

Brussels, December 10, 2019

TAX JUSTICE & POVERTY
European workshop on tax dodging and
illicit financial flows between Africa and the EU

Welcome statement

“In this globalized world, we have fallen into globalized indifference. We have become used to the suffering of others: it doesn’t affect me; it doesn’t concern me; it’s none of my business!”

These are the words spoken by Pope Francis during his very first visit outside Rome, to the island of Lampedusa.

If we are here today to participate in this workshop, it is because we refuse to get used to the suffering of others, we refuse indifference, because we consider it is our business!

Pope Francis never miss an opportunity to denounce the fundamental imbalances and injustices in the global financial and trading system, which make the rich richer and disadvantage the poor. In Africa and in many parts of the world, this system allows elites, unfortunately often corrupt, to plunder their own people and also allows wealthy corporations to illicitly and illegally shift and transfer income outside the countries where they have earned it.

Pope Paul VI wrote in 1967 in his encyclical *Populorum Progressio*:

Consequently, it is not permissible for citizens who have garnered sizeable income from the resources and activities of their own nation to deposit a large portion of their income in foreign countries for the sake of their own private gain alone, taking no account of their country's interests; in doing this, they clearly wrong their country.

Taxation has undeniably grown in importance in Catholic social teaching and social ethics over the past two decades. The global financial and economic crisis, the Conferences on Financing for Development, the Conference on Sustainable Development Goals and the Paris Agreements on Climate Change have all played their part.

I would like to highlight only two points:

A number of features of present-day capitalism seem to have become uncontrollable. By facilitating and encouraging illicit behavior, they have become a fundamental obstacle to the development of nations. Illicit financial flows (IFFs) from poor to rich countries are part of this in all its forms: capital flight, aggressive tax avoidance, tax evasion, money laundering, and so on.

This illicit flow of money has serious consequences on human lives. It worsens poverty and prevents countless people from accessing essential social services. When corporations put what should have been taxed into tax havens, they deprive the poorest governments of the revenues necessary to fight poverty. It is estimated that the poorest countries in Africa alone lose about \$50-70 billion a year to tax havens. This amount is more than the total aid granted to the poorest countries; it is also more than six times the amount needed to finance universal primary education.

The creation of transparency in the financial sector is therefore crucial. We have to find out who transfers money, where and to what destinations. If this transparency were the rule, individuals and wealthy companies would be more cautious in what they do than they are now, when they can hide behind all kinds of legal curtains. Transparency is also essential so that citizens and national parliaments can exercise their role of controlling and balancing power, and of curbing corruption.”

Allow me to make a second point.

Taxation is ultimately the preferred way to address, regulate and finance the social and ecological transformation that Pope Francis calls for in his encyclical *Laudato Si*.

Taxation will create more resources for reducing inequalities within and between nations through redistribution. In a review published by the Jesuits under the title "Justice in a global Economy" it is stated

We see a growing acknowledgement that policies designed to enable the rich to become richer in order for those who are better off to create opportunities for the alleviation of poverty, i.e., the “trickle-down effect,” do not in effect do so. This acknowledgement opens the door for reconsidering redistribution policies. Increasing income taxes should be considered again as a valid option both to reduce inequalities and to provide the state with fiscal opportunities that advance the common good.

(Social Justice and Ecology Secretariat, 2016, *Promotio Justitiae* 121 p. 28)

Taxation also discourages polluting emissions by charging polluters in proportion to their emissions (Carbon dioxide tax), cuts back the overuse of natural resources and raises funds to advance efforts to combat climate change, such as the promotion of renewable energy. But this would be a topic in itself, worth an own workshop or conference.

I therefore welcome this day of studies and exchanges which, I hope, will make it possible to promote more vigorously in Europe the instrument of taxation and tax related instruments.

Thank you for joining us, for your involvement and contribution.

Franck Janin S.J.

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