



Global Conversations

Tax Justice Global Governance Challenges

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Mar 14, 2017



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Abstract

How can taxation contribute to fight global injustices and lead to a more just world? Within the well-established discipline of “global justice”, a new set of reflections on “global tax justice” are coming to the forefront, along with proposals for both global taxes – Tobin tax, carbon tax, Robin Hood tax, global luxury tax, air-ticket tax – and international tax regulation to fight tax evasion and avoidance by multinational corporations and wealthy people.

In this talk I will try to highlight the global governance challenges that these reflections and proposals aim to face. The analysis will first be developed by distinguishing between technical issues and normative issues, and then be focused more on the normative claims involved in these reflections and proposals: how do they differ from the most common principles and theories of tax justice? What is the nexus between justice, global justice and global tax justice? Can we find shareable normative justifications for global taxation policy proposals? And, above all, why should we care about injustices?



Plan of the presentation

I. Global Tax Justice

1. Global issues
2. Policy proposals
3. Technical and normative issues

II. Searching for a normative justification

1. Justice, tax justice, global tax justice
2. Why tax justice matters: from local to global
3. Different justifications for different global taxes
4. Why should we care about injustices? The (human) global challenges



Prologue

Feeling injustices: is it only just a «personal» experience?

“In the little world in which children have their existence [...], there's nothing so finely perceived and so finely felt, as injustice”

Charles Dickens, *Great expectations*



| Global Tax Justice



Global Tax Justice. Global issues

In general: Global context, global challenges

- Economy is global, political governments are local
 - «Wealth without Nations and Nations without wealth»



Global Tax Justice. Global issues

In particular



Economic injustice



climate change



Financial volatility,
speculations and crisis



Global Tax Justice. Global issues



world poverty



health deficits in
poor countries



Global Tax Justice. Global issues

Multinational corporations and wealthy individuals

- tax evasion and tax avoidance,
- offshore tax havens and secrecy jurisdictions (“base erosion and profit shifting”)
- ...



Global Tax Justice. Global issues

Multinational corporations and wealthy individuals

- ...
- lobbying for favorable tax treatment,
- corrupting influence of natural resource deals,
- tax competition among poor countries to attract foreign investments (Brock, Pogge 2014, Milin 2014, Ronzoni 2014, Dietsch, Rixen 2014, but also: www.taxjustice.net)
 - harmful consequences for poorer countries



Global tax justice. Policy proposals

From Tobin tax
(currency conversion taxes)...



... to Robin Hood Tax
(financial transaction taxes)



Global tax justice. Policy proposals



Global luxuries taxes
(Mawi, Bufacchi2015)



carbon taxes



air-ticket taxes
(UNITAID)
(www.unitaid.org)



Global tax justice. Policy proposals

Other proposals

- developing systems of unitary taxation for multinationals
- Extractive Industries Transparency Initiative (EITI) (<http://eiti.org>)
- Initiatives for global public finance schemes
 - Global Resources Dividend (levy paid at source by resource extracting firms) (Pogge)



Global tax justice. Technical, legal, administrative and political issues

Governance challenges

Institutional arrangements, implementations and feasibility issues *both* at global *and* state level:

- Transnational cooperation: how can states be motivated to forge agreements on global tax issues?
- Institutional quality: Effective and legitimate states, tax morale, appropriate fiscal contract,
 - further issues for developing countries: weak tax administration and collection capacity ...
 - The important role of taxation in creating and sustaining effective states and robust domestic institutions (Brock 2015)





II Searching for a normative justification



“Justice”, “tax justice”, “global tax justice”

What do they have in common?

“Justice”:

What do WE OWE to each OTHER?

- “WE” and the “OTHER”: who is stranger, or “who is my neighbor”?
- “OWE”: do we have duties or obligations to strangers? How are such obligations justified?



Why tax justice matters: from local to global



a) The tax system is a *focal point* of the *social pactum* on which any society is founded.

It is at the intersection between *horizontal*, *vertical* and *intertemporal* relationships of reciprocity,

...



Why tax justice matters: from local to global



...

and, therefore, a vantage point for a reflection on the anthropological foundations of *virtuous/vicious circles* of good/bad societies and good/bad governance (Silvestri 2015)



Why tax justice matters: from local to global

Tax Justice:

- how should we share *burdens* and *benefits* of taxation?



- Why should we pay taxes?



Why tax justice matters: from local to global

Most common answers to the issue of Tax Justice.
The two principles of taxation:

- Benefit-received (BR) principle and/or cost of the service principle
- Ability-to-pay (AP) principle

Do these principles work at global level?

- Objection1: legitimacy and territoriality of taxation
- Objection2: reciprocity
 - justice for non-contributors
 - Justice for outsiders



Different justifications for different global taxes

- Duties not to harm (or «negative duties») (Pogge 2008)
- Duties to respect human rights
- Human equality imperative (Brock 2009)
 - in designing just institutions, we must be concerned with everyone's prospects for a decent life, for a life worthy of human dignity (Brock 2015)



Different justifications for different global taxes

Other Justifications working both at local and global level:

- (1) meeting basic needs (entitlement to a decent minimum)
- (2) financing public goods (global public goods)
- (3) redistribution
- (4) (dis)incentivising certain types of conduct (Eskelinen, Laitinen 2015)



Why should we care about injustices? The (human) global challenges

The human global challenges

- Is there a common (global) humanity?
- Is taxation a contribution to the common(-human) good?

“At the bottom of the heart of every human being, from earliest infancy until the tomb, there is something that goes on indomitably expecting, in the teeth of all experience of crimes committed, suffered, and witnessed, that good and not evil will be done to him. It is this above all that is sacred in every human being”.

Simone Weil, *Human personality* (1943)



Why should we care about injustices? The (human) global challenges

Searching for a just world. Do we need a theory of justice? Would it not be better to reduce injustices?

*And Polo said: - The inferno of the living is not something that will be; if there is one, it is what is already here, the inferno where we live every day, that we form by being together. There are two ways to escape suffering it. The first is easy for many: accept the inferno and become such a part of it that you can no longer see it. The second is risky and demands constant vigilance and apprehension: **seek and learn to recognize who and what, in the midst of the inferno, are not inferno, then make them endure, give them space.***

Italo Calvino, *Invisible cities*



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