

Closed-door meeting
“Tax justice & poverty – European workshop on tax dodging and illicit financial flows between African and the EU”

Tuesday 10 December 2019, 9.00-17.00
Representation of the Free State of Bavaria to the EU
77, Rue Wiertz, 1050 Brussels

Opening remarks of
Fr Manuel Barrios Prieto
*- Secretary General of the Commission of the Bishops’
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Check against delivery.

- Without any doubt the **European Union is faced with profound challenges**:
 - The undeniable and visible consequences of **climate change and the deterioration of our environment and biodiversity** urge us to correct our current way of life and to lead as Europeans the way forward in the ecological conversion of our economy and society
 - **The ever-fast pace of digitalisation** opens up new opportunities for prosperity and authentic social well-being. Yet, the technological changes also more increasingly create **anxiety and unease among a growing part of the population** that fear that their jobs will be replaced by robots and algorithms. They look with discomfort at their future and have the impression that they will be excluded from the next transition
 - **And finally, we see a growing disparity** between expanding urban centers and depleting rural areas in Europe. Whereas the general trend of **population decline is putting already pressure on our welfare models**, the demographic challenge is even more pronounced in the villages and small cities that suffer from an exodus of the young people.
- Amid these complex changes and at the beginning of a new EU legislature, COMECE encourages Europe **to shape the transition to the benefit of all and promote a digital and ecological agenda** that is people-centered, oriented on our common values and directed towards integral human development.

- We are glad to see that the new Commission under the leadership of **Ursula von der Leyen has made climate change policy and digitalisation main priorities** and promised to **work towards a just transition**
- Large investments in our infrastructure, education, welfare systems and new economic sectors are necessary to succeed the just transition. For this to happen, we need a new societal commitment that calls upon **everybody to contribute to the joint endeavour**.
- When taking, however, a frank look at our society, we see far too often – what Pope Francis calls – **a globalisation of indifferences**. Since the very beginning of his papacy, the Holy Father has condemned the structural imbalance and injustices in our globalized economy that has allowed for growing inequality in income and wealth worldwide.
- He criticizes the current orientation of our economy in which *“priority tends to be given to profit maximization without taking the context into account, let alone the effects on human dignity and natural environment”*¹. Pope Francis highlights the current problematic orientation of the *“financial system that rules rather than serves”*² and the structures of *“corruption and wide-spread tax evasion, which have taken a world-wide dimension”*³.
- Based on his reflection and rich compendium of Catholic Social Teaching, **allow me to elaborate three brief points on how the Church intends to advance the debate on tax justice:**
 - **First, we need to rediscover the concept of the common good** and understand that we are all better off if we work together towards social justice. Climate change, digitalisation and the demographic shift are common problems that require common answers at the European - if not international – level. Moreover, and as mentioned in the **COMECE publication on private investment in development**⁴, the EU needs to **assist other countries in the South to mobilise domestic resources and combat illicit financial flows** that deprive African countries each year from billions of US-dollars and undermine efforts in the fight against poverty and climate change.

¹ Pope Francis (2015): Laudato si' – on care for our common home:

http://www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html

² Pope Francis (2013) – Evangelii Gaudium, 56:

http://www.vatican.va/content/francesco/en/apost_exhortations/documents/papa-francesco_esortazione-ap_20131124_evangelii-gaudium.html

³ Ibid.

⁴ COMECE (2017): Private Investment & Development:

http://www.comece.eu/dl/ttMrJKJKKollJqx4KJK/20171207_PUBEXT_Contrib_Private_Investment_Development.pdf

- **Second**, we have to **go beyond the calls of distributive justice and promote contributive justice**⁵. This concept argues that as a society, we should empower everybody to fully take part in society and as individual, assume our responsibility to contribute to the flourishing of our society. This means that nobody should be left behind, but also that nobody should be able shy away from his and her responsibility to contribute to the functioning of society

- **And third**, we need to understand that taxes don't only allow states to raise money, but also help them **to steer the economy towards the common good and a just society**. By the means of taxation, we - as a community - can discourage activities that pollute our environment or are harmful to our society as a whole. **Already in 2009, the bishops of the 28 EU Member States** have proposed to the European Union to set up an **EU-wide Financial Transaction Tax**⁶. Our bishops are convinced that this tax will not only raise sufficient money for the ecological transition, but also help curb financial speculation and limit the effects of the next financial crisis. Seeing that even after years of negotiations there is no consensus in the Council, I'd like to recall this proposal of our bishops.

- **Panama Papers, cum/ex trades and the failed negotiations on the digital tax**— all these scandals and news have shed lights on the shocking extent of tax evasion and tax avoidance in Europe and beyond. Thanks to civil society campaigns and the wide media coverage, the scandals have raised awareness among citizens on the structural injustices that allow wealthy individuals and multinational companies to shy away from their moral responsibility to contribute to society.

- **The findings of the research project of the Jesuit Tax Justice & Poverty network** is in this sense another important element in the puzzle that helps us to understand the links between tax justice and poverty.

- Your work is important to further unveil the existing structures of injustices that prevent us as community to generate the revenues needed for the construction of a just and inclusive society.

- Thank you for your attention!

⁵ See also European Group on Ethics (2018): Opinion on the future of work, https://ec.europa.eu/info/sites/info/files/research_and_innovation/ege/ege_future-of-work_opinion_122018.pdf

⁶ See COMECE (2009): A European Community of Solidarity and Responsibility – A Statement of the COMECE bishops on the EU Treaty objective a competitive social market economy, p. 16: http://www.comece.eu/dl/KttMJKJOMNkJqx4KJK/20111027PUBSOCMARKET_EN.pdf