Module 2 Intro

Our Tax Justice & Poverty research followed the good old methodology of the Catholic Worker Movement and Catholic Social Teaching: See, Judge, Act

Yesterday we had the “see” bit, namely an empirical analysis in view of one of the participating countries in our research, now I want to introduce into the importance of the judgmental bit:

Yesterday we came across already of the question: Many things, wealthy people and big corporations are doing, are totally legal. But somehow they do not feel right or good. But why is that?

Because it is always decisive on what value background you interpret those laws and norms. And right now we are in the middle of a moral or ethical discussion.

Again: This is not about facts, whether the facts point you to do this or that.

You can prove everything with “hard facts”, since for everything you will find adequate and matching statistics. Which is also because any statistics only answers the question which the researcher asks – or the person which commissions and pays the researcher.

In a similar manner: You can discuss with somebody the pro and contra of Wealth Taxation and get the feeling “This person does not understand me at all!” – because you are having different glasses in front of your eyes through which you look at the world.

this opens the perspective for the importance of often unnoticed and unreflected world view and value assumptions which underlie everybody’s arguments. If you share your conversation partners world view, you will understand each other, if you have a different world view, your communication is likely to fail.

Today it is commonly agreed that world economy and society is organized and ruled in accordance to neoliberal values and assumptions. This was not always the case and hopefully we can change this again.

Let me first illustrate some buzzwords and assumptions upon which the present neoliberal world view builds its understanding of society and economy.

This will be followed presenting the underlying assumptions of Catholic Social Teaching, which is the background of our research:

|  |  |
| --- | --- |
| **Neoliberally inspired order** | **CST inspired order** |
| Free Markets (incl. non-prized externalities, privatized gains, socialized losses…) | Socially just and ecologically sustainably regulated markets |
| Individualistic Homo Oeconomicus | Concept of the Human Person |
| Lead science: Mathematics and statistics | Lead science: Sociology |
| Growth and quantity, consumerism and waste | Growth agnostic, but quality, durability and recycling |
| Free Trade, Global Value Chains | Fair Trade, Regional production chains |
| Business to generate shareholder value, CSR | Business to serve the community, “Social Partnership”, CC&CSA |
| Free capital movement above labour | Labour above capital |
| Paid labour | All forms of labour |
| Rewards individual “performance” and merits  | Yes, but only if equality of opportunity! |
| Individual command of property | Property has a social and ecological mortgage,  |
| Maximize individual interests & profits  | Global Common Good (“Solidarism”) |
| Lobbyism, oligarchy, lack of transparency | Transparency, democracy, participation |
| Private, capital based social security systems | Solidarity systems for social security systems |
| (tax)competition, tax havens… 🡪 survival of the fittest | (tax)cooperation 🡪 human evolutionary advantage |
| Little state | Adequate state |
| Little tax | Adequate tax |

Of course you never get those to sets of value clear cut pure and simple – there are neoliberals going to Sunday Mass and there are Catholics working in institutions supporting the neoliberal order.

Now what are the principles and values of CST?

Most importantly are the framework conditions under which all policy and legal plans have to be conducted, namely under the guidance of truth, in freedom and with the participation of all afflicted by those plans.

As guideline for your deliberations are the following pairs which are in tension with each other but, at the same time, delineating a continuum and calling for a balance:

|  |  |
| --- | --- |
| Personalism/the rights of individual Human Persons | Common Good/ the Universal Destination of Goods |
| Solidarity | Subsidiarity |
| Justice | Sustainability |
| Universal Love (of everybody) | Preferential Option for the Poor |

In other words and from the Catholic point of view: Whenever you device a policy or law, you have to check how its consequences will impact in relation to these outlined continua, for example,

* how much it both secures the wellbeing of individuals AND the wellbeing of all,
* how much it advances solidarity without destroying subsidiarity,
* how much it respects justice without endangering sustainability.

However: The last pair is different, of course: It should act out of love for all, but give a special consideration to the poor and disadvantage to alleviate their suffering and empower them to handle their own interests.

On this background you will easily understand why Catholic Social Teaching, for example,

* Puts human labour at eye level with capital
* Advocates market regulation
* Advocates redistribution of tax revenue
* Strongly advocates direct taxation or wealth taxation
* Prefers taxation and democratically controlled spending to CSR and Philanthropy

You notice in the previous, that important buzzwords of today are missing: Market, Competition or Performance – all things which are important in the present world order. For Catholics this is also important, but of second order importance, as technical means in order to bring about the more important goals and principles.

I said: Neoliberalism was not always around. And now I wanted to say: Also CST had a time when it organized economy and society: In post war Germany and Austria it joined forces with a group of so-called Ordo-Liberals and lead to an area of unprecedented wealth and wellbeing

This should encourage us to realize: there are many alternatives to organize society and economy besides neoliberalism. We simply have to free our mind and dare to think about it. Postkeynsian, Marxist, Austrian, Institutional, Feminist, Behavioural, Complexity, Co-Operative, or Ecological Economics[[1]](#footnote-1).

There are heterodox Economists besides Hayek and Friedman, such as Hyman Minsky, Tim Jackson, Daniel Kahneman, Joseph Stiglitz, Ha-Joon Chang, Kate Raworth, Christian Felber…

This mornings session should encourage us to think creatively and courageously about ways out of the present miseries. We are in a time where we realize: It is no longer to continue as we did the last 40 years. We need reform, perhaps a revolution to fight inequality, climate change, organized crime, mass migration and similar global challenges.

Therefore: Lets look into how values and assumptions inform our daily analyses and decisions and, by that the use of taxation.

The following presenters were chosen to spell out those issues in more detail:

* Willy Moka, will talk about specifically about taxation on the background of CST
* Attiya Waris will look into the links between gender inequality and taxation
* Thomas Pogge will widen the view to general institutional aspects of injustice and what role tax-related institutions can play in correcting these
* Chris Morgan, will be presenting how KPMG, one of the Big Four companies, thinks about responsible taxation, which is his department.

Intro Discussion

We did not without intention put Willy Moka and Chris Morgan as a frame of the presentation unit since it became clear how different their framework of thinking is. Whereas Chris Morgan quotes BIAC with “Taxes are business expenses”, Catholic Social Teaching would argue that taxes are business repayments for services rendered previously by society by providing institutions, infrastructure or education for labourer.

Or: While Willy Moka emphasizes the need for transparency, TNCs fight attempts of the European Commission to increase transparency with the argument it would also reveal business secrets and therefore endanger their competitivity.

Both are logical, coherent and reasonable within their frame of mind, but how can they come together in their thinking which is the precondition for action?

Conclusion

Our discussion possibly also illustrates the value of our conclusion in the Tax Justice research: It is hopeless to define Tax Justice or a just and fair taxation in a positive manner by saying: Tax Justice is this or that. Because everybody defines it differently due to different guiding norms and parameters.

This is why we rather prefer to discuss removing tax injustices. For example, it is easy to agree that indirect taxation burdens ordinary and poor people, or that small and medium businesses are harder hit than big ones. Which makes it worthwhile to start any reform-oriented discussion by thinking about how to correct this injustice and all framework parameters facilitating tax injustice – and this is what we are going to consider from this afternoon onwards.

Or: As the presentation illustrates: There is some agreement on the validity of formal tax principles, e.g. the Principle of Ability to Pay. So both could start here to fill this formal rule with content by asking what does this mean in this and that context – so perhaps some movement forward can be achieved. But this should be left for future conferences.

1. Fischer Liliann, Hassel, Joe et al (2017) Rethinking Economics: An Introduction to Pluralist Economics Routledge, London [↑](#footnote-ref-1)