

# Opening Statement Jörg Alt SJ

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Why do Jesuits engage in political debates? In 1974 already the highest decision making forum of our order, the General Congregation, decreed that there is an inherent link between the proclamation of faith and the advancement of justice, which lead to the outright support of empirical research and subsequent advocacy at another General Congregation, namely the one in 2008.

An international research and advocacy cooperation as the one binding together Jesuits in Zambia, Kenya and Germany in the Tax Justice & Poverty project is even more important where somebody's chances to solve his countries problems depend on decisions and practices elsewhere. For example:

50 years after political independence Africa is still financially still dependent. And what can we in Europe do to change it? Consider this:

- Transparency of financial flows into Europe would curb corruption in Africa because it would make public who is investing into what real property in Germany rather than into the welfare of his own country. Or:
- Whatever development assistance funded by European governments does to increase good governance in Africa, this will not improve anything if the global tax regime is still bent in favour of those developed countries, if their trade, financial and tax policies cost African countries more than they are able to collect with their improved means.

In the course of our research we were struck, however, about the similarity of problems we established in countries as different as Bavaria/Germany, Kenya and Zambia: Everywhere we noted

- growth of income and wealth inequality,
- staff shortage in tax administrations and other branches fighting IFFs,
- outside influence on decisions and actions of government and parliament, whether it is called "lobbyism" or "corruption".
- problems when it comes to the international prosecution of tax evasion or money laundering: State authorities often have to stop at national borders, while capital and wealth holder move their assets freely around the globe and hide Ultimate Beneficial Ownership.

On this background we argue that improvements in the field of taxation and any cooperation which reduces Illicit Financial Flows will be a WinWin Situation for all nations involved, developed countries included. For example:

- If it were not for the 30-100 billion USD laundered every year to a considerable extent in the real property sector of Germany, housing and rents for the ordinary citizen would be more affordable and a lot of money can be invested in developing countries in the first place. Or:
- If we could curb Illicit Financial Flows and tax assets which leave our respective countries illicitly into tax havens (for Germany the 2019 EU Commission Paper "Estimating International Tax Evasion by Individuals" estimates 331billion Euro worth of hidden assets in 2016, causing annually 9 billion Euro revenue losses), we could relieve poverty and/or low income households and/or improve public infrastructure and/or services for all.

In the course of our research, yet another insight struck us: Of course are neoliberals right when they argue for more deregulation of capital and markets and tax competition – but only within their own framework of norms and values. Catholic Social Teaching, on the other hands, comes to different conclusions: Even though we are also seeing good in capitalism and markets, we are against excessive deregulation and we are certainly against "Tax competition" since taxation has something

to do with the sovereign rights of nations to finance the Common Good of All, which is why we need cooperation rather than competition. We noted: Whenever we discuss policy instruments, we always need to also know and address the underlying and guiding values and norms of our opponents.

Accordingly, we also oppose questionable voluntary philanthropic instruments such as foundations, donations or Corporate Social Responsibility who all too often leave it with the donors on what their wealth is being spent. Conversely, we argue that increased Domestic Resource Mobilization will also increase the interest of a population in political engagement and the willingness to hold government and parliament accountable for their spending decisions etc.

Therefore: Yes, we do want to discuss tax issues in the context of systemic reform, even more since evidence consolidates that the neoliberal capitalism is the root cause behind both growing inequality and the over-exploitation of natural resources and climate change. We do have to consider the system and work towards holistic and coherent reforms, answers or even alternative approaches. It was the already quoted Pope Paul VI who observed:

Efforts are being made to help the developing nations financially and technologically. Some of these efforts are considerable. Yet all these efforts will prove to be vain and useless, if their results are nullified to a large extent by the unstable trade relations between rich and poor nations. The latter will have no grounds for hope or trust if they fear that what is being given them with one hand is being taken away with the other. (Populorum Progressio, Nr. 56)

Or: the German Bishops Conference observes

Global Economy drives Globalization, and in this context ambivalent influences upon the poorest are getting more and more clearly... This perspective leads the church more and more often to an explicit critique of the capitalist system as a whole.<sup>1</sup>

We cannot resolve world problems with what we do, but this meeting is a strong plea to improve EU and AU cooperation. And we should courageously resist the familiar threat that assets will be removed, invested and hidden elsewhere: Nobody with his sound senses would risk an exclusion from the world's largest single market or really risk to be banned from Africa's rising nations.

We need an open debate about policy priorities and policy coherence, i.e. the price we have to pay to implement those priorities. If we really want to create solutions against population displacement due to climate change, if we really want to enable Africa's nations to gain the trust of its own young people in the future of their countries so that they no longer emigrate to Europe, we will have to pay a price. But I am sure that we could find support. Even the nationalists and populists with their anti-immigrant sentiments would then have to confess whether they have better solutions or whether they continue only their cheap scapegoating of migrants.

Last not least: Those looking at our research analysis and policy recommendations often tell us "Well there is nothing new. What is new about your work?" Admittedly, not too many things, which are not also dealt with and treated elsewhere.

What is new, however, is, that not increasingly Christians and Churches are waking up to the potential inherent of taxation towards a more socially just and ecologically sustainable world. And that we are looking for ways to include it into our development policies and how we can contribute to increase tax literacy of our members, trying to sensitize them to participate in this struggle.

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<sup>1</sup> „Die Weltwirtschaft ist also weiterhin prägend für die Globalisierung, doch treten damit zugleich die ambivalenten Auswirkungen auf die ärmsten Menschen deutlich hervor.... Diese Perspektive führt die Kirche immer häufiger zu einer expliziten Kritik am kapitalistischen System als Ganzem.“ Die Deutschen Bischöfe (1.9.2019) Evangelisierung und Globalisierung, S. 42.