to use quotes not subject to copyright fees. That often leads to use of historic quotes from less than feminist eras. But State is promising to try harder in this round. "We are interested in soliciting suggestions from the public on the selection of artwork and quotations," a department spokesperson told POLITICO's Nahal Toosi, "And we want to continue ensuring that passport books represent America's diversity and rich history." [Send us your suggested inspiring quotes from American women](#).

Thanks to editor [Ben Pauker](#), Nahal Toosi, and Nick Vinocur.

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