TAX JUSTICE & POVERTY

Taxation and Transformation

The use and usefulness of Catholic Social Teaching, taxes and tax-related instruments to advance systemic change

Joerg Alt SJ

15.01.2020

Due to the magnitude and urgency of global problems, it is important to act determined, effectively and quickly. And, by doing that, to address not only the symptoms, but underlying root causes. Hence, we need to move from the present neoliberal model of economy to a socially more just and ecologically more sustainable alternative. This paper asks what role Catholic Social Teaching, taxation and tax-related instruments could play to advance and secure such a systemic Great Transformation.

Table of Content

1 What do I want to do, and why?

1.1 Context of this paper

This paper builds on a cooperation with colleagues in Kenya and Zambia and takes on an aspect which we discussed frequently, but never systematically.

More specifically: In the course of our empirical and ethical research within the Tax Justice & Poverty (TJP) project we frequently wondered how we could best put our insights to use. Clearly, our results so far (Alt, 2016) (Alt, 2018e) prompt obvious recommendations, such as advocating for wealth taxation or more resources for tax administrations. At the same time we felt that this would cure merely some symptoms, but not the causes of, e.g., growing inequality or resource over-exploitation. ***In what ways, we asked, can our research findings and Catholic Social Teaching (CST) direct us when aiming for addressing problems at the roots, and not only at the symptoms? More to the point: How can the utility of taxation and tax-related instruments be maximized for pushing for a fundamental systemic change, a Great Transformation from the present neoliberal paradigm towards a society based upon the Common Good of All?***

In two papers I discussed some preceding and fundamental aspects: First, I looked what guidance CST provides in today's world which is facing and has to address three "Megacrises" (Alt, 2018). In a second paper I identified the European Union as the most promising "battleground" for initiating such systemic change and from there to extend a helping hand towards the states of the African Union (Alt, 2018c). This paper now builds on those preceding two.

I want to present my thoughts to this meeting because my understanding was that this is a place where authors are able to put ideas up for discussion of whose importance they are convinced, but where they are still uncertain about their way of treating it and where colleagues are willing to provide advice about pitfalls to consider and avoid.

I want to present my thoughts also to this meeting in order to learn from you more about who is thinking and working in this field both in the area of ethical reflection and the area of developing practical policy recommendations or even advocacy strategies, so that more synergy and cooperation could follow.

1.2 Concepts and terms

First, of course some clarity is needed regarding some concepts used in this context, for example

(neoliberal) narrative, paradigm, system/systemic change, (socio-technical) regime, technocratic paradigm, world view…

The perceived need of transformation away from one set of beliefs and action guiding principles is phrased differently. Some talk of the need to change the present "narrative", "paradigm", system/systemic", "world view"; the prevailing (socio-technical) regime (WBGU, 2011, S. 100), technocratic paradigm (Laudato Si, Nr. 106ff.) etc. The term "narrative" was made popular by Lyotard's book *The Postmodern Condition* (1979), describing how Grand Narratives ("stories") may give unity and purpose to a society, but at present crumble and change, giving way to an entire range of smaller narratives which may fight each other until a new Grand Narrative emerges. The present situation resembles the predicted scenario by Lyotard which is why the use of this and similar terms seem to be justified when describing today's upheavals (see below, 1.4). When the above terms are used in this paper, they refer to the currently globally still dominant and in parts still actively promoted neoliberal philosophy, norms and principles – which is more than a merely economical model but more like an entire and very specific world view.[1] They also signify the need for another set of norms and principles, unified in the vision of a new narrative/paradigm, namely that of the Common Good of All.

Framing and Storytelling

The previous context then determines methods of framing and storytelling and decides whether one "understands each other" or whether one "talks at cross-purposes" (aneinander vorbeireden): While adherents of the present system argue correctly that tax is a burden, proponents of a new system will argue equally correct that taxes are a contribution to the common good.[2]

(Great/systemic) Transformation

The term "Great Transformation" was made popularly known by Karl Polanyi's book "The Great Transformation" (2001) and is also used today by historians and scholars to characterize today's inevitable unavoidable developments as being different from mere change. Achieved transformations are irreversible, and times of transitions are characterized by accelerating

[1] Most important here the distinction between neoliberal and neoclassical: "While it may be likely that many neoliberal thinkers endorse the use of (or even emphasize) neoclassical economics, the two terms are not necessarily related. Neoliberalism branches into two separate arguments – one consequential and empirical, the other philosophical and normative. Consequentialist neoliberalism derives many of its arguments from the prescriptions of neoclassical economics, including smaller governments, free trade, private sector deregulation and fiscal responsibility in government....Neoliberalism does not have a set definition, although it has often been attributed to the policies of Margaret Thatcher in the United Kingdom and Ronald Reagan in the United States. It has also been attributed to 20th century economists Milton Friedman and F.A. Hayek, although both men rejected the label; Friedman considered himself a classical liberal and Hayek argued from an Austrian perspective." Read more: How does neoclassical economics relate to neoliberalism? | Investopedia https://www.investopedia.com/ask/answers/063015/how-does-neoclassical-economics-relate-neoliberalism.asp#ixzz56zgdGxGZ A very good contemporary review of neoliberal promotion and triumph is given by Monbiot, G. (2016, April 15) Neoliberalism – the ideology at the root of all our problems. In: The Guardian. Retrieved from https://www.theguardian.com/books/2016/apr/15/neoliberalism-ideology-problem-george-monbiot

[2] http://www.zeit.de/2016/10/sprache-manipulation-elisabeth-wehling/seite-2

developments, higher density and intensity of change, emerging new concepts and agents, more clearly recognizable and defined winner and loser (Osterhammel, 2011). If, for example, G20 and IMF promote “more inclusive growth”, this can be done within the existing paradigm and would be a change, no transformation. A new “post-growth, de-growth” or “post capitalist” economy would be a transformation. Or: While the neoliberal paradigm tries to rescue the GDP as yardstick to measure increase in income and wealth, adherents of a Common Good approach advocate more comprehensive sets of indicators to measure human wellbeing and development.[3] This paper joins others aiming for such a fundamental change, which is done on a number of scales. Given the magnitude of problems and urgency of treatment, some call for a new Global Social Contract (WGBU) or the replacement of the present neoliberal agenda by an Ethical Agenda (Felber). Or, on the Catholic side, the CDISE, the umbrella organization of Catholic Development Organizations which redefines itself in its Strategic Framework 2016-2021:

> as international family of Catholic social justice organisations working for transformational change to end poverty and inequalities, challenging systemic injustice, inequity, destruction of nature and promoting just and environmentally sustainable alternatives. (CIDSE, 2016)

As useful those visionary frameworks are, this paper tries to identify important stepping stones along the way, aiming for smaller, more pragmatic solutions, enabling real, quick, flexible and tangible progress.

A society based upon the Common Good of All

The concept of the “Common Good” is easily used, but people seem to have different understanding of its content. For the time being three remarks shall circumscribe it:

A first guideline is the Common Good definition of the Compendium of Catholic Social Doctrine. The probably most widespread definition is given in Nr. 164 with reference to Nr. 26 of the Pastoral Constitution Gaudium et Spes Nr. 26:

> The principle of the common good, to which every aspect of social life must be related if it is to attain its fullest meaning, stems from the dignity, unity and equality of all people. According to its primary and broadly accepted sense, the common good indicates “the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfilment more fully and more easily”.[346]*The common good does not consist in the simple sum of the particular goods of each subject of a social entity. Belonging to everyone and to each person, it is and remains “common”, because it is indivisible and because only together is it possible to attain it, increase it and safeguard its effectiveness, with regard also to the future*. Just as the moral actions of an individual are accomplished in doing what is good, so too the actions of a society attain their full stature when they bring about the common good.

[3] „Entscheidend sind aber ohnehin nicht die Details neuer Indikatoren. Es geht darum, ob sich ein neues Verständnis von Wachstum und Wohlstand in den Köpfen durchsetzt. Wird auch künftig versucht, das letzte Zehntel Wachstum herauszuquetschen – gleichgültig, welche Nebenwirkungen das hat? Oder entsteht ein neues Leitbild, an dem sich Politik, Wirtschaft und Gesellschaft orientieren? Ein solcher Wandel wäre keine Kleinigkeit, sondern ein Paradigmenwechsel. Die Tragweite würde spätestens dann sichtbar, wenn materielles Wachstum und andere, dann gleichberechtigte Ziele in Konkurrenz treten: Müssen Regionen, die unter der Globalisierung leiden, ganz anders unterstützt werden – auch wenn das teuer ist? Ist Migration alleine deshalb richtig, weil sie mehr Wachstum verspricht? Müssen Erfindergeist und Forschung ganz anders gefördert werden, auch wenn die Erträge nicht unmittelbar messbar sind?“ Pennekamp, J. (21.2.2017). Inklusives Wachstum. In: FAZ, see http://www.faz.net/aktuell/wirtschaft/wirtschaftspolitik/umgang-mit-dem-bruttoinlandsprodukt-14885708.html

> The common good, in fact, can be understood as the social and community dimension of the moral good.

A second, more practical guideline is the definition provided by Christian Felber. According to him „the sum total of human rights, developmental and environmental goals as well as other goals and intentions of the community of states, for example the protection of indigenous cultures or biological diversity – represent the 'Global Common Good'." (Felber, 2017)

The third suggestion is more procedural. According to its proponents, it is in the end the question of what specific people consider to be the Common Good of All in its respective context and this needs to be determined in a participatory process on the respective local, regional, national, supranational and global level (Guérot, 2016a) (Felber, 2014). It can be guessed, however, that that which citizens deliberate would be very different from the present ways. In a representative survey 90% of the Germans called for a new socio-economic order.[4]

Catholic Social Teaching and Catholic Social Doctrine

There is still a great variety among national lists of norms and values of Catholic Social Teaching. The basic point of reference for this paper is the Compendium of Catholic Social Doctrine (Pontifical Council for Justice & Peace, 2005), because it is to my knowledge the most comprehensive and most widely accepted, offering to be a universal frame of reference and starting point for all future reflection. Nevertheless, this paper prefers the term "Catholic Social Teaching" (CST) since the expression "Doctrine" suggests a fixed, defined, authoritative and unchanging body of knowledge. It is the TJP teams' conviction that the Compendium offers indeed a universal frame for the passing on and spreading of knowledge, but while being passed on, this knowledge being modified, increased, discarded by being used by people and events. That way, "the contribution of Catholic social teaching is the development of this body of thought in a 'dynamic inductive-deductive process' which utilizes a three-step approach well known to Catholics steeped in the social tradition: see, judge, and act."[5]

Tax and tax-related instruments

There is a direct and an indirect dimension to it. The direct core instruments are the following:

- **Taxes**: "shall mean payments of money, other than payments made in consideration of the performance of a particular activity" (§ 3,1 German Fiscal Code), meaning that the one who pays the tax has no control on how the money is being spent.
- **Mandatory Contributions**: Charges levied for the (potential) entitlement of a (later) service, e.g. insurance against sickness or unemployment.

[4] „Eine repräsentative Umfrage des Meinungsforschungsinstituts TNS Emnid im Auftrag der deutschen Bertelsmann Stiftung zeigt, dass fast drei Viertel der Befragten in Deutschland den Selbstheilungskräften der Märkte misstrauen. Fast 90 Prozent fordern demgegenüber eine neue Wirtschaftsordnung, in der der Umweltschutz einen höheren Stellenwert hat als bisher und die den sozialen Ausgleich in der Gesellschaft anstrebt. Weiterhin glauben die Befragten, dass diese Anforderungen prinzipiell miteinander vereinbar sind." Umfrage: Bürger wollen kein Wachstum um jeden Preis (19.8.2010) Bertelsmannstiftung. http://www.bertelsmann-stiftung.de/de/presse/pressemitteilungen/pressemitteilung/pid/umfrage-buerger-wollen-kein-wachstum-um-jeden-preis/
[5] An introduction into Catholic Social Thought http://www.loyno.edu/jsri/catholic-social-thought

- **Levies and Duties**: They are paid voluntarily or involuntarily for the reception of some service provided by a public authority, e.g. customs, issuing of passports or certificates

There are more categories and types, such as Royalties, which are of no major relevance for this short paper. But one should also consider indirect use of tax and tax-related instruments such as tax exemption, or the use of tax revenue via subsidies, public services or investments and, finally, redistribution.

1.3 Methodological note

In this paper I most certainly neglect a great number of important contemporary discussions and arguments. I ask for pardon for the following reason:

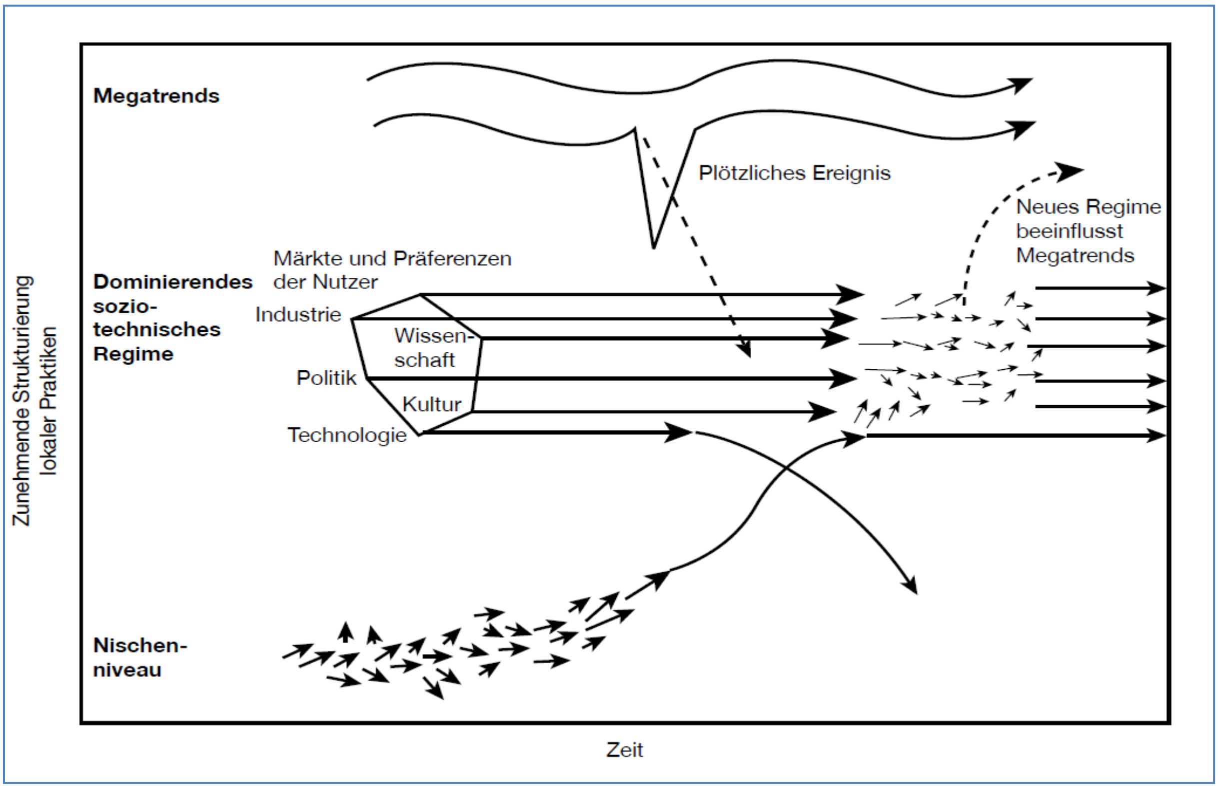
In all my work (empirical and literature research, expert interviews, advocacy) the guiding interest was and is: “What is the problem, what is most useful for its resolution and how can I strengthen this solution?” In the case at hand the question is more specific: “Who is working already on issues addressing and advancing systemic change and the role of taxes and tax related instruments in that? What proposals exist? How do they fit together? And, if they do not fit, what is needed to make them fit and work in synergy?” Indeed, there is plenty of useful material: The entry “Heterodox Economics” on Wikipedia alone presents a long list of such approaches past and present, which is far from complete and from which inspiration for present discussions could be drawn.

Elements from those are present and are being discussed within the mainstream and is worth promoting and protecting from being watered down (e.g. WBGU, the EUs proposal for a CCCTB or FTT). Other ideas exist outside the mainstream and in relative isolation of each other (e.g. Chang, Raworth or Paech) and do therefore not receive adequate attention and support. Therefore a related question is: Is it possible to strengthen all those “heterodox” positions by drawing them together within a guiding and unifying framework, namely the need of a Great Transformation towards a society based upon the Common Good of all? Could it be made more appealing and convincing that way, sparking off some enthusiasm and cooperation?[6]

For the sake of illustration, I find the following graphic helpful which illustrates dynamics of transformative change.

[6] In a related paper this was attempted by examining the contrast between Free Trade and Fair Trade (Alt, 2018d)

Abbildung 1Analysis of transformative processes



Source 1 (WBGU, 2011, S. 100)

Within this graphic, I am seeking my place somewhere between the "dominant socio-technical regime" and the bottom, trying to collect insights from those two levels and to put them together in a way that point towards coherent, convincing, and inspiring whole. According to the newness of my thinking and my resulting ignorance about who else is working in this field and along those line, this paper is little more than a starting point and at best a sketch or skeleton of prospective change. My biggest hope is to find more material and people working with similar questions so that more details can be clarified and more flesh be put upon this skeleton.

Doing that, I am not interested in all those arguing that this undertaking is "unrealistic", "does not make sense", "is of no relevance". Admittedly, this lacks "scholarly detachment and objectivity". At the same time, observing firsthand the efforts Big Finance undertook to prevent the tiny Financial Transaction Tax from being implemented, and drawing conclusions from findings during our Tax Justice & Poverty research, I cannot but accept to notice how the top 1% fashions the world to its interests and prevents change to be implemented, by skillfully turning one state against the other. This is why nothing serious happened to the global financial and economic order since the 2007 World Financial and Economic Crisis and why the position of the top 1% is even improved and strengthened nationally and globally.

I no longer think that objectivity and detached arguments will win the case. I think it is high time to take position, work on and strengthen alternatives and engage in confrontation: We should no longer engage in taming "the beast" or making it look nicer with makeup, but in efforts to weaken its grip over us and to replace it.

1.4 Crises and the church

A final word why I think that all those questions should be of particular concern for the Catholic Church, Christian ethics and Christians in general:

1. The magnitude and urgency of today's Megacrises call for immediate and adequate treatment and engagement. There is plenty of discussion nowadays, most of it responds to and is critique of that which is tabled by proponents of the neoliberal paradigm. There is little alternative Agenda Setting on part of the church, which is surprising, given Pope Francis' insistence that a systemic analysis and alternative is needed to advance a socially more just and ecologically more sustainable world when he says in the Encyclical Laudato Si'.

   > Given the scale of change, it is no longer possible to find a specific, discrete answer for each part of the problem. It is essential to seek comprehensive solutions which consider the interactions within natural systems themselves and with social systems. We are faced not with two separate crises, one environmental and the other social, but rather with one complex crisis which is both social and environmental." (LS Nr. 139)

   Efforts to this effect need to be supported and strengthened.

2. Todays Mega- and Mesocrises are unavoidable since they are facts which can be belittled or trivialized or interpreted in many ways. At the same time: If we want to prevent that chance and necessity, selection or the survival of the fittest determines the outcome and if we think that a cooperative effort towards a society based upon the Common Good of All is desirable, we have to step up our efforts.

3. Because Christians do not have any own visions aiming for a middle way between the extremes of "more neoliberal policies" on the one hand, and protectionism/nationalism and populism on the other, we do not have any stake in the ongoing discussion and lack conviction when criticizing certain policies of the established parties (CSU) or populist movements such as PEGIDA, AfD or the like.

4. Any ethical discussion should, eventually, provide practical policy proposals – otherwise it is of little service for solving real problems of real people.

5. An active engagement in these debates is – last not least – also one (among other) solutions to the crisis of institutionalized churches. A recent initiative capturing headlines was the "Mission Manifest"[7], asking to advance the faith by proclaiming the good news and the power of prayer. This ignores that also diakonia belongs to the pillars of Christianity and that Mission should include doing and promoting good deeds for the sake of the many.[8] At least in my experience (ban of anti personnel landmines, social rights for 'illegal' immigrants, Financial Transaction Tax), engagement for specific policies brings you also in touch with people skeptical of religion and church and therefore implies much potential for being missionary.

In writing this paper we are convinced that the window for reforming the current order is narrow and closing fast. If we do not act boldly, rising inequality, climate change,

[7] https://www.missionmanifest.online/

[8] Nothelle-Wildfeuer, U. (22.1.2018) Mission und Mission Manifest. In: Feinschwarz, see http://www.feinschwarz.net/mission-und-mission-manifest/

transnational crime, IFFs etc. will continue to grow and to impose harm on people and countries on earth.

2 To See & To Judge

This chapter provides background to the main part of the paper, summarizing insights dealt with more extensively and deeply elsewhere, especially in (Alt, 2018) and (Alt, 2017c).

2.1 Megacrises and time pressure

The three "Megacrises" of our time are: excesses of today's Offshore-Capitalism/ Financialization, speed and complexity of technical innovation, most importantly in Information-Communication Technologies (ICT) and Digitalization, as well as the overuse and destruction of natural resources. Consequences and symptoms are financial and ecological (Meso)crises, such as volatility of financial markets, IFFs, inequality, changes in human labour, manipulation of information, migration, terrorism, transnational organized crime etc. Under neoliberal influence, "market thinking" expanded into areas where it was traditionally not at home (and, from the view of CST, should not be at home[9]), consequently impacting upon individual and collective thinking and acting. We are under considerable strain since increases in extreme weather or migration indicates that we "reap" already the fruits of our socio-economic system of production and consumption and that there is little time left if we want to keep the 2 degree centigrade goal of the Paris convention.[10] The only adequate answer is a swift and decisive transformation towards a fair and sustainable network-economy, guided no longer by pushing the interest of the few, but increasing the Common Good of all.

At the same time, we note the inability to promote such change due to manifold threats to governance: True, there is the UNs Agenda 2030 regarding Sustainable Development Goals and the Addis Ababa Action Agenda with its taxation related implications (fighting IFFs, strengthening Domestic Resource Mobilization etc) or the Paris Climate Agreement. Regarding those instruments, however, the view of those is shared that they may be better than originally expected, but weaker than needed (WBGU, 2011) (CIDSE, 2016), (Advisory Scientific Committee, 2018). Additionally, there are contradictions in the Agenda 2030: It promotes sustainable and inclusive growth in SDG 8 (i.e. without questioning growth as such), but does not elaborate how this is compatible with SDG 10 (reducing inequality) and SDG 13-15 (ecological goals). Finally, the implementation of both conventions suffered a severe setback when the US pulled out of the Paris Agreement and Donald Trump continues threats to cut funding for institutions or initiatives within the UNs framework.

---

[9] E.g. Pope John Paul II: "One of the Church's concerns about globalization is that it has quickly become a cultural phenomenon. *The market as an exchange mechanism has become the medium of a new culture*. … We are seeing the emergence of patterns of ethical thinking which are by-products of globalization itself and which bear the stamp of utilitarianism. But ethical values cannot be dictated by technological innovations, engineering or efficiency; … *Ethics cannot be the justification or legitimation of a system, but rather the safeguard of all that is human in any system*. Ethics demands that systems be attuned to the needs of man, and not that man be sacrificed for the sake of the system." [Address to the Pontifical Academy of Social Sciences Friday, 27 April 2001] (Papst Johannes Paul II, 2001)

[10] „Die Krise des digital-fossilen Kapitalismus lässt den Menschen nur noch ein kleines Zeitfenster, wollen wir unsere ökologischen Grundlagen nicht irreparabel schädigen: Im Ressourcenbereich sind bei der Biodiversität sind Grenzen bereits unwiderruflich überschritten, beim Klimawandel, sollte das 2 Grad Ziel gehalten werden, stehen uns bestenfalls 10 Jahre zur Verfügung" (WBGU, 2011, S. 35ff., 67, 96ff), ebenso dramatisch sieht es bei Überfischung und Süßwasservorräten aus.

All this points to successful lobbyism and the power of those profiting from the status quo, by manipulating facts or even presenting “alternative facts”, resulting into growing populism, protectionism and nationalism as well as the disintegration of the multilateral order. Increasingly it is acknowledged that we life under feudal conditions,[11] in a financial feudalism, (Freeman, 2012), patrimonial capitalism (Piketty, 2014a) or inheritance oligarchy (Stiglitz, 2012).

How this works specifically in Germany was illustrated by an empirical research (Elsässer, Hense, & Schäfer, 2016) contributed to the 5th Report on Wealth and Poverty, but eventually thrown out by the German Chancery: Looking at the time from 1998-2013, they found that issues important for the lower deciles of the German population had little chance to make it on the political agenda while issues important for the top decile found a lot of attention with policy makers. Similarly illustrative is an analysis of the Stiftung Familienunternehmens activity to “influence” public opinion during the discussion towards a reform to the Inheritance and Gift tax (Leipold, 2016).

Transnational Mega- and Mesocrises are such that no single state is powerful enough to do this job on its own and without allies. Accordingly, not much is done. As Pope Francis stated in Laudato Si:

> The financial crisis of 2007-08 provided an opportunity to develop a new economy, more attentive to ethical principles, and new ways of regulating speculative financial practices and virtual wealth. But the response to the crisis did not include rethinking the outdated criteria which continue to rule the world. … It is essential to seek comprehensive solutions which consider the interactions within natural systems themselves and with social systems. (Nr. 189)

The increasingly critical situation calls for positioning and participation of all, including Christians and Churches.

However: While the Catholic Church is well placed to address the challenges of Financialization and resource overuse since Pope Francis’ Evangelii Gaudium and Laudato Si’, a comparable thorough treatment of causes and consequences of the revolution in ICT and digitalization is missing, let alone a synthesizing treatment of the three megacrises and their mutual feedback and repercussions.

2.2 CSTs normative guidance

And yet: Catholic Social Teaching provides tools to spark off and guide a Great Transformation towards a society based upon the Common Good of All, as well as active “Agenda Setting”:

- It reminds us of cultural-ethical foundations of today’s megacrises and knows to distinguish between “growth” and “welfare”/“well-being” or “Having” and “Being”, “progress” and “development” etc.
- Social Teaching, especially Peschs and Nell-Breunings “Solidarism” presents a reflective framework for today’s irreversible and consolidated “globalism”[12]: The cornerstone of any policy has to be the dignity of each and every Human Person, and the Common Good has to be thought globally.

[11] Brock, D. (22.2.2018) Feudale Verhältnisse. In: Süddeutsche Zeitung, Abgerufen von http://www.sueddeutsche.de/politik/aussenansicht-feudale-verhaeltnisse-1.3876690
[12] In the sense of Ulrich Becks irreversible “Globalität”

- Social Teaching and its principles offers a middle way between markets and regulation, economy and democracy, competition and cooperation, neoliberal free trade and protectionism etc.

Regarding guiding values, norms and principles which should be applied when organizing society and economy, here are distinct differences towards neoliberalism in several areas, for example:

Neoliberal 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[13]	Business to serve the community, "Social Partnership", CC&CSA
Capital above labour	Labour above capital
Paid labour	All forms of labour
Rewards individual "performance" & merits	Yes, but only if equality of opportunity!
Individual command of property	Property has a social and ecological mortgage,[14]
Maximize individual interests & profits ("Trickle Down")	Global Common Good ("Solidarism")[15]
Lobbyism, oligarchy, lack of transparency[16]	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, no tax havens… → human evolutionary advantage[17]
Little state	Adequate state
Little tax	Adequate tax

In consequence, and to my mind, there are clear positions of CST in the following areas

- Money has to serve the (real) economy, the economy has to serve humans,
- Human labour ranks higher than the interests of capital,
- The market has to serve human needs and, if this is not the case, it calls for (state) regulation,
- Competition has to be "healthy", excessive competition is rejected,
- If inequality is such that it turns into domination and rule, the state is called to interfere, also with taxation

[13] "There is one and only one social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud." (Friedman, 1982, p. 112)
[14] Pope John Paul II, Pope Francis
[15] In the sense of Nell-Breunings concept of Solidarity due to "Gemeinverstrickung" und "Gemeinhaftung", underlying his socio-economic model of "Solidarism", see E/IV on "Solidarism and Corporatism" as well as literature references there.
[16] See (Merkel, 2014) for the incompatibility of neoliberalism with democracy
[17] See, e.g., (Harari, 2015) for the evolutionary benefit of cooperation over survival of the fittest.

- Social Justice aims for a society within which justice is being done for each and everybody,
- If “the markets” do not care for the needs of the poor, the “option for the poor” justifies explicit “pro poor policies”,
- (Economic) progress is less than human development.

Less clear and more ambiguous is CST in the following areas:

- There is no clarity regarding the issue of economic growth and its link to income and wealth inequality or towards concepts such as “green” or “inclusive growth” etc.
- Even though a free, unregulated market is criticized, there is no favoured alternative,
- “Financialization” is criticized, but no criteria on adequate monetary policies are provided,
- There are no clear limits towards the extent of private property and its link to the emerging concept of the “commons” and/or the Common Good,
- There is no clear position towards a “Welfare State”, a “Social Assistance State” and contemporary alternatives such as Basic Income Grants,
- The issue of tax, tax policy and tax institutions is only of marginal relevance.

However, deficits and shortcomings in the Compendium are increasingly made up in contemporary discussions.

That way, CST can offer a “normative compass”, assisting us to find our way through competing statistics, fake news, alternative facts and information overload. It will first of all remind us of the true meaning of human freedom and happiness. It then offers a framework for reflecting and evaluating competing theories, narratives, paradigms and frames, assisting us in identifying those ideas and policies more worth pursuing and strengthening than others. Finally, it releases energies to cooperate with all those in academia, science, research and politics seeking like us adequate measures to address both root causes of existing megacrises, its symptoms and the challenges of the called-for Grand Transformation. That way 1 billion Catholics could become “carriers and advocates of change”.

Does this push one view among many possible? After all, conclusions regarding taxation depend on the wider normative background, e.g., whether one holds a rather market friendly[18] or, as we do, a more market skeptical position. The TJP team agreed to four conclusions:

1. Looking into history, especially the situation in which CST originates for the first time at the middle of the 19th century, its inspiration aims to be a counter-narrative, i.e. a protest against existing and prevailing excesses of the (then) dominating socio-economic order and the outlining, experimenting and establishment of, alternatives. Hence, for example, also today, a pro-poor bias is not only in tune with CST, but deserves more attention than competing focal points and strategies.
2. This is even more justified since neoliberalism has disproven itself for solving the problems it created. Their urgency and magnitude call for alternatives.
3. Which among diverging CST-based interpretations is „better“ or „more adequate” should not be decided by analyzing theoretical premises, but real life impact and balancing benefits and damages: CST always aimed to make a difference for real people in the real world. Here, again, it is the conclusion of the TJP team or Catholic

[18] (Booth, 2007a) or Martin Rhonheimer “Ungleichheit als Motor des Fortschritts“ (28.2.2018) In: Die Tagespost. Siehe https://www.die-tagespost.de/politik/wi/Ungleichheit-als-Motor-des-Fortschritts;art314,186319

institutions (United States Conference of Catholic Bishops, 1986) and scholars (Kammer, 2011a) that a number of developments within the free market context are worrying and call for more regulation.

4. Because individual problems or specific situations are important, it makes little sense to look in abstract debates for "tax justice" since this concept, too, is defined differently depending on the world views held. It is easier to find agreement regarding unjust and unfair situations. Accordingly it is easier to ask how we may move from, e.g. an unfair distribution of the tax burden, towards a "more just taxation."

2.3 Excursus: "tax justice" and "just taxation" in CST

So far, there is little material within CST on tax justice and just taxation. From a surveying-reviewing treatment in (Alt, 2017c), only the following issues shall be mentioned here:

- For a long time, taxation was a non-issue for CST due to the link between exploitative authoritarian states which tended to waste collected revenue. Even tax avoidance was encouraged (Furger, 1997).
- While CST always tried to strengthen the position of labour opposed to capital, proposals focused upon social partnership, adequate wage payment, adequate wealth creation (e.g. by supporting the acquisition of property such as houses or shares in businesses and corporations). Tax funded redistribution enjoys only recently growing attention.
- Tax related ethical reflection in Germany is gaining ground over the past years. For example, publications explicitly trying to establish principles and criteria with which to determine "just" taxation were submitted by (Wiemeyer, 2004), (Fisch, 2017) and (Fisch, 2016b)
- Regarding ethics and issues related to an improved taxation of Supersalaries, private, corporate and criminal wealth as well as alternatives to taxation, a collection of articles is contained in (Alt & Zoll, 2016)

More information: (Vogt, 2011), (Nell-Breuning, 1954) (Nell-Breuning, 1980),

3 To Act

Having prepared the ground, we may now ask how taxes and tax-related instruments can directly and indirectly be used to advance the transformation from the presently dominating neoliberal paradigm towards a socially just and ecologically sustainable society aiming for the Common Good of All.

3.1 Systemic change and tax

To advance systemic change requires, of course, a simultaneous, multi-pronged approach on many levels.

On the foundational level, some serious thinking is going on, e.g.

- Rethinking the concept of "private property", balancing it with the need to protect global commons and searching for new forms of ownership, e.g. via cooperatives.
- Rethinking the concept of intellectual property, patent and license rights.
- Rethinking concepts of human labour and the impact of digitalization etc.

Equally foundational are reforms aiming to revamp cornerstones of the current order, e.g.

- Regarding laws currently regulating competition,

- Calling for Corporate Governance Codices to include obligations to protect the interests of natural and social capital as well as financial capital, equally
- For laws regulating credit and investment, to include criteria of protecting not only financial, but also "human", "social" and "natural capital", and
- For public authorities handling monopolies effectively to be installed globally etc. [19]

On a more technical level, the following elements are discussed (Alt, 2018d)
- Putting an explicit price on so far neglected "externalities" and attempting to recycle better non-renewable resources, and for
- Cutting Global Delivery-, Value- and Wealth Chains and replace them by more locally and regionally integrated economic systems, including complementary currencies.

In particular, however, the TJP team was struck by two observations when reading relevant literature:

First, the importance those publications accorded to the state and state action, some even calling it the "Renaissance of the state" (McKinsey, 2015). After years of privatizations, deregulation and cuts in public services, the state seems to have a serious comeback.

Hence the second observation was less surprising, namely the importance given by those authors to taxation when it came to advance serious change. For example:

	Club of Rome (2016)	OECD (2014) (2015a)	IWF (2013) (2014a)	(Felber, 2014)	(Atkinson, 2015)	(Mason, 2015)	(Piketty, 2014a)
Criticizing neoliberalism	x	x	x	x	x	x	x
Contains proposals to use taxation as an instrument to promote systemic change.	x	x	x	x	x	x	x
Contains proposals of taxation and improved redistribution...	x	x	x	x	x	x	x
…incl. forms of Basic Income Grants…	x			x	x	x	
… incl. Proposals to reform public investment and subsidies.	x	x	x	x	x	x	
Revenue collection incl. Inheritance and Gift Tax	x	x	x	x	x		x
Incl. Wealth-/Real Property Tax	(x)	x	x		x	(x)	x
Incl. increased PIT and CIT/partly including „Machine Taxes"	x	x	x		x	(x)	x

One example shall be given in detail: The latest Report to the Club of Rome comes up with 13 principles which are meant to pave the way into a socially more just and ecologically more

[19] (Hoffmann, Eigentum verpflichtet - Rahmenbedingungen zur Begrenzung von Gewinnmaximierung durch Unternehmen und Superreiche, 2016a) (Hoffmann, Hofmann, & al., Nachhaltigkeit im Wettbewerb verankern, 2015) (Forschungsgruppe Ethisch-Ökologisches Rating, 2016)

sustainable world. And: 9 of those recommendations have a clear, three further an implicit link to taxes and tax related instruments. In the following table, red means additional taxes or tax increases, green areas where (additional) revenue should be spent, black are tax neutral proposals.

1. Annual time of labour.
2. Transition point into retirement.
3. Redefine „paid labour“ including care of the sick, raising of kids…).
4. Increase unemployment benefits
5. Increase CIT, PIT and Wealth Taxes
6. Green Economic packages.
7. Tax fossil fuels.
8. Tax emissions and use of natural resources.
9. Increase Inheritance and Gift Tax, reduce options for philanthropy.
10. Advance and strengthen trade unions.
11. Restrict international trade.
12. Advance smaller families.
13. Introduce an unconditional income for the needy.

Similar thinking can be found in (Chang, 2008), (Raworth, 2017), (Paech, 2011), (Schneidewind & Zahrnt, 2015), WBGU, 2011, (DBK, 2018).

And indeed: Inspite of all pressure arising from “tax competition” for lower rates, lean and lenient treatment, subsidies and benefits etc. during times of neoliberal reform pressure, taxation was, and is, among the most defended prerogatives of state power and authority, which implies that here comparatively efficient administrative structures are still in place, even in states traditionally in favour of “lean government”, such as the USA, as their FATCA initiative amply demonstrated which, so is widely agreed, was a major game-changer and perhaps the tipping point to start the OECDs BEPS and AEOI process. [20] To put it differently: Besides regulating directly, putting or reducing a price on things via taxes and levies can also be a powerful regulatory instrument where markets fail, leaving it up to businesses and consumers to decide to what direction things will change. To put it differently: Besides regulating directly from outside, putting or reducing a price on things via taxes and levies can also be a powerful regulatory instrument where markets fail, leaving it up to businesses and consumers to decide to what direction things will change. And we have to talk of spending tax revenue via subsidies, public services and procurement.

Therefore indeed again: The threefold package of legislating taxation and tax/customs/mandatory levies etc. providing administrative and enforcing capacities and developing appropriate spending policies offer, again depending from the basic role which governmental institutions play in society, a broad variety of instruments which can be used individually, flexibly or systematically on almost every level of governance when thinking about advancing systemic change.

[20] FATCA: Foreign Account Tax Compliance Act, BEPS: Base Erosion and Profit Shifting, AEOI: Automatic Exchange of Information.

The usefulness of taxes and tax-related is also reflected in the “5Rs” (=reasons) for taxation as defined by the Tax Justice Network and the Financial Transparency Coalition:

- Raise revenue;
- Reprice goods and services considered to be incorrectly priced by the market such as tobacco, alcohol, carbon emissions etc. and by providing tax reliefs e.g. for childcare;
- Redistribute income and wealth;
- Reorganization of the economy through fiscal policy;
- Raise representation within the democratic process because it has been found that only when an electorate and a government are bound by the common interest of tax does democratic accountability really work.

For our own project, we would phrase the use and usefulness of taxation similar as follows: Taxes and tax related instruments can be applied with impact in 6 dimensions:

- Generating revenue to finance public goods and public services, re-direct funds from subsidizing or insuring private investment.
- Generating funds for redistribution, empower the poor, reduce inequality
- Putting a prize on so-far “unprized externalities”, thus reducing environmental degradation and otherwise damaging products and behaviour
- Impacting on and redirecting private and foreign direct investment and spending
- Assisting the transformation towards a socially more just and ecologically more sustainable model for economy and society.
- Re-democratize decision-making: Taxation both diminishes power and potential of private and corporate wealth-holder to influence politics, provides funds to educate citizens, motivates them to participate in decision-making about spending of “their money” etc.

On that background, “tax justice” and “just taxation” (“Steuergerechtigkeit, gerechte Steuern”) has a double meaning and dimension to it: First of all it implies the adequate-optimal use of the instrument in advancing systemic and transformative change, second it begs the question of fair burden sharing within this process, especially in view of horizontal and vertical equity and the implementation of the Principle of Ability to Pay. Both perspectives are important for and in the development of socially just and ecological sustainable solutions to the outlined “Megacrises.”

3.2 Goals related to taxation

The following more specific goals are of specific importance for the TJP projects advocacy, especially since their (non-)resolution may block or advance systemic change as well:

3.2.1 Support superior approaches

The TJP team acknowledges that for resolving or mitigating a number of today’s problems (inequality, poverty…) there are indeed better instruments and policies than taxation (Alt, 2016n) and it is heartening that, for example, the incoming EU Commission Presidency acknowledges that we need free AND fair trade, respecting local standards on social and ecological justice (von der Leyen, 2019, p. 19). But even here taxation might assist those alternatives to move along. For example, a stiff Corporation Tax or Wealth Tax upon “legal persons” can be imposed with the prime goal not to raise revenue, but to “encourage” investing money rather under the premises to advance social justice and ecological sustainability than keeping it as “silent reserves”[21] (which would diminish taxable profits, but benefit the Common Good); or: stiff inheritances taxes could increase the willingness to establish charitable foundation. As to the latter there are indeed indications that taxation might advance charitable giving: In the US, taxation is seen to support charitable giving: In a survey, top wealth holder admitted that the Estate Tax prompts them to give 16% of their wealth to charities, 47% to heirs and 37% to the state. If there were no Estate Tax, the distribution would be 26% to charities, 64% to heirs and 9% to the state. (Gates & Collins, 2002, p. 130).

At the same time, especially business friendly groups advocate a lot of concepts and ideas, suggesting that Corporations and Investors can do much more and much better than tax funded redistribution and investment. Regarding those suggestions, the TJP team rather thinks that a lot of those “fashionable alternatives” sound better than they are:

- The IMFs or G20s proposal of “more inclusive growth”, or Green Growth or Pro Poor Growth etc. is nevertheless growth and probably will, based on present knowledge about Rebound Effects or the problem of absolute and relative decoupling etc., continue the overexploitation of resources.[22]
- Corporate Social Responsibility does, to our findings, less good than adequate taxation which is why “Corporate Citizens” should pay taxes first and consider CSR in addition afterwards (Chilufya, 2015) (Eichinger, 2016a)
- Social Impact Investment sounds good until one realizes that companies listed on a Social Impact Investment Index are known for violations against labour and environmental legislation. So, for example, Ilovo Sugar Limited was among the „Best Performer 2014“ of the Johannesburg Stock Exchange, even though the company was part of a multimillion tax evasion scam damaging the Common Good of Zambia, similar with Lonmin, also listed, which is notorious for its miserable employment situation and its squashing a strike by resorting to violence.
- The TJP team is particularly skeptical towards the instrument of foundations. It is our view that too many constructs here are guided by the attempt to save taxes and, at the same time, keep control of the fortune put into the foundation by keeping a say in how the endowment is being used and spent.

Even if we agree that each proposal deserves examination upon its own merits, we feel that a lot of those suggestions are forms of “philanthrocapitalism” or “greenwashing”. We further take note of the increasing number of church based institutions, organizations and initiatives refusing dialogue with TNCs since it is their experience to be misused for “churchwashing”, i.e. the refusal or delay of adequate measures by pointing to the dialogue with church representatives in the joint endeavour to look for the best solution. That way, the “best” is clearly the enemy of the good.

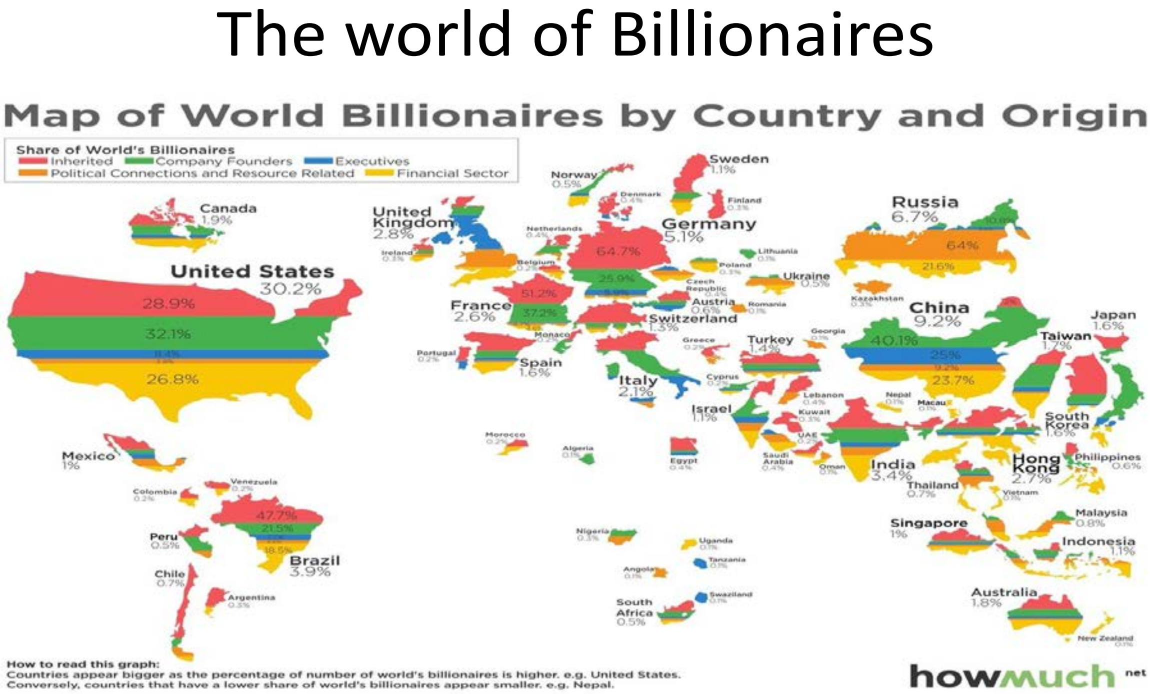
3.2.2 Curtailing the amassing of power

Beyond being a source of income, the extent of wealth ‘– including saving, investments and property ownership – tells us about enduring power, stability and security’ (Collins, 2012, p.

[21] Thesaurierung, einbehaltene Gewinne. Rücklagen, z.B. für Pensionen, sollten ausgenommen bleiben.

[22] **At the same time this study does not have an ascertained position about whatever kind of growth, about A-Growth, De-Growth, Post-Growth or the like. Developments are too complex to foresee, so that, perhaps technological innovation and the consequences of regulation (e.g. Carbon Pricing) or consumer behavior will eventually achieve a substantial decrease in resource utilization. Hence this paper follows rather the “growth agnostic” view of Kate Raworth**.

22). As indicated above (2.1), this power is executed to an increasing and worrying extent. While there would be some justification for wealth ownership if assets were earned by hard work, individual willingness to handle risk and responsibility or brilliant performance, it becomes increasingly obvious that a main driver behind the growth in wealth are gifts and inheritances. This view is supported by various studies, e.g. (International Monetary Fund, 2013)[23], European Commission[24] (Bönke, Corneo, & Westermeier, 2015), the 5th governmental report on poverty and wealth,[25] or the Peterson Institute for International Economics (Freund & Oliver, 2016), which contributes the following overview:



Peterson Institute for International Economics (2016) The Origins of the Superrich: The Billionaire Characteristic Database

Even the 2014 Wealth Report by Credit Suisse argues

> Property rights and inheritance customs are core subjects in understanding the level of wealth inequality and its transmission over time.... In advanced industrial societies ... inheritance remains an important route to wealth ownership for some people. Furthermore, inherited wealth tends to be quite unequal since middle and lower income families cannot afford to bequeath much, so children of the wealthy benefit disproportionately.

But, there are solutions to it:

---

[23] 'The primary appeal of inheritance taxes is in limiting the intergenerational transmission of inequality.'

[24] ‚Wealth confers the power that results from the command over resources, thus providing an advantage in bargaining situations… and creating disproportional political influence and encouraging rent seeking' (European Commission, 2015b, S. 80)

[25] „Allerdings zeigt die Analyse auch die Sensitivität der Ergebnisse in Abhängigkeit von der angewandten Methode. Andere Methoden führen zu anderen Ergebnissen. Haushalte am oberen Ende der Vermögensverteilung erben häufiger (fast zwei Drittel der Haushalte im obersten Dezil gegenüber nur rund einem Fünftel in der unteren Hälfte der Verteilung) und durchschnittlich höhere Beträge und Vermögenswerte. Der Einfluss von Erbschaften und Schenkungen ist deutlich stärker als der Einfluss vorhandener Einkommensdifferenzen (rund 20 Prozent)." (Bundesregierung, 2017a, S. 123)

> ‘Governments can also reduce wealth inequality, of course.... Progressive income or estate taxes, and taxes on wealth or capital income, reduce rates of return and hamper asset growth. High levels of taxation on large estates appear to be one of the reasons why wealth inequality declined during the 20th century....’ (Credit Suisse, 2014, p. 35ff.).

Hence it is here, where growing inequality and distortions of democracy because of lobbyism and other interferences and manipulations is best addressed and there are ethical reflections supporting this approach.

3.2.3 Restore taxation according to the Principle of Ability to Pay

Regarding direct taxation one has to note that the tax burden upon those with Supersalaries and wealth assets is no longer in line with their Ability to Pay since top marginal rates have been drastically reduced due to pressure arising from tax competition. For Germany this is as follows:

	1996	2016
PIT Top Rate	53%	45%
Withholding Tax on Capital	53%	25%
CIT Top Rate	45%	15%
Wealth Tax	1% (natural person) 0,6% (legal person)	0%
Inheritance and Gift Tax	Many special rules	Many special rules

Even worse: It can safely be assumed that that which is left to be paid is even more below the Ability to Pay:

- Besides work and related payments (Bonuses) wealth holder normally have other sources of income (dividends, capital, rent…),
- While there is transparency regarding income with dependently employed, earner of Supersalaries submit their own tax return, leaving tax administrations in the dark regarding real sources of income and asset ownership
- They have more options to use legal loopholes, that way turning earnings into expenses or declaring losses,
- They have more options to shrink the tax base, hide assets abroad etc.,

Similarly, the Principle of Ability to Pay is violated when it comes to the tax burden of MNEs vs. SMEs since the latter do not have as many tax avoidance options as MNEs do.

This is why tax administrations would have to put in an extra effort via audits to verify submitted declarations by private and corporate wealth holder. Those audits should also be adequate in time which is needed to investigate information, follow money flows and uncover illicit, illegal or even criminal cases. In 1991, the Federal Constitutional Court laid down that the freedom of declaration on part of wealth holder needs to be balance by adequate verification measures on part of the state.[26] The situation has not improved ever since, on the opposite: Understaffing and overworking within existing tax administrations has increased dramatically.

---

[26] BVerfG-Urteil vom 27.6.1991 (2 BvR 1493/89) BStBl. 1991 II S. 654.Retrieved on 17 April 2015 from http://www.bfh.simons-moll.de/bfh_1991/XX910654.HTM

Hence: Even EU experts conclude that for Germany, government policy contributed to inequality and poverty[27] and that the present balance of direct and indirect taxation disadvantages poor and low income households (see below 3.5.4)

In developing countries, the situation is much worse both regarding taxes and tax rates. In Kenya and Zambia, the top PIT and CIT rates are lower than Germany, there are no Wealth and Inheritance Taxes and plenty of exemptions and concessions exist for private and corporate wealth holder. On top of that and not surprisingly, capacities of their tax administrations are much weaker than that of developed countries.

More information: Fisch 2016b and 2017, (Alt, 2018e)

3.2.4 Advance other policy goals with taxation

As indicated already in 3.1, there are other policy goals which can be advanced with taxation. Most importantly in the field of global stability of financial markets (e.g. Financial Transaction Tax), environmental/ecological policies (Carbon Tax, levy on plastic), social policies (social security and welfare standards) and public health, the two latter via mandatory social security contribution or redistributive measures between states, most importantly EU member states/Eurozone member states (see below, 4.5.2.1.).

3.2.5 Combat and curtail financial crime

Another important “side-effect” of effective and efficient tax administration is that tax auditors are well placed to discover financial crime. Once they do, they are obliged to forward the case to investigative authorities. In this case, of course, the tax case rests and there is a likelihood that no revenue will be generated. This, however, could be compensated by financial penalties once a case is brought to court. One should also be aware of the deterrence effect: once private, corporate and criminal wealth holder are aware of better resources with tax and other investigative authorities they will be more reluctant to transfer and deposit illicit or illegal gains abroad.

3.3 Context parameters for taxation

When asking, why this “race to the bottom” is taking place, the argument normally given is, that globalization forces states to enter into tax competition with the aim to attract investment and “productive capital” in the first place. Here, a team with Gabriel Zucman comes to a totally different conclusion: it is not competition, but the inability of states to sanction and curb aggressive tax avoidance and evasion which prompts them into lowering tax rates and, by doing that, skim of at least some of the cream. (Thorslov, Wier, & Zucman, 2018).

This, however, would not really help, as will be shown now and this leads to presentation and discussion of context parameters determining the effectiveness of tax legislation, administration and enforcement, i.e. more specific influences impacting on the role, strength and weaknesses of taxes and tax-related instruments.

3.3.1 Tax Competition vs. Tax Cooperation

A major driving force behind a number of worrying developments is tax competition which in turn is embedded within the debate whether free markets/Free Market Economy or regulated markets/Social Market Economy are the best framework within which to organized society

[27] „Im Zeitraum 2008 bis 2014 hat die deutsche Politik im hohem Maße zur Vergrößerung der Armut beigetragen.“ (Europäische Kommission, 2017a, S. 7)

and economy. Depending on the premises, proponents want to expand competition, others want to curb it.

Due to the triumphant procession of neoliberalism, competition permeated more and more areas of society with its “market thinking” even those where it traditionally was not at home and should not be at home. For example: Tax competition. Advocates frame the issue as follows: “If a state offers concessions in taxation, a TNC is attracted to move there and invests in jobs!” This narrative is, however, rarely matched by facts.

As early as 1998 the OECD saw the danger that the “race to the bottom” of tax rates, free riding or “poaching” will not stop once zero tax rates are reached.

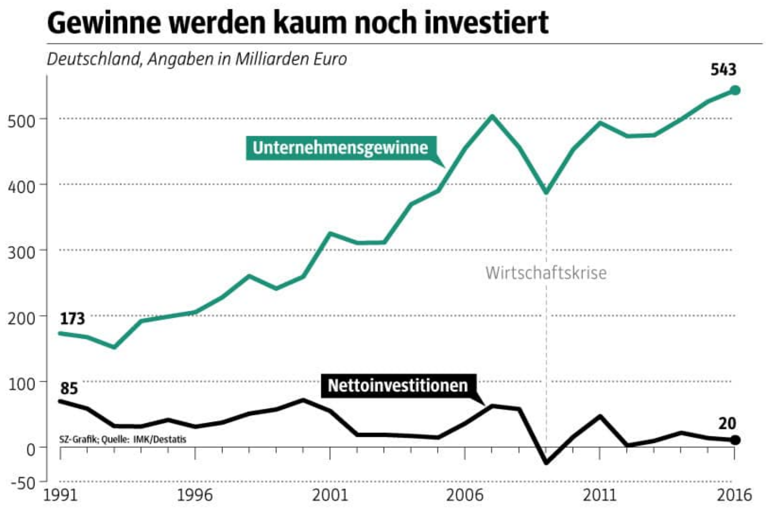
> Investors in tax havens, imposing zero or nominal taxation, who are residents of non-haven countries may be able to utilise in various ways those tax haven jurisdictions to reduce their domestic tax liability. Such taxpayers are in effect “free riders” who benefit from public spending in their home country and yet avoid contributing to its financing. In a still broader sense, governments and residents of tax havens can be “free riders” of general public goods created by the non-haven country. Thus on the spending side, as well, there are potential negative spillover effects from increased globalisation and the interaction between tax systems. (OECD, 1998, p. 14ff.)

The dangers of tax competition is nowadays more widely seen among institutions as different as IMF,[28] EU Commission[29], political parties[30] and NGOs.

Given the fact that those developments continued unabated it is to be feared that pressure by private and corporate wealth holder will continue to ask for concessions and subsidies. As the German Country Report revealed, there are already far reaching concessions beyond low rates towards private and corporate wealth holder, including favourable tax advance arrangements and treatment, few and little intensive controls and audits etc., just for having them residing in a given state. Losses via PIT and CIT revenue collected at private and corporate wealth holder are made up via investment, wage tax of those employed and consumption, which is nevertheless, so the conviction of the TJP research, a violation of social justice and fairness. Even worse: Regarding corporations, the discussion surrounding “Corporate Welfare” points to the danger eventually may request further payments in return for the willingness to invest and employ in a country.

And what about the myth that money saved in taxation is being invested in return? Especially in Germany we find that businesses prefer to keep gains as silent reserves or distribute it to shareholder rather than investing it, despite of all attempts to induce investment by, e.g. granting low CIT over the past decades.[31]

[28] (International Monetary Fund, 2019) regarding tax base and tax rate in view of corporate taxation
[29] (European Commission, 2015b, S. 80) regarding problems by taxing capital both at private and corporate wealth holder.
[30] (The Greens - EFA, 2019)
[31] http://www.sueddeutsche.de/wirtschaft/konjunktur-deutschland-spart-sich-sein-wachstum-kaputt-1.3541455



Similar in developing countries where recent data leaks nourish the suspicion that an ever growing amount of money is channeled out of the country by commercial actors via trade mispricing, trade misinvoicing and other forms of practices known under the broad heading of IFFs.

Accordingly, the TJP research argues that tax competition does more harm than good. In that we follow the arguments given since the OECD published its analysis of harmful tax competition and which finds increasingly support by international institutions and experts. We support explicitly the following statement of Paul Kirchhof, Judge at the Federal Constitutional Court, normally known for his views friendly towards neoliberalism.

> Competition of states to attract businesses and investment is no proper competition… This justification applies to sports, political elections or market activities, but not for states…. Bread is for sale, not law… The image of tax competition misreads the realm of autonomous state action when defining tax legalization… Competition leads to self-abandonment. Its goal is reached with zero revenue, the death of the finance-based state. (Kirchhof, 2011, p. III)[32]

Similarly strong the advice provided by the IMF

> "(T)ax competition is damaging the common good and admonishes states that the 'sum of losses' due to preferential rates 'likely exceeds the gains. … Tax competition can simply result in tax rates' ending up too low.' If states continue to compete with each other instead of coordinate their approach, 'there would … be a social loss suffered, since effective rates would be below the levels to which a collective decision would have lead. … (T)he gains from closer cooperation might be considerable … the fundamental issues should not be ducked. (International Monetary Fund, 2013, p. 33)

Two comments to the preceding quotes: First, one cannot fail to notice that taxation is not of overriding importance in investment decisions of Corporations. When looking at the 12 pillars

[32] „Konkurrenz der Staaten um unternehmerische Ansiedlung und Investitionen ist kein Wettbewerb… Diese Rechtfertigung gilt für den Sport, für politische Wahlen und für den wirtschaftlichen Markt, jedoch nicht für Staaten…. Brot ist käuflich, Recht nicht. … (D)as Bild vom Steuerwettbewerb (verfehlt) die Wirklichkeit autonomer staatlicher Steuergesetzgebung… 'Wettbewerb' führte in die Selbstaufgabe. Sein Ziel wäre erreicht mit einem Nullaufkommen, dem Tod des Finanzstaates."

and 109 criteria developed by the Global Competitiveness Report in the attempt to assess the "competitiveness" of a country, only four are directly related to taxation and tax-related instruments while a number of positive, investment enticing criteria are directly or indirectly dependent upon tax revenue and tax funding.[33]

Second, how much tax revenue is needed depends on the tasks a nation agreed to accord to the state and its institutions. This is in some cases, e.g. Welfare States, more, in other cases, e.g. neoliberal states, less. However: to whatever bundle of rights and services a society agreed to accord to the state, taxation is the enabling "lifeblood" for the state to execute and implement those tasks. "Taxes are what we pay for a civilized society", says the inscription outside the US IRS, one of the states which accords comparatively few tasks to the state and many to markets and private provision. With the result, that even US billionaires are increasingly of the opinion, that this is about to undermine the cohesion of society (Hanauer, 2014). Taxation is the condition of possibility for any role a state has been entrusted for advancing the common good of all. It is therefore a sovereign right, and competition is an unjustified and unjustifiable intrusion into this sovereign right.

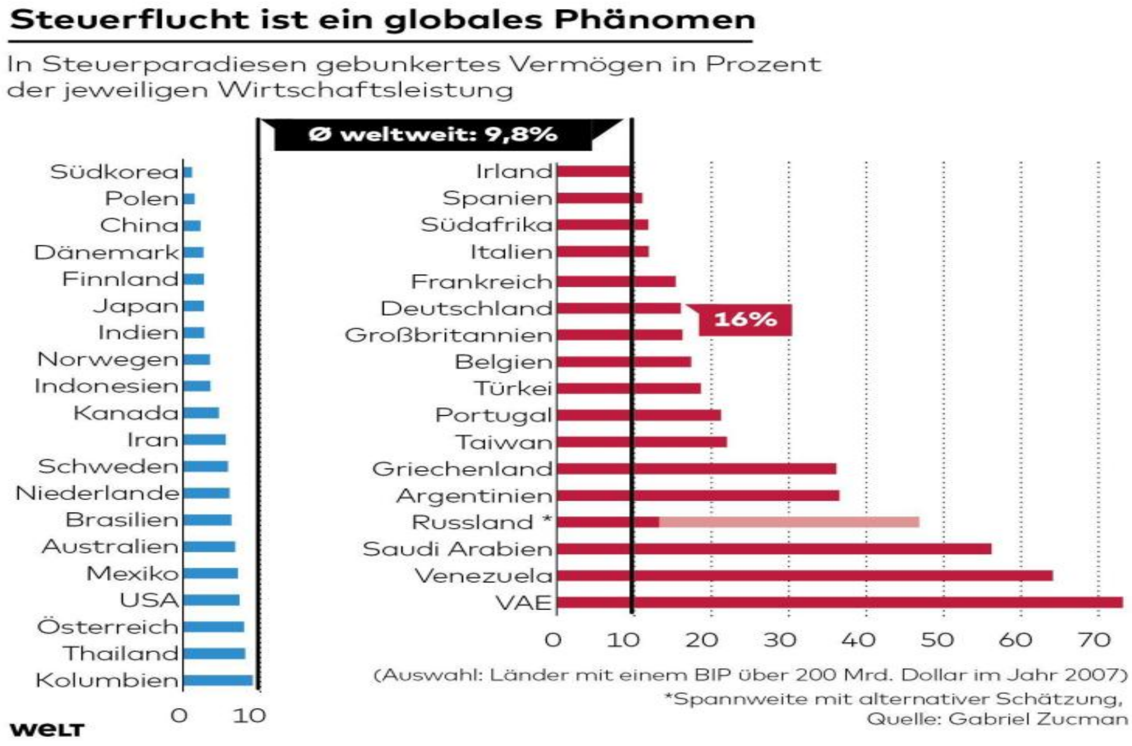
More information: (ICRICT, 2016), (Christensen, 2015),

3.3.2 Tax havens and Offshore Capitalism

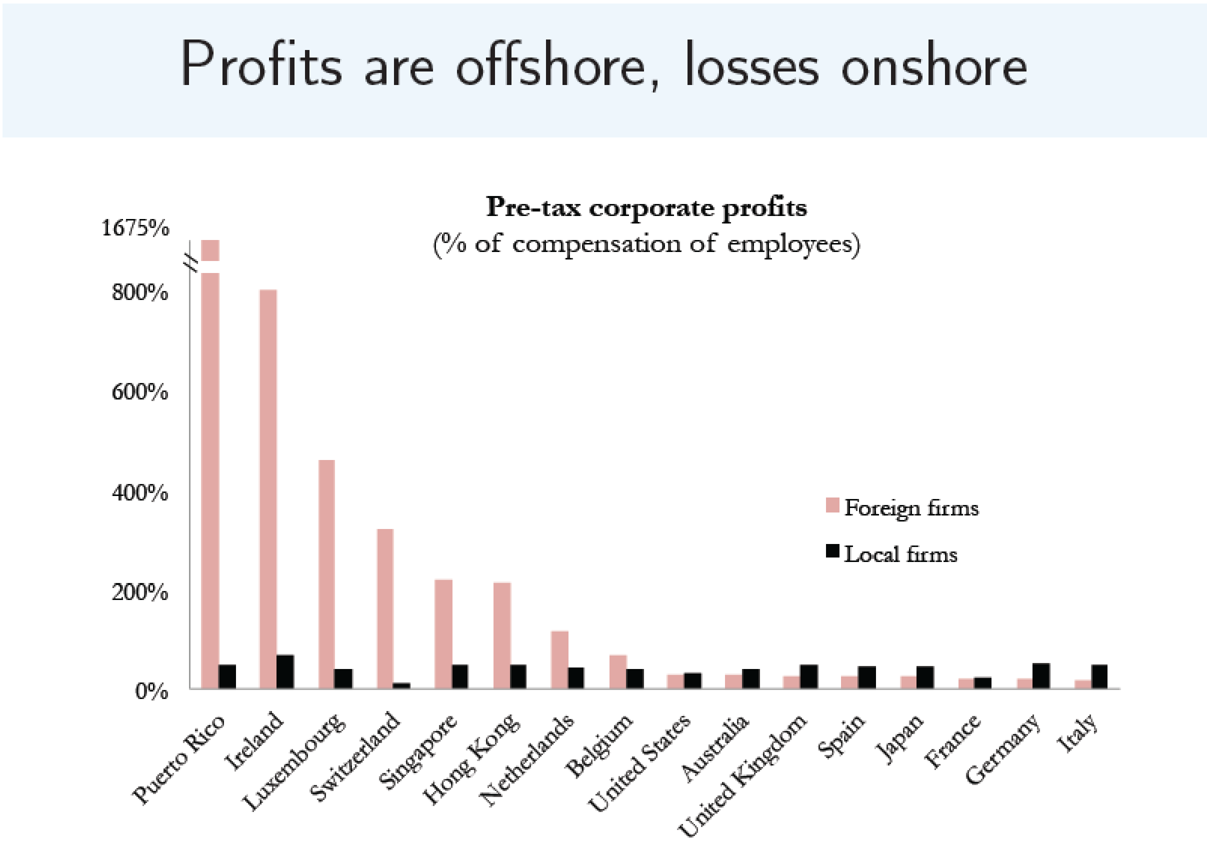
When talking about adequate taxation, a major obstacle to enforce enacted legislation is today's Offshore Capitalism with its network of Secrecy Jurisdiction. They in turn are a consequent development out of neoliberal capitalisms emphasis on finance and capital rather than the real economy, thus transforming eventually into financial capitalism and financialization. In the attempt to maximize profits, tax havens came in handy to aid and abet base erosion and profit shifting, to hide and launder money. Even though one has to distinguish the role of tax havens as a mere conduit and a deposit, we are talking about immense amounts of money stashed away and of no productive use for the Common Good of all, including tax revenue losses of around half a billion Dollar per year. Several studies prove the case:

A study by a team around Gabriel Zucman calculated that **private wealth holder** alone hide assets equivalent to 10% of global GDP in Tax Havens, as illustrated in the following graphic (Alstadsaeter, Johannesen, & Zucman, 2017b)

[33] Taxation occurs four times as "Burden of Customs Procedures", "Effect on taxation on incentives to invest", "total tax rate" in the pillar "Goods Market Efficiency" and "Effect of Taxation on incentives to work" in the pillar "Labour Market Efficiency", see Methodology and Computation of the Global Competitiveness Index, http://www3.weforum.org/docs/GCR2017-2018/04Backmatter/TheGlobalCompetitivenessReport2017%E2%80%932018AppendixA.pdf



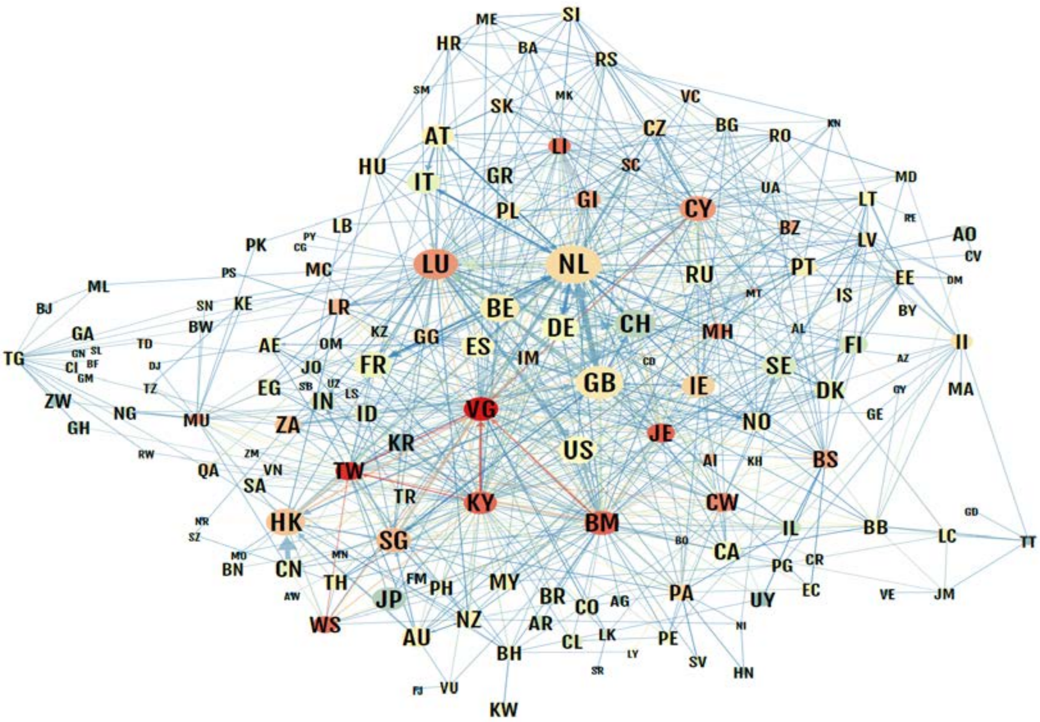
In another study, Zucman and colleagues look into losses arising from corporate tax avoidance and evasion (Thorslov, Wier, & Zucman, 2018): Here, the team calculates that MNCs shift up to 40% of their profits, which amounts to 616 billion USD in 2015 (Table 1), to tax havens, that way avoiding taxation, with greatest losses in tax revenue for EU member states and developing countries with Germany being in the worst position since from there TNC shift annually on average 55 billion USD to tax havens, that way losing up to 28% of potential revenue from TNCs. The study amounts to the insight that TNC do not move to tax havens because they have to, but because they are able to and states are not able or willing to counter their moves. They rather, so the study, chase after tax revenue among each other and taking it from each other than joining in a common fight against tax havens. TNCs are happy, because in countries with high tax standards they would have to pay anyhow – therefore it does not matter whether they pay to France or Germany. They would, however, fiercly oppose any attempts of those states to retrieve relocated profits to tax havens, so the authors. This, naturally, results not only into the loss of revenue, but also in an overproportionate tax burden upon small and medium local enterprises who do not have those transfer options: While TNCs are less profitable than local enterprises in high tax countries, TNCs are hugely profitable in tax havens:



TNCs are happy to pay taxes in tax havens, where rates are pretty low and secrecy is pretty high. Although

> tax havens do collect revenue, profit shifting significantly reduces corporate income tax payments globally: for each $1 paid in tax to a haven, close to 5$ are avoided in high-tax countries. More than redistributing tax bases across countries, profit shifting redistributes income to the benefit of the shareholders of multinational companies. Because equity ownership is concentrated, these shareholders tend to be wealthy, hence profit shifting tends, everything else equal, to increase inequality. This stands in contrast with tax competition for real capital which has ambiguous effects on inequality, as it can increase wages (Thorslov, Wier, & Zucman, 2018, S. 22).

Those findings are confirmed by other studies, e.g. (Seabrooke & Wigan, 2017) looking into the links between Global Corporate Value and Global Corporate Wealth Chains, or (Garcia-Bernardo, Fichtner, & al., 2017) looking into the corporate use of Offshore Financial Centres to channel and hide ownership and profits. All studies in common is, that member states of the European Union are both right in the centre of business (red indicating a deposit, yellow conduit role), but also among those most suffering from it.



But there are criminal flows, too, as is illustrated by the gross misbalances between IFF in- and outflows between developed and developing countries:

Table 1 IFF in- and outflows (guesstimates)

Germany, ***inflow*** only for money laundering	Kenya: IFF ***outflow***	Zambia: IFF ***outflow***
50-100 billion Euro	83 million USD	2.9 billion USD

Source 2 see Synthesis report, chapter 3

As can be guessed, and had been revealed by Swiss Leak or the Panama Paper, a third category of wealth asset holder is also of importance: Criminal Wealth Holder. But obviously, knowledge about them is even more scant than regarding private and corporate wealth holder. At the same time, available information alerts to the fact that their wealth, too, may by now decide over the wellbeing or misery of nations. For example:

> ‘Antonio Maria Costa, head of the UN Office on Drugs and Crime, said he has seen evidence that the proceeds of organised crime were "the only liquid investment capital" available to some banks on the brink of collapse last year. He said that a majority of the $352bn (£216bn) of drugs profits was absorbed into the economic system as a result. ... "Inter-bank loans were funded by money that originated from the drugs trade and other illegal activities... There were signs that some banks were rescued that way." Costa declined to identify countries or banks that may have received any drugs money, saying that would be inappropriate because his office is supposed to address the problem, not apportion blame. But he said the money is now a part of the official system and had been effectively laundered.[34]

Critics argue that TJP research mentions private, corporate and criminal wealth holder without distinction. Clearly, they argue, the criminals are worse. From the TJP teams perspective, they

[34] Drug money saved banks in global crisis (2009 December 13). In: Der Guardian. Retrieved from http://www.theguardian.com/global/2009/dec/13/drug-money-banks-saved-un-cfief-claims

are not, since they are using and benefitting from the same structures as private and corporate wealth holder, that way damaging the Common Good of All as the others, and the borderline between illicit, illegal and criminal is merely gradually.

While Pope Francis argues “This economy kills”, John Doe, the source behind the Panama Papers, characterizes Offshore Capitalism as “economic slavery”:

> The collective impact of these failures has been a complete erosion of ethical standards, ultimately leading to a novel system we still call Capitalism, but which is tantamount to economic slavery. In this system—our system—the slaves are unaware both of their status and of their masters, who exist in a world apart where the intangible shackles are carefully hidden amongst reams of unreachable legalese. The horrific magnitude of detriment to the world should shock us all awake. But when it takes a whistleblower to sound the alarm, it is cause for even greater concern. It signals that democracy’s checks and balances have all failed, that the breakdown is systemic, and that severe instability could be just around the corner. [35]

It is telling that, if it were not for moles and “defectors” like John Doe or Antoine Deltour (Luxembourg Leaks) and others that nothing of this system would be known to the world: When the TJP discussed, whether ethics, tough administration or data leaks “motivate” people and TNCs more to move towards tax compliance and honesty, it is from our perspective clearly data leaks first and ethical education last.

From the point of CST, there is hardly any justification to keep Tax Havens and aligned practices alive (Wiemeyer, 2016b). Rather, following a recent paper by the Congregation of the Doctrine of Faith, “incisive sanctions” are justified against all those who do not abandon this “model of business” at the expense of the real economy and others.[36] This is also in line with the recommendations of (Thorslov, Wier, & Zucman, 2018, S. 5). Zucman calculates that if Germany, France, and Italy slapped a tariff of 30 percent on Swiss goods, this would cost Switzerland more than it makes as a tax haven — and such a tariff would be legal under World Trade Organization rules, since it would enable the three countries to recover approximately the amount in tax revenues that Switzerland is costing them.[37] 65% of Germans are in favour of Blacklists of Tax Havens, followed by sanctions. [38]

3.3.3 Legal loopholes

Legal loopholes are, first of all, unavoidable. When legislators pass a law, they are unable to foresee all possible use and misuse. However, experts of the tax avoidance industry are trained specifically to find and exploit those loopholes both within states and, most importantly, between states. Instructive are documents arising from a questioning of the Heads of Tax Departments of the “Big Four” at the British Parliament in 2012: Even though

[35] John Does Manifesto. (2016, May 6). From: Süddeutsche Zeitung. Retrieved 20 May 2016 from http://panamapapers.sueddeutsche.de/articles/572c897a5632a39742ed34ef/

[36] „Above all, practicing financial transparency at every level, (for example, the obligation of public accountability for the multinational companies of the respective activities and the taxes paid in each country in which they operate through their subsidiary groups) along with incisive sanctions, imposed on those countries that repeat the dishonest practices (tax evasion and avoidance, recycling of dirty money) mentioned above.” (Kongregation für die Glaubenslehre: Dikasterium für den Dienst zugunsten der ganzheitlichen Entwicklung des Menschen, 2018), Nr. 31

[37] https://theintercept.com/2016/04/17/heres-a-way-to-shut-down-panama-papers-style-tax-havens-if-we-wanted-to/

[38] https://www.oxfam.de/ueber-uns/aktuelles/2017-08-28-umfrage-schaerferes-vorgehen-gegen-steuertricks-gefordert sowie https://www.oxfam.de/system/files/ergebnisse_oxfam-umfrage_steuergerechtigkeit_august_2017.pdf

they emphasized that they no longer sell aggressive tax avoidance models as in past years the admitted that their tax saving models presently are considered to be legit even if there is only a 25:75 or 50:50 chance that the proposed construction is legal when challenged at court. Doing that, they know are well aware that resources of tax administration are such that they are forced to avoid protracted legal proceedings wherever possible. This is easy to calculate: While the British tax administration has 65 experts on transfer pricing, those Big Four employ 250 of them. Even better: If their proposed scheme does not live up to judicial review, ‘there are no consequences for the firms.’ (Committee on Public Accounts, 2013, pp. 9, EV4&8).

More recently in Germany, on the occasion of the Cum-Ex-Scandal causing billions of tax revenue losses, the influence was made public which those experts exert behind the scenes nowadays, e.g. when new laws are being drafted. Not only do they prevent improvements by providing “expertise” along the drafting process, they even enter own legal drafts which, in the end, turn out to be exploitable in favour of their clients.

Following data leaks like Luxembourg Leaks, Panama or Paradise Papers, an increasing number of states of the world is now cooperating in the OECDs BEPS and AEOI initiatives. Regarding BEPS, however, both the Action Plan and its implementation is wanting. The Action Plans are not legally binding, and even though there are “minimum standards” the truly decisive step are bi- or multilateral negotiations and implementation, e.g. via DTAs. And regarding the Peer Review: This is seen to be totally inadequate by the TJP team, also because of the lack of effective sanctions.

Regarding the AEOI, this, too, is as good as the legal concepts and provisions are. Experiences from the past boost skepticism: For example, the Implementation of the EU Savings Directive illustrated, how easy income between natural and legal person could shift and move and disappear from view with some help of trusts, foundations and consultants.

Given the huge losses which tax competition and tax havens cause for EU member states, the question is, why not more is done against it. This, of course, is a political question and until politicians do not improve the legal and administrative resource situation, tax administration act along the most promising avenues: Not going against tax havens, even though everybody knows that there most of the money lies, but working with those states where adequate legal and cooperative agreements are in place, even though they deprive each other of urgently needed revenue while they all would benefit from a more energetic cooperation against tax havens (Thorslov, Wier, & Zucman, 2018)!

More reading: (Murphy & Stausholm, 2017), (Harrington, 2016)

3.3.4 Administrative deficits, ICT, Big Data…

Building on legal loopholes, also cooperative deficits exist both inland and internationally: In Germany, not even the 16 Länder do not even have a working IT structure for all 16 states and efforts to “harmonize” the existing IT structure goes on for many years.

Similar deficits exist in the international cooperation, even though some slow progress is being achieved: For example, the FISCALIS program of the EU now not only increases the development of transnational IT programs and joint training of tax officials from EU member states, associated states and developing countries, but also requires the publication of cooperation deficits, a precondition for improvement.[39]

There is quite some potential in better use options provided by the IT revolution and digitalization, up to the point that “Colleague Computer” could, in principle, process and decide simple tax declarations without human supervision and contribution. Time saved here, so its proponents, could be used for stricter controls of bigger fish, e.g. private and corporate wealth holder. Here, of course, the question arises whether this is acceptable with state sovereignty.[40]

Without any doubt, of course, new technologies can assist tax fraud investigators and others when it comes to the analysis of complex international transaction or Big Data stored, for example, on leaked Data CDs.

3.3.5 Private initiative vs. public spending

The final contextual area to be mentioned is the ongoing dispute, whether private and corporate initiatives are superior to public funding. Right now, the emphasis is still on market based approaches and the role of the state is seen to be best when providing guarantees for private investment, to support or strengthen.[41]

It is the view of the TJP team, that, of course, each proposal and instrument merits careful examination. At the same time we feel that many private, corporate or other “market based” initiatives are eventually of less benefit for the Common Good of all than their proponents want the public to believe. Similar skepticism exists on part of our team towards “mixed financing” such as PPPs.

As we have seen above (3.3.1), TNCs are happy to exploit any opportunity to reap or increase profits and “shareholder value”, but reluctant to reinvest them into jobs or other areas serving the Common Good of All. At the same time, public sector investment is continuously high at least in Germany, but not high enough: More is needed to do the required investment into crumbling infrastructure, preserving existing standards in education, security and care and award better pay to many publicly employed which they would deserve when comparing their pay-rises to those in the private sector.

The TJP team places priority upon democratically controlled public spending and investing when it comes to the financing of the Great Transformation, implying, that public spending should be strengthened beyond that which is currently standard in most countries. This implies in turn, of course, more efficient and/or higher taxation so that resources needed will be available.

3.3.6 Position

The TJP research opines that the crucial turn to be effected by the states of this world is to stop tax competition and to start tax cooperation. This, skillfully exploited with lobbyism and corruption up to the point of “state capture” is the heart of the matter. If there were

---

[39] Voted for in the EU Parliament on 16 April 2019 https://www.euractiv.de/section/finanzen-und-wirtschaft/news/eu-programm-gegen-steuerbetrug-geht-in-die-naechste-runde/?fbclid=IwAR0i9vn4SplbzIqgFZSI7St8KRcmLt464sYXmQJDAs_Kjx5EsYRH4LR5s6w

[40] All this is being discussed in Bavaria.

[41] See e.g. discussions in the context of the FFD3 Conference in Addis Ababa July 2015 or the Marshall Plan with Africa proposed by the German government.

cooperation instead of competition, the multi-billion-Euro fraud via the Cum-Ex Trade or other forms of Missing Trader Schemes even within the EU, let alone between states of lower enforcement-capabilities, would not occur. This position is also compatible with the findings of (Thorslov, Wier, & Zucman, 2018) who argue that not tax competition is the problem but the mere existence of tax avoidance and evasion option for private and corporate wealth holder, combined with the reluctance of high tax states to go after these forms of tax avoiding and evading behavior: After all, those states doing this will still fear that others not taking part in this effort will gain because private and corporate wealth holder will relocate assets towards those entities.

Within this context, inadequate attention has been given to those service providers in the financial and non-financial sector aiding and abetting aggressive tax avoidance, tax evasion and similar capital flows. This paper follows therefore those experts arguing that the global Offshore System could not work without experts of the Big Four, STEP and many others and that adequate steps and provision have to be undertaken to increase their compliance with not only the letter, but also the spirit of the law by at least drastically increasing punishment and, probably, threatening the withdrawal of licenses. It is because of those experts, for example, that TNCs are paying less taxes in 2018 than they did before the World Financial and Economic Crisis, mainly because of an ever increasing number of sophisticated tax saving models whose complexity overtaxes states.

> Companies' effective tax rates — the proportion of profits that they expect to pay, as stated in their accounts — have fallen 9 per cent (two percentage points) since the financial crisis. This is in spite of a concerted political push to tackle aggressive avoidance. Governments' cuts to their headline corporate tax rates only explain around half the overall fall, suggesting multinationals are still outpacing attempts to tighten tax collection. … "There has been a lot of action and gestures that are very visible but the reality is different. Rate cuts and patent boxes have been the dominant forces on corporate tax — and that reflects the continued dynamics of tax competition," said Mihir Desai, professor of finance and law at Harvard University. "Call it a great irony or hypocrisy, but it's one of the two." [42]

Even worse, therefore, that Donald Trumps tax reforms and Britains Post-Brexit despair seem to spark off yet another round of lowering of tax rates as well…).

Calls for more transparency regarding activities of lobby groups, intermediating institutions, professional service provider or any "legal footprints" are growing louder,[43] as do efforts of interested groups to prevent exactly this from happening.

When it comes to efforts curbing those practices, the role of Germany here is specifically deplorable since transparency in Germany towards those practices is not only worse compared

[42] Multinationals pay lower taxes than a decade ago (11 March 2018). In: Financial Times. Retrieved from https://www.ft.com/content/2b356956-17fc-11e8-9376-4a6390addb44 Auf Deutsch berichtet der Standard: „Ein Jahrzehnt voller staatlicher Bemühungen, Defiziten entgegenzuwirken und Steuerregelungen zu reformieren, habe die Unternehmenswelt wenig beeindruckt. Der effektive Steuersatz (das Verhältnis aus tatsächlicher Steuerlast und dem Unternehmensertrag vor Steuern, Anm.) ist seit 2008 um neun Prozent gefallen. Diese Entwicklung trotze allen politischen Bemühungen, gegen Steuervermeidung vorzugehen. Es könne nur die Hälfte des Rückgangs durch staatliche Steuersenkungen erklärt werden, der Rest basiere demnach auf geschickt eingefädelten Steuerkonstrukten." Danzer, St. (13.3.2018) Steuerleistungen internationaler Konzerne massiv zurückgegangen. In: Der Standard. Von https://www.derstandard.de/story/2000075942392/steuerleistung-internationaler-konzerne-massiv-zurueckgegangen

[43] For example,the European Parliament voted for revealing legal footprints in September 2017, see https://www.lobbycontrol.de/2017/09/europa-geht-voran-eu-parlament-stimmt-fuer-gesetzlichen-fussabdruck/

with other countries, but the German government often tries to water down or block initiatives by others, e.g. the European Commission (see below 4.5.1).

Last not least, the team joins those who are doubtful whether the OECDs BEPS and AEOI initiatives are adequate and effective to curb aggressive tax avoidance and evasion. (Thorslov, Wier, & Zucman, 2018) demonstrate convincingly that tax administrations for the foreseeable time are not adequately equipped to keep pace, e.g., with transfer pricing experts employed by the tax avoidance industry. The easiest solutions, therefore, would be to hand out sanctions to tax havens so that their illicit gain is re-captured until they are more cooperative with tax administrations.

3.4 Financial needs to advance systemic change

A frequent question when advocating more and higher taxes is: “Why do we need all that money?” Two areas shall briefly be touched:

First, the costs of compensating deficits which exist and/or have been grown over the past years, especially when looking at those who were marginalized or left behind by the past developments. Internationally one has to note that UN institutions and emergency programs are constantly underfunded, just to mention UNHCR, UNOCHA or WFP.[44] One should equally be aware that even in wealthy countries like the US or Germany, millions depend on welfare and charity for their survival.[45] Structurally, a number of deficit exist when noting the extent to which demands of equality and equity are violated in many countries when it comes to education, jobs and equal pay for equal work, and so on. If there is an Option for the Poor then the redirection of more funds via redistribution with the goal to restore social justice is more than justified. This is very important to remove resignation and depression on part of those left behind, whose impression is that the present system, including the elected governments, is only advancing the interests of those on the top – an impression which is justified by the facts (see above 2.1) and which is therefore prominent among the many reasons why simplifying populists gain votes after votes. If the presently disadvantaged receive assistance and are empowered again, if there is a really alternative to the “Go on with it and More for me”, then they will be encouraged again to participate in democracy and put in their voice in defining a socially just and ecologically sustainable society aiming for the Common Good of All (Alt, 2017).

Second: Systemic change calls, among other efforts, for a lot of investment. This is illustrated when looking at the costs for implementing the SDGs and the Paris agreement. Just two quotes:

- Spending on climate change and environment

> Findings from Bloomberg New Energy Finance and Ceres, a Boston-based coalition of investors and environmentalists, show that wind parks, solar farms and other alternatives to fossil fuels are already on course to get $6.9 trillion over the next 25 years through private investment spurred on by government support mechanisms. Another $5.2 trillion is needed to reach the United Nations goal of holding warming to 2 degrees Celsius (3.6 degrees

[44] Funding gap for Syrian refugees alone is at USD 3.47 billion, see http://www.unhcr.org/news/latest/2015/6/558acbbc6/funding-shortage-leaves-syrian-refugees-danger-missing-vital-support.html For Yemen it is USD 3 billion, see https://reliefweb.int/report/yemen/us-296-billion-needed-provide-life-saving-assistance-131-million-people-yemen-2018-enar and one should be aware of the gap between pledges of help and de facto payments…

[45] See https://www.tafel.de/ueber-uns/die-tafeln/zahlen-fakten/

Fahrenheit) set out in the climate agreement…. While the figures are large, they're not as eye-watering as the International Energy Agency's projection that it'll cost $13.5 trillion between now and 2030 for countries to implement their Paris pledges, and that an extra $3 billion on top of that will help meet the temperature target. Those figures aren't just limited to renewables: they also include energy efficiency measures.[46]

- Financing SDGs:

The SDGs are also expected to be more costly. While estimates vary, analysts say it could cost as much as $4.5 trillion per year[47] in state spending, investment, and aid to meet the SDGs. However, a 2014 UN report estimates that infrastructure investments necessary to create jobs and sustain growth alone could reach $7 trillion annually. Bjorn Lomborg, an economist and director of the Copenhagen Consensus Center, attributes $200 billion of $900 billion in aid spent between 2000 and 2014 to the MDGs; he says the SDGs could direct as much as $700 billion in aid over the next fifteen years.[48]

Outright 'modest' seem estimates by Jeffrey Sachs and others, calculating the financing gaps for "all 59 LICs and LMICs is around the order of $400 billion between 2019-2030" while the authors are somehow confident that they can raise the remaining 600 billion USD per year by themselves, since the overall costs for the needed transformation for these countries are estimated to be on average around 1 trillion USD per year (Sachs, McCord, & al., 2019, p. 4+12). This report is interesting insofar it details a whole range of financing instruments, including a heavy emphasis upon tax and tax revenue (Sachs, McCord, & al., 2019, p. 28):

Financing Option		Potential Revenue
Blended Financing *Infrastructure*		$50 Billion
Global Corporate Tax Reform & Higher Corporate Tax Rates		$50 Billion
Earmarked Taxes	*Wealth Taxation*	$100 Billion
	Financial Transactions Tax	$50 Billion
	Carbon Tax	$50 Billion
Increased Official Development Assistance		$100 Billion
Giving Pledge		$30 Billion
Debt Relief Operations		Scope Unknown
TOTAL		**$430 Billion**

Given the view of this project and others, that the SDG convention and the Paris agreement are less ambitious than needed when looking at the magnitude and urgency of problems, it is easy to guess that even more finance is needed.

[46] Morales, A. (29.1.2016) Paris Climate Deal Seen Costing $12.1 Trillion Over 25 Years. In: Bloomberg https://www.bloomberg.com/news/articles/2016-01-29/paris-climate-deal-seen-costing-12-1-trillion-over-25-years

[47] Result at the Addis Meeting "More than 100 countries have agreed on a framework to bankroll an array of ambitious development goals, ranging from tackling poverty to dealing with climate change by 2030. … Meeting the 2030 goals would cost between $3.3 trillion and $4.5 trillion a year in state spending, investment and aid, analysts say, an amount roughly equivalent to the United States 2016 federal budget of $3.8 trillion." Reuters 16.7.2015 https://www.reuters.com/article/us-africa-development/u-n-conference-agrees-on-plan-to-finance-development-goals-idUSKCN0PQ21D20150716

[48] https://www.cfr.org/backgrounder/sustainable-development-goals

3.5 Specific instruments

Now, first the indirect, then direct aspects of taxation and tax-related instruments shall be treated. The chapter starts with a brief treatment of tax exemptions and tax funded subsidies. Since those instruments were not at the core of the TJP research, they will be dealt with only briefly. This part is followed by a range of specific taxes and tax related instruments, either for the purpose of revenue collection or for other regulatory or behavior guiding (of citizens, investors, businesses…) purpose. This section also has a selective character and is far from any comprehensive treatment.

3.5.1 Tax exemptions

Before starting to look into specific tax related instrument one needs to touch briefly the area of tax exemptions and benefits which are given to some and withheld from others in accordance with certain political goals and intentions. The intention behind those instruments is, in theory and principle, justifiable. Balancing benefits and questions, however, the TJP team is not in favour of them.

First of all due to questionable ways and means applied to obtain such exemptions and benefits and the goals linked with them. Here we detect once more influence of lobbyism and political attempts to please some clientele rather than others and there are plenty of indications that the (mis)use of options here profit the top 1% of private, corporate and criminal wealth holder profit more than the average or even poorer citizen.

Secondly, because it is increasingly dubious if those tax presents, which privilege large businesses rather than small ones, fulfill hopes and promises linked to them (Tax Justice Network; Action Aid, 2016). This is most obvious in developing countries, where governments, under pressure from TNCs, accord concessions which deprive, for example the Kenyan state of annually 1.1 billion USD while the state budget oscillates around 11 billion USD[49] and where no lasting effect can be stated.

Another major problem is then that direct and indirect benefit and losses of tax exemptions are difficult to calculate since we are talking about money NOT being collected rather than a fixed amount positively awarded to support this or that political goal. This strengthens calls to replace those instruments by explicit subsidies which are more transparent and where costs and benefits are easier to calculate.

Similar conclusions are being drawn in the area of private citizens and households, e.g. tax credits or benefits for children when compared with the alternative of actually paying a specific amount for each child: Since benefits and credits are calculated as a percent of income, wealthy households profit more – even though they are hardly in need – than poor households, which, in turn would profit more from explicit payments.

More information: (Fisch, 2016b)

3.5.2 Concessions reducing the tax base

A major concern ahead of any tax law or tax rate is the definition of any tax base – which is why the OECD project on Base Erosion and Profit Shifting was such a big move forward after Luxembourg Leaks shed light on widespread corporate misuse and malpractice in this field.

[49] The 2015/2016 budget was at 1,212,620,000,000 KES = 11,982,030,408.38 USD (Exchange Rate of 1 March 2018). Regarding the question of losses due to tax exemption see Kenyan Country Report VII/3.6.2

And yet, a lot still needs to be done, for example, when it comes to the treatment of debt based or equity based investment by corporations: The present regime exempts interest payments on debt financed investment whereas no equivalent incentive is provided for equity based financing, thus leading to a heavy bias towards debt financed investment. This, in turn, provides for all sorts of volatility not only in the entrepreneurial sector, but also the financial sector (European Commission, 2015b, S. 13).

More on tax base related issues: See below 3.6

3.5.3 Public subsidies

3.5.3.1 Redirecting current spending

A major and widely known area of public influence is the use of subsidies and other forms of public support to certain areas of the economy, research or innovation. And we are talking about large amounts of money. For example: Currently and worldwide, between 300 and 500 billion USD annually are paid in subsidies to support exploitation, refinery and consumption of fossil energy. At the same time, annual investments between 200 and 1000 billion USD annually are needed up to 2030, and even more up to 2050, to support a transformation towards renewable energies (WBGU, 2011, S. 4). In Germany, environmentally damaging subventions in 2012 amounted to 57 billion Euros.[50]

The good thing is that there is some sort of transparency towards the spending of subsidies e.g. via Government reports on subsidies (Federal Ministry of Finance, 2013) or critical examinations by (Courts of) Auditors.

More on redirecting subsidies: (DBK, 2018)

3.5.3.2 "The entrepreneurial state"

Less known, because successfully buried by the decades-long-promoted myth of the private sector being the motor of innovation and investment, is the importance and leading role of the state as financing agent in many important areas, as is explained by authors such as (Chang, 2008) or (Mazzucato, 2011). They "unbury" forgotten facts such as the protection and support of "infant industries" or that many innovations, e.g. the Internet or Googles Algorithm, would probably not exist without a the leading role of the state when in research and innovation.

> Indeed, from the development of aviation, nuclear energy, computers, the internet, the biotechnology revolution, nanotechnology and even now in green technology, it is, and has been, the state not the private sector that has kick-started and developed the engine of growth, because of its willingness to take risk in areas where the private sector has been too risk-averse. In a policy environment where the frontiers of the state are now being deliberately rolled back, that process needs more than ever to be understood so that it can successfully be replicated. Otherwise we miss an opportunity to build greater prosperity in the future. (Mazzucato, 2011, S. 23).

Or, one may modify, "we miss an opportunity to approach and manage the Great Transformation."

[50] Umweltbundesamt 23.2.2017 https://www.umweltbundesamt.de/themen/wirtschaft-konsum/wirtschaft-umwelt/umweltschaedliche-subventionen#textpart-1

3.5.4 Customs duties and Border Taxes

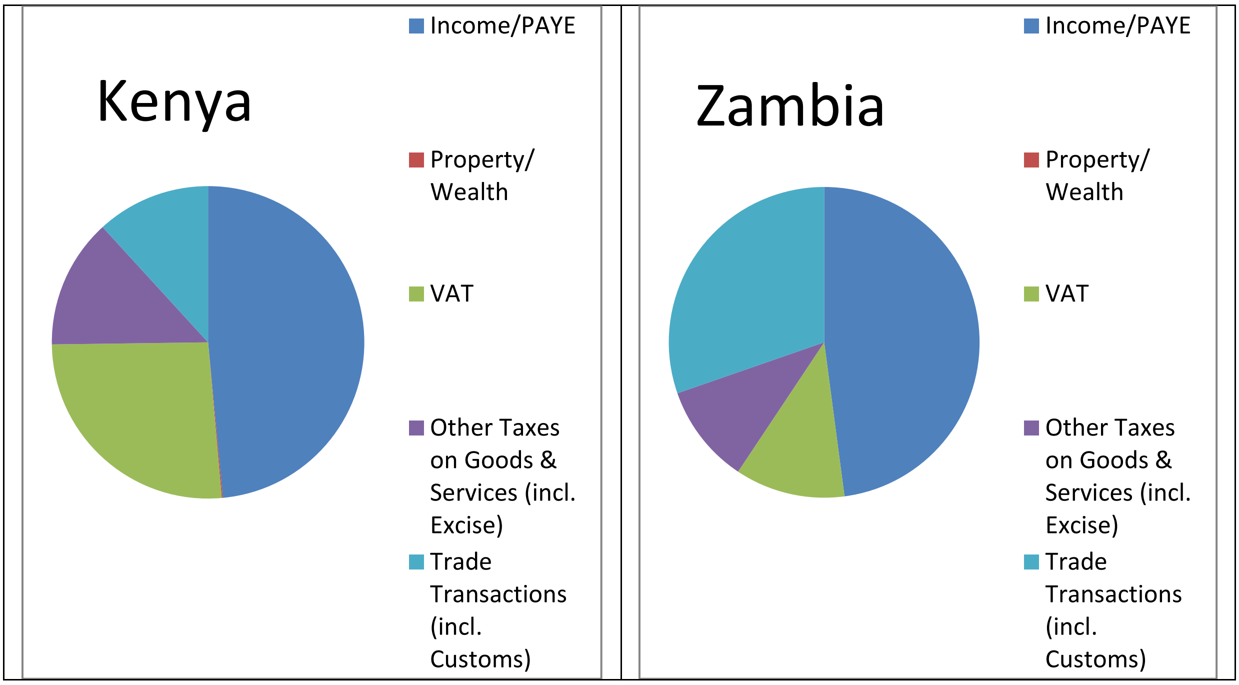
The first cluster of specific taxes and tax-related instruments, namely Customs and Excise duties and Border Taxes, has a threefold purpose: First, to generate revenue, second, to protect local, regional and national “infant industries” and we may add a third and fourth one whose aim would be to advance a Great Transformation.

3.5.4.1 Revenue generating aspect

Revenue collected from customs and excise duties are even today of ongoing importance for developing countries. Summarizing statistics, the World Customs Union points out in its 2016/2017 Annual Report that the share of customs revenue to total state revenue in East and South Africa is at 37.1% on average – very different from Germany’s share of 0.8%![51]

The following graphic gives in more detail the revenue situation of Kenya in 2014/2015 and Zambia 2014. It shows (1) that indirect taxes outbalance direct taxes on income and property and (2) that taxes upon goods and services other than VAT are still a large share of revenue.

Graphic 2 Tax Revenue in Kenya and Zambia in categories and proportions



Source 3 (ICPAK, 2016, p. 14f.) and (Zambia Revenue Authority, 2015, p. 27)

Whoever sees this will understand why Kenya was extremely reluctant to sign an EPA with the European Union. The problem at hand was the following: As long as countries are classified as “LDC” by the UN, they are allowed free access to EU markets under the “Everything But Arms” (EBA) rule. In 2014 this applied to 34 Sub-Saharan States, Zambia included, Kenya no longer. Therefore Kenya was no longer benefitting from EBA agreements and was threatening to block the agreement for the East African Community for fear of

[51] Contributions of Customs to Tax Revenue in East and South Africa p. 25. Customs duties in Tax Revenue for Germany 0.8% p. 45. The reason for the low German figures being, among others, that customs duty revenue of EU states are used to finance the EU budget. In: World Customs Union Report 2016/2017, see http://www.wcoomd.org/-/media/wco/public/global/pdf/media/annual-reports/wco_ar_2016_2017_en.pdf

revenue losses. When the EU started imposing special taxes upon Kenyan goods, Kenya was forced to agree.[52]

However, Kenya's fears seem to be justified: Some assert that Kenya alone will lose out USD 197.8 million every year because tariffs and duties will have to be removed from many traded goods. Trade gains are seen at USD 121.8 million, far less than losses. At the same time the country has to open up for cheap goods from the EU, endangering local production. As one reads articles reporting the eventual conclusion and signing of the EU-EAC-EPA one gets the conclusion that the EU bullied the agreement into place, steamrolling regional attempts to protect certain industries important for the region:'Signing of the EPA deal was partly delayed because East Africa states wanted a provision for special export taxes to protect certain sectors they consider sensitive and to discourage export of raw materials to Europe in favor of value addition by local industries.' [53]

3.5.4.2 Protective aspect

Customs and border levies and duties have a protective function which is normally discussed in the context of "infant industries", the German Friedrich List being a major defender of "Erziehungszöllen" ("educational tariffs") (Chang, 2008).

Right now there is agreement at least among some scholars arguing from the developmental impact that the present Free Trade System disadvantages developing countries to a considerable extent. While developing countries are being asked to open their markets, developed countries continue to protect and subsidize their industries. Here, great progress were achievable if a truly fair and level playing field could be aimed for. This, in the end, would benefit all: If developing countries could indeed develop own industries, the "pie of global wealth" would grow and, in the end, profit all more than the present system.

3.5.4.3 Sanction

Finally custom duties could be used as sanction in case other jurisdiction are not cooperative or refuse acceptable proposals implemented with the goal of advancing the Great Transformation. For example: Combating the Offshores System of Tax Havens. Here, too, a gradual and complex proceeding could advance reform:

First of all, for the sake of credibility and ethical justification, the EU and its member states would have to remove its own options for tax avoidance and evasion, hence bringing states

---

[52] ‚"Man sollte mit Wirtschaftsverhandlungen nicht kaputt machen, was man auf der anderen Seite als Entwicklungsministerium versucht aufzubauen", kritisierte Nooke im Interview mit der ARD…. ‚Viele afrikanische Staaten sträuben sich … gegen die Unterzeichnung von EPA, weil sie unter anderem fürchten, den Handelswettbewerb gegen europäische Unternehmen zu verlieren. Auch Kenia verweigerte die Unterschrift. Daraufhin verhängte die EU zum 1. Oktober dieses Jahres Einfuhrzölle auf mehrere kenianische Produkte. Das führte laut Medienberichten zu zahlreichen Entlassungen in mehreren Betrieben. Unter dem Druck knickte Nairobi schließlich ein – vor rund zwei Wochen setzte es seine Unterschrift unter das Freihandelsabkommen. Der zuständige UN-Wirtschaftsexperte für Ostafrika, Andrew Mold, sieht durch das Abkommen die afrikanische Wirtschaft langfristig bedroht. "Die afrikanischen Länder können mit einer Wirtschaft wie der deutschen nicht konkurrieren. Das führt dazu, dass durch den Freihandel und die EU-Importe bestehende Industrien gefährdet werden und zukünftige Industrien gar nicht erst entstehen, weil sie dem Wettbewerb mit der EU ausgesetzt sind.' Retrieved from http://www.euractiv.de/section/entwicklungspolitik/news/merkels-afrika-beautragter-eu-freihandelsabkommen-epa-macht-entwicklungshilfe-zunichte/

[53] Group warns Kenya of tax losses in EU trade deal (2012, December 10). In: Business Daily. Retrieved from http://www.businessdailyafrica.com/Group-warns-Kenya-of-tax-losses-in-EU-trade-deal/-/539546/1641128/-/qlvinnz/-/index.html . Relief for exporters as Kenya signs new trade deal with EU (2014, October 14).In: Business Daily. Retrieved from http://www.businessdailyafrica.com/Kenya-signs-new-trade-deal-with-EU/-/539546/2486754/-/r1yrgp/-/index.html

like Ireland, Netherlands, Germany, Malta, Cyprus etc. to end its tempting provisions and establish a transparent and fair taxation within the EU territory. Those measures could imply prohibitions and sanctions towards private, corporate and wealth holder within the EU to do business with tax havens (see below 4.5.2). Next: If one wants to discourage tax havens from its Offshore Practices one has to provide for economic alternatives since some of the tiny (Caribbean) states have few alternative economic options. If such alternatives exist, however, and tax havens refuse cooperation, punitive tariffs should be considered as a third and final measure. This, of course, would also apply to larger tax havens such as the US, Switzerland or Post-Brexit United Kingdom if the EU reforms itself, but those would continually undermines this effort.

> Zucman calculates that if Germany, France, and Italy slapped a tariff of 30 percent on Swiss goods, this would cost Switzerland more than it makes as a tax haven — and such a tariff would be legal under World Trade Organization rules, since it would enable the three countries to recover approximately the amount in tax revenues that Switzerland is costing them.[54]

3.5.4.4 Border Adjustment Taxes

More recently the concepts of Punitive Tariffs and/or Border Adjustment Taxes have gained prominence due to discussions and policies of the USA. First, in the context of the US Tax Reform discussion in view of protecting the US industry of “unfair” competition from the European Union or China, later when President Trump slapped tariffs upon solar panels from China, Steel for the EU and other items.

However, this instrument could also be used if the European Union wants to impose CO_2 reducing measures upon energy intensive businesses whose production costs then would rise considerably, resulting in competitive disadvantages towards businesses in countries not imposing such measures. Here, too, Border Adjustment Measures such as import duties or a mandatory link with the Emission Trading system are already being considered and discussed with a view to protect and defend those higher environmental standards. This is a complex question and there is a lively discussion among experts regarding the extent to what instrument would result in what positive, negative or negligible result. A similar discussion exists as to whether or not those Border Adjustment Measures are compatible with WTO regulation. This is a wide-open debate and should not scare anybody from considering such a tax: In view of the original US plans of a Border Adjustment Tax, a detailed and comprehensive legal expertise is provided by the law firm White & Case, pointing also to the many open and undetermined issues under GATT and WTO rules.[55] And in view of a potential ecological Border Adjustment Tax a one-page summary of related discussions is given in (WBGU, 2011, S. 192).[56]

---

[54] Schwarz, J. (17.4.2016) Here’s a Way to Shut Down Panama Papers-Style Tax Havens — If We Wanted To. From: The Intercept. Retrieved from https://theintercept.com/2016/04/17/heres-a-way-to-shut-down-panama-papers-style-tax-havens-if-we-wanted-to/

[55] White & Case (19 January 2017) Border-Adjustable Taxes under the WTO Agreements. See https://www.whitecase.com/publications/alert/border-adjustable-taxes-under-wto-agreements

[56] (WBGU, 2011, S. 192), see “Gleichwohl sprechen gute Argumente für die Vereinbarkeit mit WTO-Recht, sofern bei der Ausgestaltung der Grenzausgleichssteuer die von den WTO-Streitschlichtungsorganen in anderen Fällen formulierten Anforderungen beachtet werden (UBA, 2008): Die zielführende Gestaltung einer Abgabe für den Import von Waren, die unter schwächeren Umweltstandards hergestellt wurden, verstößt grundsätzlich nicht gegen das Gebot der Nichtdiskriminierung des Allgemeinen Zoll- und Handelsabkommens (GATT). Insbesondere liegt kein Verstoß gegen den Grundsatz der Inländergleichbehandlung (Art. III:2 GATT) vor, wenn die Grenzausgleichsabgabe für importierte Produkte nicht höher ist als die durch die höheren Umweltstandards erzeugten Kosten für gleichartige inländische Produkte.“

Support for such a Carbon Border Adjustment Tax is growing: It has already the support of the EU Parliaments Budget Committee (see below 4.5.4) and it has been proposed by Ursula von der Leyen when delivering the Political Guidelines of her EU Presidency (von der Leyen, 2019, p. 5). And: they are a discussed option when it comes to consider ways to generally improve the taxation of corporations (International Monetary Fund, 2019) .

3.5.5 Consumer/Turnover Taxes

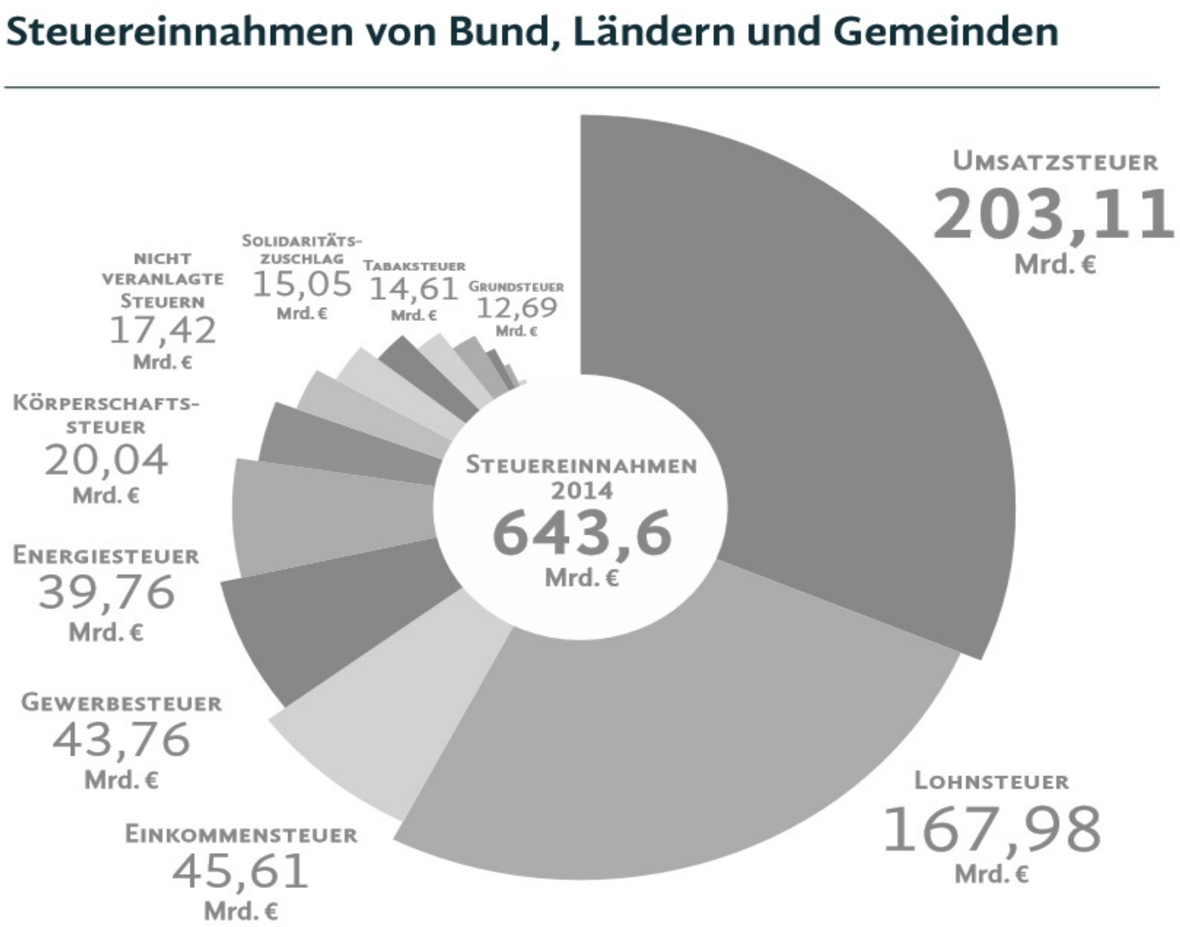
Consumer taxes are of twofold importance: First, because a growing share of tax revenue is generated here, second, because they contribute to tax unfairness.

3.5.5.1 Revenue generating aspect

Part and parcel of neoliberally inspired tax reforms are cuts in direct taxation and its replacement via indirect taxation, most importantly consumer taxes. The idea behind is that non-taxed money is re-invested and that the collection of indirect taxation is far cheaper than direct taxation.

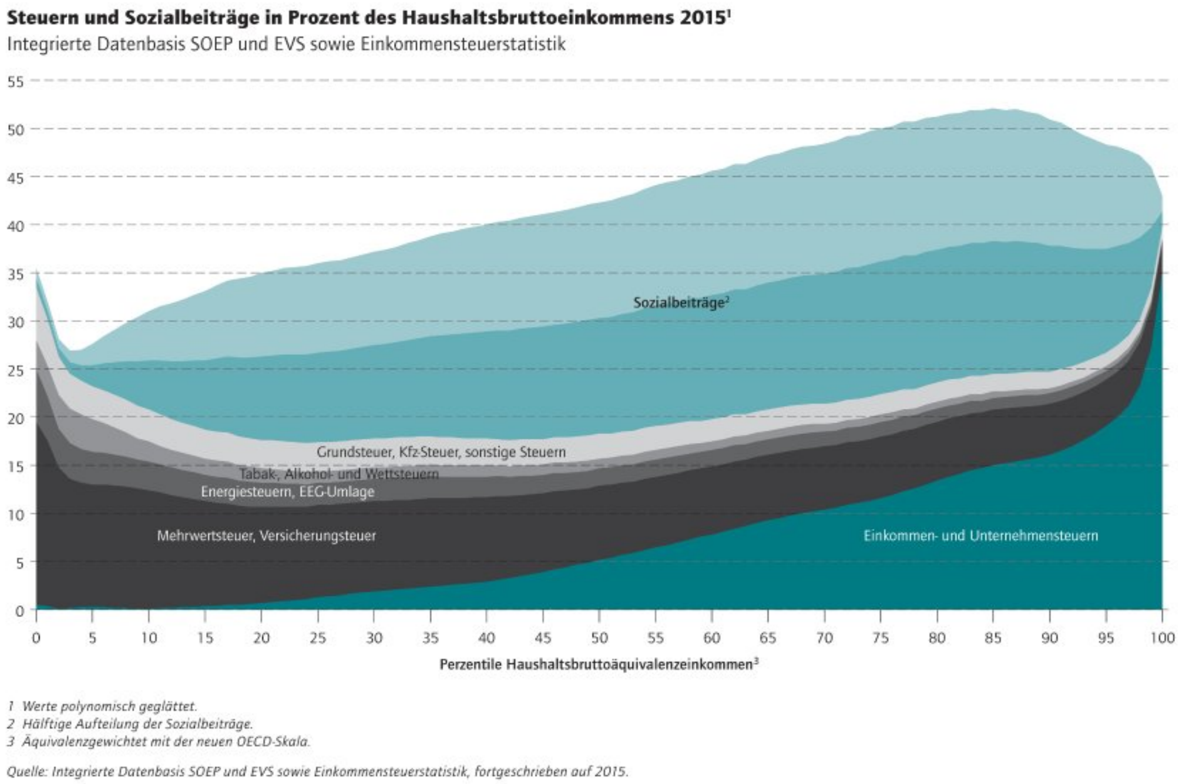
The universal acceptance (or forced imposition via SAPs) of these and related reasoning lead to the fact that the share of revenue generated via indirect taxes and levies grew in national budgets as opposed to the share generated from direct taxation and that nowadays revenue from indirect taxation and levies is now, in some states, the larger source of income – as is illustrated for Germanys revenue in 2014.[57]

[57] Here, of course, one has to add other indirect taxes and levies to the post "Turnover Tax", such as revenue from the Energy Tax, Renewable Energy Levy, Tobacco Tax, Alcohol Tax etc. The situation is different for Kenya and Zambia (see graphic above in#), where direct taxation is still the largest single source of revenue. At the same time, attempts to increase PIT and CIT revenue as well as taxes upon property encounter massive resistance, hence the trend is seen to be in favour of indirect taxation as well.



At the same time, awareness grows that this is grossly unfair since it goes easy with the strong and puts a relatively high burden upon the poor. The following graphic illustrates that the tax burden relative to gross income for the poorest and wealthiest deciles in Germany is comparable: For the poorest due to the burden arising from indirect tax, for the wealthiest due to the burden arising from direct tax.

Abbildung 3 Tax burden via indirect and direct taxes, in relation to gross income



Source 4 (Bach, Beznoska, & Steiner, 2016)

3.5.5.2 Willfulness, unfairness, potential for misuse

Consumer taxes are also used to advance some political goals rather than others. While some goals are easy to comprehend and encounter little resistance, such as reduced VAT rates upon essential foodstuffs, this is very different in other areas, where reduced rates are obviously linked with the lobbyism of interest groups (e.g. reduced rates for hotels) or outdated political goals (penalizing railways, supporting air travel).

A specific case are non-taxes on financial products and services: While the consumer has to pay a lot of VAT on every purchase, financial products and services are either tax exempt or zero rated for a number of reasons which make a lot of sense within neoliberalism, but, given the profitability, not for common sense. Especially the FTT could have been a wonderful entry point into this hard-to-tax area, especially since the tax proposal by the EU Commission provided security against evasive maneuvers due to the principles of residence and issuing as well as the technical feasibility to collect the tax via clearing houses.

Next: Even the best of all intentions degenerates over time. Right now, probably in all states, there is an incomprehensible jungle surrounding full and reduced rates, where logic has less to say than lobbyism. For example:

Table 1 Full or reduced VAT rate in Germany?

VAT 19%	VAT 7%
Food in a restaurant	Food as Takeaway
Long Distance Rail Tickets	Close Distance Rail Tickets
Mineral Water	Unhealthy food items such as Crisps, sweets (also those with Alcohol), ice cream
Coffee from a vending machine	Instant coffee, powdered coffee

Soya milk	Milk from cows
Fruit juice	Fruit smoothie
Hamster	Rabbit
Medication	Garden flowers and trees
Nappies for Babies	Animal food

Source: *Süddeutsche Zeitung*, http://quiz.sueddeutsche.de/quiz/2081646161-mehrwertsteuer-quiz

Finally, consumer taxes provide an enormous potential for fraud and other criminal misuse, e.g. carousel fraud or missing trader fraud. Damage for Bavaria amounts to 1 billion Euro a year, for Germany around 24 billion Euro, for the EU-28 around 168 billion Euro, the damage arising from the Cum-Ex Turnover Tax Fraud amounting alone to 850 billion Euro.

3.5.5.3 Usefulness for systemic change

VAT can be a powerful instrument to advance and support systemic change in several ways:

- A specially high rate upon the sale of luxury goods would increase revenue and contribute to more social justice[58]
- Finally a VAT and turnover tax on the sale and trade with financial products
- Higher VAT on environmentally damaging items (fuel guzzling cars) could reduce sales
- Lower rates upon costs of environmental friendly modes of transport (public transport) and higher rates upon individual traffic (taxes upon cars and fuel) could be an incentive to re-think daily habits,
- Lower rates upon items produced by observing the payment of adequate wages, observing environmental standards and taking into account the use of energy could support biologically-ecologically friendly agro-economy, while higher rates upon industrial agro-business would make that business model unattractive etc.

3.5.5.4 Position

Even if all options should be considered carefully, there are disadvantages which to the opinion of the TJP team makes indirect taxes, at least when looking at the revenue collecting aspect, less attractive than the instrument of direct and wealth taxes:

Luxury sales tax or special tax trying to deter the purchase of high consuming cars can be circumvented by "global citizens" since they would just do their shopping elsewhere. This fact pre-empts the argument that VAT payments are difficult to avoid: This is correct for the poor and low-middle income households, but not for the wealthy.

But another issue needs to be considered in this context, which is normally missing in the overall picture:

The TJP research illustrated that complex VAT systems have a high potential for fraud. This applies nationally, as has been shown for Bavaria in the German Country Report, but even more if production, trade and purchasing chains extend across several countries, e.g. the EU or EAC, e.g. via Carousel Fraud or Missing Trader Schemes. Here, therefore, the question is whether simplicity would not be preferable to complexity.

The argument remains, that the collection costs are much lower than the costs to collect direct taxation or wealth tax. This is correct. At the same time, the TJP team has the opinion that

[58] Bill Gates will höhere Konsumsteuern für Reiche. (2014, October 16). In: Süddeutsche Zeitung. Retrieved from http://sz.de/1.2177544

adequate administration and enforcement will generate considerable surplus revenue, most certainly surpassing any investment in resources many times, as has also been illustrated by the Country Reports of our research.

And even if this offsetting of costs were not the case, those costs would be justified since the implementation of a fair and just taxation system is in itself a value, strengthening the faith of citizens into the fairness of the state in general.

3.5.6 "Green Taxes"

For some years "Green Taxes" are of growing presence and importance in public tax-related debate and there is a wide range of instruments and many options to use them. Just the fact of putting a higher price on the use of fossil fuels can be done

- as a tax with which to collect general revenue from which indirectly renewable energies can be subsidized, or
- as a levy so that money which is collected that way can be channeled directly to fund renewable energies.
- A third effect is that this extra price works as a Pigovian Tax, motivating consumers to change behavior habits – that way decreasing revenue and improving material conditions.
- A total "disconnect" occurs if the surcharge is not done for environmental, but fiscal-budgetary reasons, as it occurred in Germany to plug a hole in the Social Security insurance system or in Kenya to oblige IMF orders to fix a budget gap.[59]

This illustrates that the discussion should not only be about this or that instrument in isolation, but that a systemic framework is important to put those instruments together to socially just and ecologically sustainable use, evoking as much positive transformative synergy as possible.

3.5.6.1 Introduction

On that background it may be helpful to review briefly the history of "Green Taxation" over the years, summarizing the presentation in (Martens, 2018, S. 15ff.):

First, single Green/Ecological or Environmental taxes were imposed without a larger strategic plan, the same applying to the discussion regarding the use or redirection of subsidies. Those discussions miss systemic coherence and result in the fact that a country like Tanzania is commended for achieving in 2009 already a share of 18.5% of total revenue arising from Green Taxes, higher than any OECD state.

On a more complex level, comprehensive Environmental Tax Reforms were developed and proposed, whose emphasis is on a coherent approach of **collecting** revenue. For the sake of illustration, a quote from the European Environmental Agency (2005) is given:

> Environmental tax reform (ETR) is a reform of the national tax system where there is a shift of the burden of taxation from conventional taxes, for example on labour, to environmentally damaging activities, such as resource use or pollution. The burden of taxes should fall more on 'bads' than 'goods' so that appropriate signals are given to consumers and producers and the

[59] See Chapter V of the German country report and https://www.businessdailyafrica.com/news/Treasury-to-collect-Sh71bn-IMF-new-petrol-taxes--/539546-4325672-3igckbz/index.html

> tax burdens across the economy are better distributed from a sustainable development perspective.

The third stage in policy development is the Environmental/Ecological Fiscal Reform, which looks at an entire range of aspects related to the **collecting and spending** side.

> Environmental (or ecological) fiscal reform (EFR) is a broader approach, which focuses not just on shifting taxes and tax burdens, but also on reforming economically motivated subsidies, some of which are harmful to the environment and may have outlived their rationale […]. EFR is a more recent development than ETR and offers more opportunities for progress, and is more in line with the ’polluter pays‘ principle and the concept of sustainable development.

The following elements are part of such an EFR

- Environmental taxation (e.g. on CO_2 emission or the use of fuel)
- Levies and fees (e.g. on the use of water and garbage collection)
- Reduction of environmentally dangerous subsidies (e.g. on coal)
- Increasing subsidies for renewable energies and recycling
- Introducing, strengthening and expanding trade with Emission Certificates
- Imposing sustainability criteria upon public procurement

But even then the danger is that the focus on environmental needs ignores or undervalues the importance of social justice, i.e. pushing ecological reforms vigorously while ignoring or downplaying the question that such transition costs jobs, resulting in tensions and advocates populism.

Ideally, therefore, any EFR should provide for a threefold dividend. For that, a World Bank position of 2005 is quoted as follows:

> EFR can: 1) mobilise revenue for governments; 2) improve environmental management practices and conserve resources; and 3) reduce poverty. By encouraging more sustainable use of natural resources, and reducing pollution from energy use and industrial activities, EFR can address environmental problems that threaten the livelihoods of the poor. The revenues raised by EFR can also be used to finance poverty reduction measures.

This points to the need of a balanced approach and prudent combination, certainly more than this paper can offer. What follows now are the presentation and discussion of some popular and/or essential building blocks of a potential EFR:

3.5.6.2 Putting a price on externalities & resources: Pigovian Taxes

What about the costly consequences of industrial production whose costs? Health hazards due to car exhausts or the refinement of oil into gas, which need to be treated in hospitals, funded by the taxpayer or the mandatory social security system? Or environmental damage, created during prospecting and oil production, more often than not being a burden for local communities? And what about the fact that today’s economic system needs more natural resources than there are available when looking and regenerative potential and need of future generations?

In this context the term “Pigovian Taxes” needs to be mentioned. Those taxes can be placed upon

> any market activity that generates negative externalities (costs not internalized in the market price). The tax is intended to correct an inefficient market outcome, and does so by being set equal to the social cost of the negative externalities. In the presence of negative externalities, the social cost of a market activity is not covered by the private cost of the activity. In such a case, the market outcome is not efficient and may lead to over-consumption of the product.[60]

Putting an extra cost on such social-ecological externalities could generate revenue for the state and his security systems which are in charge of health costs or the removal of environmental damage. Or: To advance research into healthier and more sustainable alternatives. Once the health hazards are removed, e.g. because healthier energy alternatives are in place, there is no longer need for revenue arising from these taxes. An extra-charge for those producing health-hazards or environmental damage and/or exploit natural resources would provide incentives to think about more efficiency, durability, reparability, recycling or alternatives. It would also contribute to secure the availability of natural resources for future generations. The EU Commission seems to have considered such a tax of natural resource, but eventually has abandoned it.[61]

Pigovian Taxes in the financial area are the Tobin Tax (for Currency trading) or the Financial Transaction Tax (for any other financial products): Here social costs arise from market volatility due to algotrading which contributed, among other causes, to the 2007 Financial and Economic Crises. Putting a price on each trading moment makes this behavior more expensive and eventually unprofitable. Regarding the FTT one must not forget its usefulness to skim of at least something off IFFs since here, too, derivatives play an important role to transfer and hide illicit and illegal assets.

All in all, Pigovian Taxes have two advantages: First: As long as the negative behavior continues, the money collected can be used to compensate social costs. Second, if the price reduces the negative behavior and it disappears, the even better result has been achieved.

3.5.6.3 Putting a price on fossil fuels/CO_2

The emission of CO_2 is seen to be a key factor for advancing climate change. In order to push for change and provide incentives for investment, two options are widely considered and/or practiced: Taxes on CO_2 emission and Emission Trading Systems; a third one is often overlooked: Equal taxation of all fuels. One by one:

A Carbon Tax simply puts a price upon the burning of carbon-based fuels, e.g. coal, oil and gas. One option is the collection “at the point where fuels are extracted from the Earth and put into the stream of commerce or imported into” the country where it is used. “Fuel suppliers and processors are free to pass along the cost of the tax to the extent that market conditions allow. Placing a tax on carbon gives consumers and producers a monetary incentive to reduce their carbon dioxide emissions.”[62] Another option is to either impose it where it has not yet been imposed (e.g. on air travel, as France did it in summer 2019), or even combine this tax with consumer taxes and add it on top of the sales price for consumer. Imposing such a tax and collect it “at extraction point” or “at entry point” as well as a part of consumer tax is relatively easy and does not require too many staff. A potential unfairness is that big business

---

[60] https://en.wikipedia.org/wiki/Pigovian_tax

[61] Kafsack, H. (2010, August 17) EU-Kommission plant Rohstoff-Steuer. In: FAZ, http://www.faz.net/aktuell/wirtschaft/wirtschaftspolitik/ressourcenschonung-eu-kommission-plant-rohstoff-steuer-11023087.html

[62] https://www.carbontax.org/whats-a-carbon-tax/

is trying to get exemptions and reduction while individual households and consumer have no way to avoid the payment.

Meanwhile there are statements by the IMFs Christine Lagarde and the EU Commission strongly in favour of carbon dioxide taxation.[63] The EU Commission states: “Taxes on energy generate the most revenue among environmentally-related taxes ... and are probably also the type of tax that has the greatest effect in terms of reducing carbon dioxide emissions. Furthermore, energy taxes stimulate innovation and encourage companies to develop alternative, more energy-efficient processes.” (European Commission, 2015b, S. 64) . Besides, the Commission stated, they are relatively growth friendly (ibid, S. 13), especially if they are used to take the burden off the taxation of human labour. Here, the Commission also stated, remains a high potential for EU member states to act.

More complex is the development and administration of Emission Trading Systems, most importantly the ETS of the EU in which also three Scandinavian States take part. It emerged from commitments given in the Kyoto Protocol and its goal is to reduce emissions to 40% lower than 1990 levels by 2030. It is a “cap and trade” system which combines overall ceilings with the allocation of emission rights to businesses which in turn can sell and buy those rights, depending whether they need or do not need those rights. The idea behind is that those being able to reduce emissions at little costs can do that and profit accordingly while expensive adjustments can be postponed and yet be compensated for. There are, however, a number of shortcomings with the existing system, some of them being: First of all, the generous allocation of emission rights resulted in an excess supply, pushing the costs down to single digit amounts per excess ton of emission. That way, no real incentive is left for businesses to invest into clean(er) energy. Second, the ETS covers only 45% of Greenhouse relevant Emissions within EU territory[64], however, Ursula von der Leyen promised to extend it to encompass also, for example, the maritime sector (von der Leyen, 2019, p. 5). Third, its complexity tempts to fraudulent misuse, well known is, for example, the “Missing Trader Fraud” aided and abetted by Germany’s largest bank, resulting in a loss of 850 Million Euro non-paid turnover tax.[65] All in all it is more likely than not that the intended goal of reduction with this system will not be met unless it is seriously and efficiently reformed.

[63] Lagarde writes, together with the IMF Director on Fiscal Policy in her Blog: “There is a growing consensus that carbon pricing—charging for the carbon content of fossil fuels or their emissions—is the single most effective mitigation instrument. It provides across-the-board incentives to reduce energy consumption, use cleaner fuels, and mobilize private finance. It also provides much needed revenues. These should be allocated to reorient public finances in support of sustainable and inclusive growth. How this is best done will differ across countries. In some cases it means investing in people and infrastructure, to attain the Sustainable Development Goals. In others it might mean reducing taxes that harm work incentives and growth. A new IMF paper discusses how carbon prices could be used to meet Paris CO2 mitigation pledges. The pledges and required carbon prices to meet those commitments vary by country, and the paper considers the impact on CO2 emissions of $35 and $70 per ton carbon prices. A carbon price significantly below $35 per ton would be sufficient to meet the pledge for the G20 countries, which together account for four-fifths of global emissions, and this is also true for key G20 members such as China and India.” And so on. See: Getting Real on Meeting Paris Climate Change Commitments. 3 May 2019, https://blogs.imf.org/2019/05/03/getting-real-on-meeting-paris-climate-change-commitments/?utm_medium=email&utm_source=govdelivery

[64] See <https://en.wikipedia.org/wiki/European_Union_Emission_Trading_Scheme> and <https://ec.europa.eu/clima/policies/ets_en>

[65] Ott, Kl. (2013, July 25). Die EU – eine Goldgrube für Betrüger. In: *Süddeutsche Zeitung*. Retrieved from http://sz.de/1.1730226 “Bandenmäßige Steuerhinterziehung”. (2015, August 13). In: Frankfurter Allgemeine Zeitung. Retrieved from http://www.faz.net/aktuell/wirtschaft/unternehmen/anklage-gegen-acht-banker-bandenmaessige-steuerhinterziehung-13748028.html

The third option is easiest to start with: to impose an equal taxation of all fossil fuels, most importantly, to end tax exemption on kerosene. Right now, for example, there are two taxes on gas or heating fuel which are not on kerosene:[66] The Energy Tax and the Value Added Tax. If both taxes would be imposed on kerosene as well, prices for air travel would soar. The justification here would be equal treatment and equal payment – one could do it wherever the national state or the EU has authority and it would generate much more money than the nationally imposed Carbon-Dioxid Tax by France![67]

More in CO_2 (DBK, 2018), Fridays for Future,

3.5.6.4 Renewable Energy Levy – feed-in-tariffs

This leads to policies where an easily recognizable link is established between costs in one sector, advancing goals in the same sector. Such a link between mandatory instruments and related spending can be done with levies. The example given is the German Renewable Energy Levy and Feed-in-Tariffs: Here, revenue collected via the REL are earmarked for, and are directly spent on, paying subsidies and guaranteed tariffs for all those investing in the generation of renewable energy. With the latter package, private investment shall be made more attractive and increase the overall amount of generating renewable energy. Because of such a direct link it is hoped that acceptance and popularity of this measure is secured with public and businesses.

At first sight this looks good, but as the German practice illustrated, there were and are blind spots:

- The availability of money lead to non-sustainable growth of businesses (solar panels!) and wild investment without adequate planning (wind energy turbines)
- The instruments alone do not work, it also needs an adequate grid for renewable energy to reach where it is needed (WBGU, 2011, S. 12) – and costs here need to be covered by the general taxpayer.
- As other indirect taxes and levies, also the REL is a burden upon low and middle income households: First, their payments for energy are, in relation to income, much higher than the comparable share of wealthy households, additionally businesses with a high use of energy lobbied successfully for exemptions or reductions.[68]

---

[66] „Kerosin (Jet A-1) und Flugbenzin (AvGas) sind zur gewerbsmäßigen Beförderung von Personen oder Sachen durch Luftfahrtunternehmen steuerfrei.“ https://de.wikipedia.org/wiki/Energiesteuergesetz_(Deutschland)

[67] In eine Boeing 747 Jumbo passen 200.000+ Kerosin rein. Der Liter (Kerosin wird in Gallonen abgerechnet) kostet dabei umgerechnet nicht einmal 40 Cent. (38,x). Würde man den jetzt besteuern wie Benzin würde der Liter mit Energiesteuer auf 105 Cent und dann mit der Mehrwertsteuer auf 125 Cent pro Liter steigen. Bei einem Flug Frankfurt nach New York bedeutet das bei etwa 100.000 Liter Kerosinverbrauch eine Energiesteuer von 65.000 Euro plus eine Mehrwertsteuer von etwa 20.000 Euro. Die französische CO2 Steuer hingegen würde um die 3000 Extra-Euro geben, während dieses Modell den Trip nach New York um ca. 250 Euro pro Passagier verteuern würde.

[68]„ Vereinfacht gesagt: Je mehr Ökostrom im Markt ist, desto niedriger ist der Marktpreis. Klingt erstmal gut, doch ergibt sich hieraus ein paradoxer Effekt, der den Kreis zur Einspeisevergütung schließt. Denn je niedriger der Marktpreis ist, desto größer wird die Lücke zu den gesetzlichen Vergütungssätzen, die das EEG garantiert. Damit die Betreiber von Wind-, Solar- oder Biogasanlagen ihr Geld für den eingespeisten Ökostrom trotzdem bekommen, wird der Fehlbetrag über die EEG-Umlage, einen Aufschlag auf alle Stromrechnungen, refinanziert.“ Aus: Am Anfang war die Einspeisevergütung. (22.5.2016) Aus: Klimaretter. http://www.klimaretter.info/energie/hintergrund/21123-am-anfang-war-die-einspeiseverguetung. Lomborg, B. (24.1.2018) Die Energiewende trifft vor allem die Armen. In: Die Welt https://www.welt.de/debatte/kommentare/article172811089/Klimapolitik-Die-Energiewende-trifft-besonders-die-Armen.html Unfaire Ausnahme: Verbraucher finanzieren Industriestrom (9.4.204) https://www.gruene.de/themen/europa/unfaire-ausnahmen-verbraucher-bezahlen-industriestrom.html

Those defending the model argue nevertheless that the approach is helpful and can be reformed.

3.5.6.5 Biodiversity, Ecosystems, Urbanization…

Addressing global ecological transformative processes is highly complex and local measures or failures to act (carbon emissions in wealthy countries) may have repercussions far away (growth of desertification) before the "rebound" to us (migration). Accordingly, any interference need to be considered under the perspective of systemic repercussions. Very urgent attention is needed to rescue already severely endangered Biodiversity and complex Ecosystems such as Oceans and Rainforests. Experts of the German Bishops Conference suggest a complex mix of instruments to be considered (DBK, 2018, S. 63):

- Redirection of subsidies from agro-businesses to eco-sensitive Small Scale Farming
- Levies or prohibitions to facilitate "reduce-reuse-refuse" behavior on part of consumers, e.g. regarding plastic bags,
- Public investment in Recycling and Waste Management
- Perhaps an additional VAT on the consumption of meat[69]
- Feeding global funds with which initiatives of reforestations could be supported.

What applies in the global scale, deserves equal care in a smaller context: Urban settlements provide, as in a looking glass, similar complex networks of repercussions in many areas. In addition, they gain importance because the process of urbanization is gaining speed and more and more people are drawn into urban centres, resulting all too often into badly planned urban sprawl, advancing speculation with real estate, sealing of surfaces, irregular waste deposal and many other things. Here, too an entire set of instruments needs to be considered: A Bodenwertsteuer to counter speculation, massive investment into infrastructure, the advancement of intelligent mobility as well as concepts to remove irregular waste and advance recycling.

The previous examples of considerable complexity illustrate an important point made by (Schneidewind & Zahrnt, 2015), namely that sensible chance requires a preceding plan, which markets cannot provide. Hence democratic deliberation and governmental planning has an important role to play if measures shall achieve what they are meant to do and to develop some coherent synergy.

3.5.6.6 Revenue from green tax to reduce costs of labour and support households

As empirical experience shows so far, ecological transformation is often a relatively higher burden for the poor and low income households which may result in resentment, votes for eco-ignorants like Donald Trump or social unrest (Messner, 2016) or protest violently against eco-friendly policies, as was the case with the Gilet Jaunes in France, December 2018. Hence, EFRs should aim therefore for obtaining the threefold dividend which the World Bank pointed out as early as 2005 (see 3.5.5.1)

Among the proposed remedies is, for example, the provision of tax rebates for low income households, that way providing them with more to spend. Additionally, or alternatively, direct support is discussed. Kate Raworth, for example, argues:

[69] Right now, meat has the reduced VAT of 7%, the German Environmental Agency proposes the full rate of 19%. <https://www.umweltbundesamt.de/themen/warum-fleisch-zu-billig-ist> Here an even higher rate is suggested.

> The widely recommended shift from taxing labour to taxing resource use would simultaneously draw human ingenuity away from making more stuff with fewer people towards repairing and remaking more things with less stuff, while employing more people too. Such policies would certainly help to make economies more distributive and regenerative, but could these policies also help economies to become growth-agnostic when it comes to providing sufficient employment?

Also elsewhere awareness regarding the link between the ecological and the social exists, e.g. the Report to the Club of Rome (Maxton & Randers, 2016) whose 8th Recommendation suggests to lower the income tax on labour and increase taxation on the use of natural resources or emission instead. Similar, too, the T20 which, on the occasion of the German G20 presidency, proposed to „Translate the ‚carbon dividend' [public revenues generated by carbon pricing] into reduced labour taxes for low-income households." (Nr.9).[70] A final example is given by Switzerland who itself collects a CO_2 tax and distributes directly a "dividend" to each household, that way strengthening the acceptance of higher ecological costs by the citizens (DBK, 2018, S. 72). This redistributive need is also seen by the EU Commission, see below, 4.5.2.1.

3.5.6.7 Increasing support

The World Bank published its report "Groundswell" (2018), warning of up to 140 million "climate migrants" if no decisive and coordinated action is being taken. The report advocates "more state" but does not deal extensively with taxation and tax related instruments. The three main areas of recommended activities are[71]

- Cutting global greenhouse gas emissions to reduce climate pressure on people and livelihoods, and to reduce the overall scale of climate migration
- Transforming development planning to factor in the entire cycle of climate migration (before, during and after migration)
- Investing in data and analysis to improve understanding of internal climate migration trends and trajectories at the country level.

All of this involves taxes and tax like instruments

3.5.6.8 Position

Isolated and badly planned measures do not seem to achieve desired goals and/or may have unintended side-effects. Therefore, a thought-through systemic approach should be aimed for, combining outright bans and regulations as well as subsidies, exemptions, taxes, duties and levies.

Since we are talking about long term developments, periodical review/impact assessment of enacted legislation in the area of EFRs are of particular importance. For example, because originally useful instruments might lose their usefulness over time due to their own efficiency as was the case, for example, with the trade of CO_2 certificates. At times, simple prohibitions may even be the better solutions, as in the case of certain derivatives or plastic bags.[72]

How a combination of measures may have to be considered shall be illustrated with a scandal pre-occupying Germany for some time, namely manipulations of car exhausts by the German

[70] http://www.t20germany.org/wp-content/uploads/2017/07/20_Solutions_for-the_G20_17-7.pdf
[71] See http://www.worldbank.org/en/news/press-release/2018/03/19/climate-change-could-force-over-140-million-to-migrate-within-countries-by-2050-world-bank-report
[72] https://en.wikipedia.org/wiki/Phase-out_of_lightweight_plastic_bags

car manufacturing industry. Due to those manipulations, polluting cars seemed to be more environmentally friendly than they actually were, thus qualifying for lower taxation. The situation is made more complex by a ruling of the Supreme Administrative Court that municipalities are entitled to impose bans on polluting cars when trying to impose EU environmental standards. The situation calls, first, for a ban on cars whose pollution is beyond adequate repair. It secondly calls for stricter regulation and control of car manufacturer up to the point of investigations and the imposition of penalties and compensation payments, for example, to amendments at their own expenses – especially since German carmaker are among the worlds most profitable.[73] Politics would thirdly have to review the use of subsidies, phasing out fossil based subsidies and redirecting them for encouraging environmentally friendly subsidies, which could be applied for to advance relevant R&D, for, e.g. electronic based mobility. A fourth instrument would be taxes aiming towards the consumers' behavior: If society agrees to encourage the abandonment of traditional diesel and gas fuelled cars, the spending of taxpayers' money to provide "credits" and "incentives" for exchanging an old car into a new one should be at most one incentive among others! Equally important would be adequate investment of taxpayers' money in the expansion of Public Transport, supplemented by revenue generated with Pigovian Taxes or levy upon environmentally damaging fuels, and redirecting that money directly into investment into Hybrid and Electric Mobility, related Infrastructure and the subsidizing of prices in Public Transport.

3.5.7 Taxing Supersalaries and Wealth

Clearly, the question of effectively taxing Supersalaries and Wealth and the distribution of the tax burden among taxpayers of a given state is of prime importance both for the popular perception whether the institutions of that state stand for equal treatment and social justice, and the collection of revenue, which then can be spent on the needs of the Great Transformation.

3.5.7.1 Precondition transparency and Whistleblower

Regarding the situation as it is, however, and before discussing tax rates and tax enforcement, preceding deficits in equity and equality need to be addressed, most importantly deficits in transparency: Here, provisions are different between wealth holder on the one side, and social welfare recipients and dependently employed on the other. The importance of transparency is emphasized not only by the TJP research, but also other ethical reflection.[74] Most simply it was stated by Immanuel Kant: "Alle auf das Recht anderer Menschen bezogene Handlungen, deren Maxime sich nicht mit der Publicität verträgt, sind Unrecht."[75]

Calling for transparency is no call for the discrimination of private, corporate and criminal wealth holder, but the insistence of equal treatment of all. An important instrument could be registers towards beneficial ownership of real property, financial assets and business

[73] Just to mention that the German Common Good lost 1.2 billion Euro just in 2016 due to CO_2 exhaust manipulation by car manufacturer; the losses in other European states are around 11 billion Euros per year. Mühlhauer, A. (10.3.2018), Deutschland entgehen 11,2 Milliarden Euro wegen falscher CO_2 Werte. In: Süddeutsche Zeitung, siehe http://www.sueddeutsche.de/wirtschaft/kfz-steuer-deutschland-entgehen-milliarden-euro-wegen-falscher-co-werte-1.3899325. This is about the same as VW alone made in profits during the same year: 11.6 billion Euro. http://www.handelsblatt.com/unternehmen/industrie/jahreszahlen-volkswagen-mit-umsatzrekord-aktionaere-vom-ausblick-enttaeuscht/20998256.html Not to forget the bonus for VW CEO, Matthias Müller, of 11.14 million Euros. And also other German carmaker are still among the worlds most profitable http://www.manager-magazin.de/unternehmen/autoindustrie/bmw-2016-auf-konzernebene-profitabler-als-daimler-a-1141600.html

[74] (Wiemeyer, 2004), Fisch,

[75] Zum Ewigen Frieden, Anhang II.

ownership. By balancing privacy concerns vs. public interest, it was former EU Commissioner Semeta arguing that the public interest outweighs privacy concerns.[76] This certainly applies when looking at corporations: Since corporations as legal persons are no persons in need of protection as natural persons, and because of their enormous power and influence, registers revealing beneficial ownership here should be public, whereas registers regarding real property and financial assets may be transparent for tax administrations only. For this, a legal expertise by Christian (Hüsken) is helpful.

One should reflect in this context, whether increased transparency qualifies as a global public good because the lack of it and the need to amend for it is so crucial to prevent that the activities of few continue to cause misery and hardship for so many via their practices of aggressive tax avoidance and tax planning.

As long as no adequate transparency can be implemented, provisions for the protection of whistleblower are needed who reveal tax evasion and other forms of IFF related misdeeds, especially if the act out of an ethical motivation.[77] Given missing transparency, lacking capacities of tax administrations and obstacles in international cooperation it is the view of the TJP team that recent data leaks are at the core of all major attempts to advance improvements in recent time: It were data leaks providing relevant information for tax administration which then can better target their resources for investigations, which will then both, together with public debates, increase tax honesty and compliance.

May the state combat unfair behavior by supporting illegally obtained information? Both ethical criteria in balancing the lesser and the greater evil and the German Constitutional Court confirmed this,[78] which is why the move of the European Commission towards a better protection of Whistleblower has to be welcomed.[79]

3.5.7.2 Equal tax upon income from capital and labour

First of all it needs to be assured that income from capital and labour is taxed at the same rate. Any privilege of capital as opposed to labour offends against core principles of CST, but is also seen by IMF experts.[80] This is even more important if there is “unearned” income, i.e.

[76] ‘Tax transparency is more important than data privacy.’ Semeta, A. (2013, June 5) Offshore Leaks transformed tax policy. Press Release. Retrieved 2015, February 10 from http://euobserver.com/economic/120382

[77] Support by: OECD Working Group on Bribery in International Business Transactions Report 2017,S. 29ff.; Art. 61 of the EUs 4th Money Laundering Directive, EU Parliamentary Resolution EU-wide protection needed for whistle-blowers of 24.10.2017…

[78] Ankauf von Steuer-CDs rechtens. (30.10.2010) In: Frankfurter Allgemeine Zeitung http://www.faz.net/aktuell/politik/staat-und-recht/bundesverfassungsgericht-ankauf-von-steuer-cd-rechtens-11068284.html

[79] https://netzpolitik.org/2019/eu-verhandler-einigen-sich-auf-mehr-schutz-fuer-whistleblower/

[80] Im Economic Outlook 2017, April 2017. Dazu schreibt der Berliner Tagesspiegel: „Zur Debatte um ein reformiertes Steuer- und Abgabensystem hat der Internationale Währungsfonds (IWF) jetzt eine wichtige Erkenntnis beigesteuert. Dessen Ökonomen schlagen Alarm, weil der Anteil der Arbeitseinkommen am Gesamteinkommen in den einzelnen Staaten seit Jahren zurückgeht. Was im Umkehrschluss bedeutet, dass der Anteil der Einkommen aus Kapital wächst. Weltweit ist dieser Trend dramatisch: Lag der Anteil, den Arbeitnehmer mit ihren Einkommen zum nationalen Einkommen beitrugen, in den Siebzigerjahren noch deutlich über 50 Prozent, sank er in der Finanzkrise nach 2008 auf weniger als 40 Prozent und hat seither kaum zugelegt. Die IWF-Wissenschaftler werten dies als Trend zu größerer Ungleichheit bei den Einkommen. Zu den Kapitalbesitzern gehören zwar angesichts des weltweit gewachsenen Wohlstands auch immer mehr Arbeitnehmer, aber der Löwenanteil konzentriert sich am oberen Ende. Die Ursache für diese Entwicklung sieht der IWF einerseits in der technologischen Entwicklung: Digitalisierung vernichtet zunehmend Arbeitsplätze vor allem für normal Qualifizierte, also die Mitte der Arbeitnehmerschaft. Dazu kommt, mit Blick auf die alten Industriestaaten, die Globalisierung mit ihrer Auslagerung von Arbeit in billiger produzierende Länder.

income not from labour but from other assets such as capital, real estate or houses or businesses. Problems arise since some forms of capital income is regular (interest, dividends) whereas others are singular (Capital Gains), each with its own package of problems: For example, double taxation on dividends has to be avoided.

Given the beginning AEOI process there is increasing willingness to abandon the different rates for taxing income from capital as opposed to income from labour. But: Already lobbyists start drilling holes into these plans, for example by saying that in a time of low interest rates there are no interest based earnings anyhow.[81] This, of course, neglects the fact that top wealth holder and their Family Offices have always options to invest and earn more in interest than that which "the market" offers to the average holder of a saving account.

Other problems arise from options at the disposal of skilful tax consultants to manipulate income from interest with the help of derivatives into income apparently from dividends, that way benefitting from concessions linked to the latter and exploiting once more options for legal tax avoidance.

For these and other problems there are still some preferring to keep different tax rates even though the present Withholding Tax Rate might be increased as is illustrated next:

3.5.7.3 Personal Income Tax

When talking to people with high incomes and Supersalaries in the course of the TJP research, surprisingly many admitted that they are taxed well below their Ability to Pay and that an increase in their personal PIT rate would be the most acceptable way for them to contribute more to the financing of the common good. Still the question is, what rate could be both adequate and acceptable.

Universally, both IMF and OECD suggest an orientation at rates prior to neoliberal tax competition and the race to the bottom (see above 3.2.3). For the (International Monetary Fund, 2013) these would be rates around 50-60%, while the OECD reminds that 'top rates of personal income tax, … were in the order of 60-70% in major OECD countries, (before they) fell to around 40% on average by the late 2000s.' (OECD, 2011a, p. 369). The IMFs Fiscal Monitor 2017 confirmed not only the recommendations of the IMF (2014a) study, but reiterated the need to increase PIT because of its little impact on growth[82]

Piketty advocates an even higher tax, namely up to 80% on salary-incomes over US$ 500,000/ 1 million and an average tax of 30% on all forms of capital income (Piketty, 2014a, p. 373).

Üblicherweise hält sich der IWF mit Vorschlägen an die Politik zurück. Doch kommt der gerade veröffentlichte „Weltwirtschaftliche Ausblick" der Organisation zu dem Schluss, dass bessere Ausbildung und Qualifizierung zwar ein guter Plan sei, mit dem Problem umzugehen, aber kein ausreichender: Notwendig sei auch mehr Umverteilung. Was für eine höhere Besteuerung von Kapitaleinkommen spricht."
https://www.tagesspiegel.de/politik/steuern-und-abgaben-maximal-belastet/19660206.html

[81] https://www.focus.de/finanzen/experten/steuer-auf-zinseinnahmen-die-abgeltungssteuer-ist-gerechter-als-ihr-ruf_id_7938768.html

[82] "Most countries have room to enhance revenues from the taxation of immobile capital significantly. Different types of wealth taxes – such as recurrent taxes on property or net wealth, transaction taxes and inheritance and gift taxes – can also be an important source of progressive taxation. Taxes on real estate or land are both equitable and efficient and remain underused in many countries. An even stronger impact on equity can be achieved through higher taxes on second homes. Effective implementation of taxation of immovable property may require a sizable investment in administrative infrastructure, particular in low-income countries. New geospatial technologies could help ease the challenges associated with the development and management of a cadaster." (International Monetary Fund, 2017, S. 28)

Regarding German PIT rates, Bach (2016b) suggests an increased top-income-tax-rate of 49% for income of 80.000 Euro and above, but cautions at the same time, that this rate would not hit the seriously rich because their wealth rests primarily in capital and business assets. A reform like this is, in his view, also part of any attempt to correct the Bracket Creep (Kalte Progression). Another research (Bach, Beznoska, & Steiner, 2016) proposes a top-income-tax-rate of 45% for any income of 60.000 Euro and above, combined with an increase of the Capital Withholding Flat Tax from 25% at present to 32% (Solidarity Surcharge not included).

A more differentiated approach was submitted by the German Federation of Trade Unions (Deutscher Gewerkschaftsbund, 2016, S. 8):

1. Die erste Tarifzone, die dafür verantwortlich ist, dass sich die Steuerprogression besonders drastisch auf geringe und mittlere Einkommen auswirkt, wird abgeschafft.
2. Der Grundfreibetrag wird deutlich von 8.652 Euro auf 11.000 Euro erhöht. Dadurch werden die meisten bisher in der ersten, besonders steilen, Progressionszone erfassten Einkommen steuerfrei gestellt.
3. Von hier aus startet der Tarifverlauf mit einem Eingangssteuersatz von 22 Prozent und verläuft linear-progressiv bis zum Spitzensteuersatz.
4. Der Spitzensteuersatz wird von 42 auf 49 Prozent angehoben, greift aber künftig erst ab einem zu versteuernden Einkommen von 70.000 Euro.
5. Wie bisher wird der sogenannte Reichensteuersatz drei Prozent über dem Spitzensteuersatz liegen. Die Reichensteuer soll aber künftig bereits ab einem Einkommen von 125.000 Euro greifen.

More information: (Wiemeyer, 2016a),

3.5.7.4 Corporate Income Tax

Different from Kenya and Zambia, the German research did not delve too deeply into the deficits in taxing TNCs, because in Germany many experts and networks exist which deal with these issues, e.g. Stefan Bach or the Tax Justice Network. The German research therefore did not develop any proposals different from that which is generally discussed among those known experts.

Therefore this paper only presents the preferred option of the Tax Justice & Poverty team, namely of those initiatives calling for the gradual implementation of public Country by Country Reporting, followed by a Common Consolidated Corporate Tax Base and eventually resulting in a Formula Apportionment and Unitary Taxation. By that we follow empirical findings of (Thorslov, Wier, & Zucman, 2018) or a recent report on these issues by ICRICT, the Independent Commission for the Reform of International Corporate Taxation, a widely respected Thinktank. The latter compares various forms of Unitary Taxation, commends the EU Commissions attempts to implement a CCCTB and opts for a Formulary Apportionment combined with an international Minimum Tax Rate (ICRICT, 2018), see below 4.5.2.2.

In a recent paper of the IMF, also Border Adjustment Taxes were among the discussed options as an instrument to improve the taxation of corporations (International Monetary Fund, 2019) .

3.5.7.5 Wealth Tax, including Real Estate and Property

There are hardly countries left with a substantial and comprehensive wealth tax, whose purpose is either to tax "unearned income" arising from various wealth assets or taxing the worth of wealth assets as such. In a number of countries a tax on Real Property comes closest to it, also, because the taxation of immovable property is considered to be least distortive to economic growth (e.g. IMF or European Commission 2015b). Here, however, a distinction might be useful between owner-occupied housing, which is an important element of wealth creation for the middle class, and the ownership of multiple objects with the ability to let them out for rent.

The main ethical justifications for Wealth Taxation are first, that the receiver of income has not put any personal work into it, and second, that no wealth and fortune exists by merit of individual hard labour alone. All fortunes also require infrastructure, legal provisions and certainty and a skilled and educated labour force. On that background, a wealth tax would give back to the community a share of that which the community provided for its existence in the first place.

Universally, there are increasing arguments to tax wealth and real property higher. Besides the suggestions of Credit Suisse cited above (3.2.2), some quotes follow from the OECD, IMF and EU Commission: 'Make the tax system more supportive of inclusive growth. Broaden tax bases by updating property tax valuations and extending capital gains taxes on residential real estate, except for owner-occupied housing. Lower social security contributions, especially for low-pay worker.' (2014a, p. 11) 'Broaden the tax base and make different forms of taxation on wealth and inheritance more equitable, e.g. by updating property tax valuations or removing capital tax exemptions' (OECD, 2015b)

'Household wealth is very unequally distributed – even more so than income… It is arguably a better indicator of ability to pay than annual income – and indeed taxes on wealth and transfers have historically been a major source of revenue. … Recurrent taxes on residential property…are widely seen as an attractive and underexploited revenue source … Especially outside Anglo-Saxon countries, there is evident scope to raise more ... 'There may be a case for taxing different forms of wealth differently according to their mobility', meaning, especially taxing real estate and other immobile assets, because '(P)erhaps surprisingly, that nonfinancial assets are very important for the wealthy' (International Monetary Fund, 2013, p. 38+40). Most recently, the IMF recommended the taxation of immovable wealth assets because the taxation of capital alone runs into so many difficulties (International Monetary Fund, 2017, S. 28).

The EU Commissions' preferences in turn are clearly visible in their report on Tax Policy developments in the EU member states: They, too, advocate a higher tax on immovable property and net-wealth, but citing Switzerland as example where up to 10% of revenue in cantons are generated that way, an additional benefit being the transparency of asset ownership (European Commission, 2015b, S. 84)

In Germany, the first wealth tax was introduced in 1893 for Prussia. Here, the distinction between income from wealth and income from labour was explicitly considered: Income from wealth assets ought, according to the then-Finance Minister Miquel, to be taxed harder since it stands for income, security and prestige which ordinary worker do not have. Accordingly, the taxation of wealth assets was understood as a supplement/addition to the Income Tax to be paid by those having earnings from wealth assets, i.e. the regular income tax was complemented with a Wealth Tax, taxing Sollertrag arising from wealth assets.[83]

[83] Das Neue Preußische Ergänzungsteuergesetz in der Fassung vom Juli 1893 http://digital.staatsbibliothek-berlin.de/werkansicht?PPN=PPN730526429&PHYSID=PHYS_0001&DMDID=DMDLOG_0001

A perennial discussion is whether a wealth tax should be applied to “unearned” de facto income (Erträge), to unearned potential income (Sollerträge) or to wealth assets as such (Substanzsteuer). This is a highly technical discussion but it should be emphasized that one of the more prominent and popular proponents of a Wealth Tax argued that taxing the substance of wealth assets is, in principle, justified and covered by both the German Constitution and its interpretation by the Federal Constitutional Court (Böckenförde, 1995). A big and hardly discussed advantage of the German Wealth Tax is the provision of transparency into asset ownership: Para 19 of the suspended Vermögensteuergesetz contains the obligation to declare wealth at a certain point in time towards tax administrations. Restoring this transparency could remedy the discrepancy in transparency towards tax authorities between dependently employed and wealth holder which is one of the major injustices the TJP team states when comparing ordinary and privileged tax subjects. From an international point of view it should be of interest that the German Wealth Tax is still in force and only suspended since 1997. It would be comparatively easy, therefore, to re-activate it. A major reason why the tax was suspended were the totally outdated real property valuation underlying the determination of tax obligations. Here, presently and following the request by the German Federal Constitutional Court, reform is underway which is seen – by wealth holder with fear, by social justice activists with hope – as a potential basis to reform not only the taxation of real property, but to also revive eventually the German net-wealth tax.

The advantage of increased asset transparency alongside asset-based revenue of up to 10% in respective Swiss cantons is also seen as a major advantage of the Net-Wealth Tax on part of the European Commission (2015b, S. 84).

A final, but very complex issue is the question regarding the real and potential effects of taxing ownership of corporations with its “silent reserves” or, analogous, silent reserves deposited at “Family Offices”.[84]

3.5.7.6 Wealth Levy

A wealth levy is imposed upon the wealthy when justified by exceptional circumstances and needs. It is due only once, but not payable at once. It could be a once off levy of 10% on the market value of net wealth at a given date but possible to be paid in rates.

Critics argue that such a levy imposed only on a specific group of people would be even more offending against Article 3 of the Basic law than the Wealth Tax. However, the Constitutional Court conceded, that there were precedences which entitled the state to treat groups of citizens unequal: 1919, during the Weimar Republic, and more relevant 1952, with the *Lastenausgleichsgesetz*:[85] After the war resident West Germans had to pay a levy imposed only upon them and not upon refugees and fugitives from the East who came to West Germany after being evicted from their traditional homesteads in the East. According to the Court this was acceptable since this unequal burden was only following a preceding "fatefully unequal treatment" of those refugees.[86]

A number of occasions for the re-imposition have passed since, most importantly German Unification 1989 onwards and the 2007 World Financial and Economic Crises. In both cases, even if there were good reasons to first finance immediate emerging needs with money raised at the markets (which increased the public debt load) a Wealth Levy would have been

[84] For private wealth/Family Offices see (The Greens - EFA, 2019)
[85] Decision from 1995, June 22 http://lexetius.com/2001/8/224, Nr. 54f.
[86] An extensive legal presentation of the instrument is contained in (Wieland, 2012).

justified since (in the first case) wealth holder profited most from developments and (in the second case) wealth holder both were behind the crisis and profited from its resolution. See (Wieland, 2013) (Wieland, 2012)

3.5.7.7 Inheritance and Gift Tax

The Inheritance and Gift Tax is the prime instrument to address many issues linked to growing inequality (see above 3.2.2) There is plenty of support for it and useful quotes can be found, starting with John Rawls and his opponent Robert Nozick. Regarding (neo)liberal arguments against an Inheritance and Gift Tax (double taxation, violation of the right do decide upon what to do with hard earned property etc.) the best treatise disassembling those and pointing to self-contradicting assumptions is available from (Beckert, 2013). Even the IMF agrees with Credit Suisse when saying: 'The primary appeal of inheritance taxes is in limiting the intergenerational transmission of inequality.' The fact that it yields so little revenue 'suggests some potential' to raise more.[87] The European Commission helpfully points out that within the 'Haig-Simons framework, bequests are included in total income. Taking this approach, it would appear straightforward to tax them at the prevailing rate applied to capital and unearned income"[88] which would be ways above present levels of taxation.

On part of CST, Nell-Breuning, for example, pointed out that action is called for once ownership about things is misused for the rule over people.[89] If wealth concentration indeed is such then some sort of confiscatory taxation may not only be legitimate, but mandated. See also (Möhring-Hesse, 2016a)

If one accepts that a major purpose of Inheritance and Gift Taxes is to remove inequality and unearned wealth, tax rates are somewhere between 33%-66% (Piketty, 2014a) and 100% (Guy Kirsch).[90]Similar, the Club of Rome recommends in its 9th proposition to „reduce gradually the unjustified passing down of wealth and to review legislation related to private property" at the same time reducing alternatives such as putting wealth into foundations (Maxton & Randers, 2016, p. 208).

And yet: Little is done to act accordingly. In some countries a lot of effort is undertaken to remove even the last remnants of it (USA), in other states, like Kenya, feasible proposals (Mutuma) are ignored and kept out of serious public debate.

In the German case, big excitement ruled when the Constitutional Court ordered the reform of an Inheritance and Gift Tax in 2014. A first proposal by the German government was heavily attacked and watered down by the joint forces of the governments of Germanys most wealthy states, even though they were governed by different political parties (Bavaria: conservative,

---

[87] (International Monetary Fund, 2013, p. 39), see also (European Commission, 2015b, S. 82ff)

[88] (European Commission, 2015b, S. 83) The Haig-Simons Framework 'is an income measure used by public finance economists to analyze economic well-being which defines income as consumption plus change in net worth.' https://en.wikipedia.org/wiki/Haig%E2%80%93Simons_income

[89] Beschränkungen oder andere Eingriffe in rechtmäßig erworbenes Eigentum bis zu dessen Entzug („Enteignung") aus Gründen des Gemeinwohls … sind nicht als „Eingriffe" zu werden, das heißt, sie verletzen das Eigentumsrecht nicht, fließen vielmehr unmittelbar aus…der seiner Individualfunktion vollkommen gleichwertigen Sozialfunktion des Eigentums. ... (Es ist)…Tatsache, daß eine äußerst ungleiche Verteilung des gegenständlichen Eigentums, namentlich an Produktionsmitteln, näherhin dessen Zusammenballung in der Hand einiger weniger…bei gleichzeitiger Entblößung der vielen…in weiten Bereichen zu dem Ergebnis geführt hat, das Eigentum, das Herrschaft über Sachen sein soll, zu einem Herrschaftsinstrument über Menschen zu verfälschen. Soweit das zutrifft, ist der rechte Sinn des Eigentums, nämlich den…Menschen Freiheitsräume zu erschließen, ins genaue Gegenteil verkehrt (Nell-Breuning, 1980, p. 201f.)

[90] Piper N. (2016, January 27) Ökonom fordert 100% Erbschaftsteuer. In: SZ. Retrieved from http://www.sueddeutsche.de/wirtschaft/guy-kirsch-oekonom-fordert-prozent-erbschaftsteuer-1.2835005

Baden-Wuerttemberg: green-red). In short: The history of this "Reform" illustrates wonderfully that neither law, nor jurisdiction nor popular acclaim rules Germany any more, but effective lobbyism of the influential (Elsässer, Hense, & Schäfer, 2016) (Leipold, 2016).

One reason why lobbyists were able to successfully undermine public support was their ability to discredit the reform by spreading the "fake news" that this reform will cost jobs and hit hard also small inheritances and gifts of small and middle income households. This, however, was not the case: The Federal Constitutional Court explicitly addressed unfair treatment of those holding massive wealth assets via large businesses, while average and small inheritances were and will be protected by generous tax exemption limits.

3.5.7.8 How to prevent negative effects

There are, of course, serious arguments against Net-Wealth Tax, Wealth Levy and, most of all, the Inheritance and Gift Tax. First of all, that wealth does not equal income so that, if wealth substance is taxed, the case is likely that wealth owner have to take on a credit and indebt him/herself to pay this tax. However: Given the extent of wealth and the threshold defining the limit above which wealth taxation is collected makes these dangers unlikely, and even if at times a wealth holder is put at the decision either to take upon a credit or to sell some of his assets this is seen to be a justifiable dilemma. Clearly, there are advantages and disadvantages for using the Net Wealth Tax (recurrent, asset transparency, low amount), the Inheritance and Gift Tax (protects against fluctuation, once only) or even both.

Another possible solution is to construct a tax which combines the present Income, Wealth and Inheritance & Gift Tax into one, that way leaving it up to the wealthy person to decide whether to pay dues during lifetime already. This has been discussed during the Second Tax Reform Law in 1972 and more currently revived by scholars and the Green Party.[91] Apart from the complexity of the task it is doubtful whether this model would succeed in addressing wealth imbalance adequately.

A more serious argument is that payments of wealth taxes, levies and/or Inheritance and Gift Taxes may endanger functioning assets such as businesses. Having to sell those entities because otherwise no tax payments are possible would endanger their cohesion and synergies and therefore cost jobs.

As to this, there are interesting proposals around:

First, the proposal to establish a Sovereign Fund similar to Norway and Alaska, into which wealth owner could transfer parts of their assets if they are not able to pay their tax dues. In this Fund, the state would be "silent partner", i.e. he would not interfere in business operations and leave that to business and wealth owner. Proceeds of this fund would be distributed among all citizens of the state, either regularly in the form of dividends (unconditional capital income) or once in a lifetime at the beginning of everybody's professional life.[92] Regarding

[91] Entwurf eines zweiten Steuerreform-Gesetzes. BTD Drucksache VI/3418. Retrieved 17 April 2015 from http://dipbt.bundestag.de/doc/btd/06/034/0603418.pdf, (Jarass & Obermair, 2012, S. 86) or (Jarass & Obermair, 2003, p. 12)

[92] (IMK, 2017), (Fratzscher, 2018), Utopisch?: Bedingungsloses Kapitaleinkommen für alle | wallstreet-online.de, https://www.wallstreet-online.de/nachricht/9908808-utopisch-bedingungsloses-kapitaleinkommen, Norwegischer Pensionsfonds, Tagesschau.de http://boerse.ard.de/anlagestrategie/geld-anlegen-wie-die-profis100~_index-1.html, Corneo, G. (2017) Ein Staatsfonds, der eine soziale Dividende finanziert. Freie Universität Berlin, http://edocs.fu-berlin.de/docs/servlets/MCRFileNodeServlet/FUDOCS_derivate_000000008231/discpaper2017_13.pdf;jsessionid=F506B855A7E0BABF6CCA8B0F4692763D?hosts=, Fratzscher, M. (29.1.2017) Ein Chancenerbe für alle.

the distribution of a regular unconditional capital income to all, even liberal Think Tanks as the Roosevelt Institute concludes that this might be a good idea because it increases purchasing power and thus increases consumer spending.[93]

Another serious proposal is to take ownership away from its founding owner. Here, several models are discussed:

First, transferring the business into foundations, as has been done with Thyssen-Krupp, Bertelsmann, Zuckerberg/Chan, Gates, Bosch, Carl Zeiss Jena or DM. Here one has to look carefully, whether this is really a transfer of ownership or the securing of ownership and power under a new legal form. If it is the latter, as in the case of Thyssen-Krupp, Bertelsmann, Zuckerberg or Gates, the TJP research shares great skepticism towards those foundations preserving not only the economical, but also social and political power of donors, which is the case if entire businesses are transferred into foundations (e.g. Unternehmensstiftung) with the donor still being the chair, or that wealth holder transfer private wealth asset into foundations. As explained in (Alt, 2016n) it is our view that these options are frequently misused to (first) to avoid the payment of taxes, that (second) donors and their immediate relation nevertheless keep complete control over the assets while (third) opinions of those who are supposed to benefit from this “magnanimity” are not even heard.

One possible compromise between mandatory prescriptions on the one hand, and the donors freedom to determine at least to some extent what he wants to do with his hard earned wealth, could be that which Pop Benedict XVI suggested in Caritas in Veritate, Nr. 60, when talking about “fiscal subsidiarity”:

> ‘One possible approach to development aid would be to apply effectively what is known as fiscal subsidiarity, allowing citizens to decide how to allocate a portion of the taxes they pay to the State. Provided it does not degenerate into the promotion of special interests, this can help to stimulate forms of welfare solidarity from below.’

This means that the state both imposes an mandatory tax rate (e.g. 75%) which has to be given away, and at the same time proposes a limited amount of purposes to which this money is given (e.g. reducing poverty, fighting sickness, protecting biological diversity…), that way reducing that too much goes into the support of Museums or Think-tanks AND preventing that the donor maintains a controlling role in the foundations’ administration. This principle is working well in Italy with the “Otto Per Mille” Tax[94] and other replacements of church taxes by mandatory taxes (Mandatssteuern) e.g. in Hungary and Spain.

A better way is to spread ownership of businesses beyond its present concentration more evenly by, most importantly, among all working for the business. There are at least three ways to do it. The first is the kind of foundation chosen by Ernst Abbe of Carl Zeiss Jena: In his statute, not profits as such were important, but profits in view of the total gains of business and employees. Another model is giving a larger share of shares to the businesses’ employees.

In: Die Zeit. Retrieved from http://www.zeit.de/wirtschaft/2017-12/erbe-vermoegen-erbschaftssteuer-entwicklung

[93] Marinescu, I. (2017) No Strings Attached - The Behavioral Effects of U.S. Unconditional Cash Transfer Programs. http://rooseveltinstitute.org/wp-content/uploads/2017/05/No-Strings-Attached-050417-1.pdf

[94] See http://en.wikipedia.org/wiki/Eight_per_thousand

Both approaches are not only within the tradition of CST,[95] but also supported by a wide range of entrepreneurs, politicians and scholars of very different backgrounds.[96] A third, and the most foundational change, would be the change away from private or share based ownership to a cooperative ownership, as is, for example, proposed by the Common Good Economy or other left writer (Felber, 2014), (Wagenknecht, 2016).

3.5.7.9 Increasing support

Beyond that which has been indicated already in 3.1, the support for the taxation of net wealth on part of even unusual suspects is increasing. Especially IMF and OECD seem to be increasingly worried about the issue of inequality in all its forms:

Take, for example, that the IMF is offering at its 2018 Spring Meeting a workshop on CCCTB and Formula Apportionment.[97]

Take, for example, the report "Taxation of Household Savings" (OECD, 2018a), arguing that "current tax systems often favour the savings of households that are financially better-off. For example, poorer households tend to hold a significantly greater proportion of their wealth than richer households in bank accounts, which are typically highly-taxed, whereas richer households tend to hold a greater proportion of their wealth in investment funds, pension funds and shares, which are all often taxed relatively lightly". Due to the introduction of automatic data exchange Flat Taxes, originally designed to counter temptations of tax evasion, could be replaced again by taxation with "a degree of progressivity." Where public pension provisions are substantial "there may be less need to incentivize the use of private pensions" and finally, the OECD observes potential of "equity enhancing improvements in the design of taxes on household savings" regarding tax deductions on pension savings or household mortgages of which "richer taxpayers…benefit disproportionally." (p. 11f.)

Take, for example the report "Role and Design of Net Wealth Taxes in the OECD" (OECD, 2018b), examining the "rationale for addressing wealth inequality through the tax system" coming to the result "that there is a strong case for addressing wealth inequality through the tax system." While preferring "broad-based personal capital income tax and well-designed inheritance and gift taxes", the "report finds that there are stronger arguments for having" a progressive net wealth tax in the absence of the previous (p.11f.), while, of course specific designs have to vary from country to country. Highly interesting is the discussion of differences between Capital Income Tax and Net-Wealth Tax, highlighting the fact that a wealth tax takes into account "wealth accrual", is therefore levied on potential, and not realized, income and is therefore more comprehensive than a personal income tax. This leads, to the knowledge of the author for the first time, to the observation: "Accrual-based taxation has a number of advantages: it does not create lock-in effects and the resulting inefficiencies in capital allocation and it enhances fairness as appreciations in asset values are a better reflection of taxpayers' current wealth.", while against those advantages stand only "practical difficulties" (p.49, see also 56f. and 99ff.).

---

[95] Weihbischof Losinger: Mitarbeiter an Betrieben beteiligen – dagegen sind aber sowohl Eigentümer als auch Gewerkschafter http://www.augsburger-allgemeine.de/politik/Weihbischof-Losinger-warnt-Armut-kann-sich-vererben-id41317706.html

[96] Hagelüken, Alexander Appell von Konzernen. In: Aktien für alle. Wirtschaftsteil der Süddeutschen Zeitung vom 6.11.2017 http://www.sueddeutsche.de/wirtschaft/kommentar-aktien-fuer-alle-1.3735791, (Felber, 2014), (Wagenknecht, 2016, S. 268ff.)

[97] Splitting the Riches: The Present and Future of Taxation by Formula. Sunday, April 22, 2018. Splitting the riches http://www.imf.org/en/News/Seminars/Conferences/2018/03/28/splitting-the-riches-the-present-and-future-of-taxation-by-formula

3.5.7.10 Position

Current populism is partly driven by the perception that “the elites” and “the wealthy” are running the show at the expenses of the rest. Adjusting the taxation of Supersalaries and wealth holder is getting more important to the extent it is known how private, corporate and criminal wealth holder misuse existing options to avoid and evade contributing their fair share to the Common Good of. If we want to restore democracy, equality and equity and democratic participation, we have to curb wealth inequality and resulting power via lobbyism. "We must make our choice. We may have democracy, or we may have wealth concentrated in the hands of a few, but we can't have both."[98] And in consequence, even ESPAS, the Think Tank of the EU Commission states

> “Measures to counter a populist narrative on inequality can include the strengthening of an inheritance tax to mitigate the accumulation of wealth, tax incentives for workers to invest in stocks, increasing measures against tax avoidance and evasion, and putting caps on top salaries (ESPAS, 2019, S. 32)

Only then citizens will perceive that “the system” is also in their favour and they will be encouraged to participate once more actively in shaping tomorrows society aiming for the Common Good of All (Alt, 2017).

However, where to start and how to do it is contested. So far, there is no universally acclaimed solution, each proposal has defender and critics. For the author, the best arguments point to reforms via the Inheritance and Gift Tax as focal point. Here we find even some constitutional support: The Bavarian Constitution reads in Article 123.3 “The Inheritance and Gift Tax also serves the purpose to prevent the accumulation of huge fortunes in the hands of individuals.”[99]

In order to avoid another reform failure it needs to be emphasized that the most important aspect here is to restore equality and equity. Here, perhaps, an explicit link between the Inheritance Tax Revenue and a fund from which all citizens equally receive support could help to bring this message across.[100]

At the same time, and clearly, relocation of wealth and wealth-holder is nowadays as easy, especially within the EU and adjacent Tax Havens, as it is for TNCs (The Greens - EFA, 2019). Therefore national wealth taxation will not work and an international approach is urgently needed. Here, too, the EU as starting point for some serious advancement is preferred.

More information: (Piketty, 2014a) (International Monetary Fund, 2013)(International Monetary Fund, 2014a) (International Monetary Fund, 2017), (European Commission, 2015b) (Bönke, 2016a), (Fisch, 2016b), (Sachs, McCord, & al., 2019)

---

[98] US Supreme Court Judge Louis Brandeis, see https://www.brandeis.edu/legacyfund/bio.html

[99] „Die Erbschaftssteuer dient auch dem Zwecke, die Ansammlung von Riesenvermögen in den Händen einzelner zu verhindern“

[100] Piper N. (2016, January 27) Ökonom fordert 100% Erbschaftsteuer. In: SZ. Retrieved from http://www.sueddeutsche.de/wirtschaft/guy-kirsch-oekonom-fordert-prozent-erbschaftsteuer-1.2835005 Similar: Fratzscher, M. (29.1.2017) Ein Chancenerbe für alle. In: Die Zeit. Retrieved from http://www.zeit.de/wirtschaft/2017-12/erbe-vermoegen-erbschaftssteuer-entwicklung

3.5.8 Position

When looking at the findings of this chapter, it should be clear that there is a lot of potential for discussion and research when looking how specific taxes and tax related instruments could be put to use in the attempt to advance a more socially just and ecologically sustainable society, aiming to advance the Common Good of All. Some concluding comments:

Even though awareness is growing that, as Pope Francis put it, “we are faced not with two separate crises, one environmental and the other social, but rather with one complex crisis which is both social and environmental” (LS 189), this awareness is, due to the compartmentalization of knowledge and Silo Mentality, in constant need to be forgotten or ignored, meaning, that social justice is advanced at the cost of ecology and ecological protection is promoted by ignoring issues of social justice. This has also been admitted by one of the authors of the ambitious paper on a Global Social Contract (WBGU), Dirk Messner (2016).

It is important to find a balanced, holistic approach to both the dimension of social justice and ecological sustainability. Which is why stiff taxes upon fossil energy needs some protective measure for those businesses obliged to pay it against those competitors (in the US or China) whose businesses are not obliged to pay (see 3.5.3). Here, the approach of the incoming EU Commission, to both increase energy taxation and protect itself by imposing a Carbon Border Tax, is the right way to go (von der Leyen, 2019, p. 5). For reasons of social justice, however, it is important that a substantial share of revenue needs to be refunded to those whose income is such that the share of energy costs is over proportionately high in relation of their earnings (see 3.5.5.7).

One issues is clear: There is enough money to finance the needed transformations (e.g. (Sachs, McCord, & al., 2019), it is only owned by the wrong people. For that reasons, states of the world have to improve their cooperation on getting hold of it.

There are enough complex and comprehensive proposals circulating around to be fit into some coherent strategy.[101] At the same time, one should be aware of the argument of double-taxation, a favorite among private and corporate wealth holder: Obviously, double taxation of one and the same income/asset by one and the same tax instrument should not occur. If one and the same income/asset is taxed with different taxes then, however, different aspects are differently taxed. This and would be as little unconstitutional as the double taxation of, say, earned income, which is taxed twice by income tax and VAT.

3.6 Challenges regarding the tax base

Changes in view of the tax base are unavoidable in a changing world which may contribute to distortions regarding the distribution of the tax burden or other issues and demands of social justice. Hence here, too, review and adjustments are constantly being called for.

3.6.1 Shift burden away from labour

Without major controversy, the burden of tax and mandatory security contributions is too high when it comes to human labour. The problem increases when being considerate of the

[101] „[…] die umweltschädliche Subventionen sozial und ökonomisch verträglich abbaut, ökologische Lenkungssteuern schrittweise anhebt und mit Vermögen- und Finanztransaktionsteuer auch sozial motivierte Steuern aufgreift. So können Anreize für Energieeffizienz verbessert, mehr soziale Gerechtigkeit erreicht und gleichzeitig ein erhebliches Potential zur Minderung der Staatsverschuldung erschlossen werden.“ Ludewig in Martens.

development of digitalization, computerization and artificial intelligence, i.e. there is a need to make human labour more attractive so that humans are kept in labour, and to counterbalance savings here by income from other sources. Here, it has been indicated already above (e.g. 3.5.6 & 7) that those savings could be compensated via a better taxation of assets and pollution, i.e. private and corporate income and wealth as well as the (over)consumption of natural resources.

3.6.2 The issue of land

In our three countries real property is, as elsewhere (Turner, 2014), a central element of any wealth portfolio and is not adequately taxed. The question is, whether taxation, as indicated above (3.5.7.5), is the best approach to address its contribution to wealth inequality, affordable housing and, even more important, whether land, given the effects of climate change and its increasing scarcity, needs to be dealt with in an altogether different way.

In 2008, a prominent, former German Federal Constitutional Judge, Ernst-Wolfgang Böckenförde, stated that a central ailment of present day capitalism are excesses in the handling and (mis)use of private property, whereas a number of goods on this earth are meant to be for the use of all.[102] Given experiences and findings of the Tax Justice & Poverty research, such as landgrabbing with subsequent expulsion of people, speculation with real property and the like, real estate is among those areas where we think that it should no longer be owned as private property, but added among the “global commons.” This could also be seen in line with a verdict by the German Federal Constitutional Court from 1967.[103]

[102] „Woran krankt also der Kapitalismus? Er krankt nicht allein an seinen Auswüchsen, nicht an der Gier und dem Egoismus von Menschen, die in ihm agieren. Er krankt an seinem Ausgangspunkt, seiner zweckrationalen Leitidee und deren systembildender Kraft. Deshalb kann die Krankheit auch nicht durch Heilmittel am Rand beseitigt werden, sondern nur durch die Umkehrung des Ausgangspunktes. An die Stelle eines ausgreifenden Besitzindividualismus, der das als natürliches Recht proklamierte potentiell unbegrenzte Erwerbsinteresse der Einzelnen, das keiner inhaltlichen Orientierung unterliegt, zum Ausgangspunkt und strukturierenden Prinzip nimmt, müssen ein Ordnungsrahmen und eine Handlungsstrategie treten, die davon ausgehen, dass die Güter der Erde, das heißt Natur und Umwelt, Bodenschätze, Wasser und Rohstoffe, nicht denjenigen gehören, die sie sich zuerst aneignen und ausnützen, sondern zunächst allen Menschen gewidmet sind, zur Befriedigung ihrer Lebensbedürfnisse und der Erlangung von Wohlfahrt.“ Böckenförde, E.W. (2009, April 23) Woran der Kapitalismus krankt. Retrieved from https://rauskucker.wordpress.com/2009/07/06/woran-der-kapitalismus-krankt/

[103] BVerfG, 12.01.1967 - 1 BvR 169/63: „Das Grundgesetz gebietet entgegen der Auffassung des Beschwerdeführers nicht, daß der ländliche Grundstücksverkehr so frei sein müsse wie der Verkehr mit jedem anderen "Kapital". Die Tatsache, daß der Grund und Boden unvermehrbar und unentbehrlich ist, verbietet es, seine Nutzung dem unübersehbaren Spiel der freien Kräfte und dem Belieben des Einzelnen vollständig zu überlassen; eine gerechte Rechts- und Gesellschaftsordnung zwingt vielmehr dazu, die Interessen der Allgemeinheit beim Boden in weit stärkerem Maße zur Geltung zu bringen als bei anderen Vermögensgütern. Der Grund und Boden ist weder volkswirtschaftlich noch in seiner sozialen Bedeutung mit anderen Vermögenswerten ohne weiteres gleichzustellen; er kann im Rechtsverkehr nicht wie eine mobile Ware behandelt werden. Aus Art. 14 Abs. 1 Satz 2 GG in Verbindung mit Art. 3 GG kann daher nicht eine Verpflichtung des Gesetzgebers hergeleitet werden, alle geldwerten Vermögensgüter den gleichen rechtlichen Grundsätzen zu unterwerfen. Es trifft auch nicht zu, daß das Geldkapital gegenüber dem im land- und forstwirtschaftlichen Grundbesitz investierten Kapital diskriminiert werde.
Das Grundgesetz selbst hat dem Gesetzgeber für die Bestimmung des Eigentumsinhalts in Art. 14 Abs. 2 GG einen verhältnismäßig weiten Gestaltungsbereich eingeräumt. Hiernach verpflichtet das Eigentum nicht nur, sondern "sein Gebrauch soll zugleich dem Wohl der Allgemeinheit dienen". Daß der Verfassungsgeber hierbei vor allem die Bodenordnung im Auge gehabt hat, ergeben eindeutig die Materialien (ParlRat, 8. Sitzung des Grundsatzausschusses, Sten.Prot. S. 62 ff.). Das Gebot sozialgerechter Nutzung ist aber nicht nur eine Anweisung für das konkrete Verhalten des Eigentümers, sondern in erster Linie eine Richtschnur für den Gesetzgeber, bei der Regelung des Eigentumsinhalts das Wohl der Allgemeinheit zu beachten. Es liegt hierin die Absage an eine Eigentumsordnung, in der das Individualinteresse den unbedingten Vorrang vor den Interessen der Gemeinschaft hat. Im Rahmen dieser grundlegenden Wertentscheidung hält sich § 9 Abs. 1 Nr. 1 GrdstVG,

Of course, ways and means should be found to accord land adequately and proportionally for personal (household) or business use, but prohibit and prevent the accumulation, speculation and forms of tax avoidance and fraud[104] with real estate that is not personally used. In Germany, those ideas were discussed some time, especially surrounding the debate of the "Bernoulli Plan", but have right now no chance of political implementation.[105]

In order to advance here, a lot of conceptual and argumentative "groundbreaking" work needs to be done, based on the reflection of other emerging consensus of global commons, e.g. water[106] or climate.[107] Suitable proposals along this direction are part and parcel of the Common Good Economy (Felber, 2014, S. 106ff.) and other Commons Based theories.

Until this can be done, real estate needs to be taxed consistently higher, but in a manner that the tax cannot be passed on by the owner of real houses and real property to those working the land or renting houses. One promising proposal both for developed and developing countries, is the Real Estate Value Tax/Land Rent Tax.[108]

> Land taxes tax an economic rent, i.e. the excess amount earned by a factor over the cost of its supply. Land taxes are in principle non-distortionary, and as they make it possible for governments to make less use of distortionary taxes like labor, capital, consumption or trade taxes, they tend to have a welfare improving effect. Land taxes not only provide a stable and efficient basis for government revenue, they can have a positive impact on the sustainability of land use and the distribution of wealth and income too: a land tax reduces the incentive to clear forest for agricultural development and it can be used to re-distribute land rents from large land owners to the poor. (Kalkuhl & al., 2017)

This tax would resemble to some extent the classic Wealth Tax and would aim to tax potential, not real, income. It therefore is possible to capture increase in value due to speculation and would render speculation non-profitable because it would encourage the best possible usage of the plot of land. Hence: If buildings were erected, the land owner would

---

wenn Veräußerungen von Grund und Boden mißbilligt werden, die eine ungesunde Bodenverteilung im oben dargelegten Sinn bedeuten."

[104] E.g via foreign controlled Share Deals, see http://www.handelsblatt.com/finanzen/steuern-recht/steuern/grunderwerbsteuer-streit-um-steuerschlupfloch/20570118.html

[105] „Dieser Komplex wurde in der Nachkriegszeit als sogenannter Bernoulli-Plan diskutiert. Dabei sollte das Bodeneigentum in ein öffentliches (Ober-)Eigentum und in ein privates Nutzungsrecht aufgespalten werden (vgI. Nell-Breuning 1980: 314). Die Kommune wäre dann alleinige Eigentümerin von Grund und Boden. die ihrerseits befristete Nutzungsrechte (Erbpacht, Erbbaurecht) an einzelne Personen vergeben sollte. Der Vorschlag zielte demnach darauf ab, die Träger der Eigentumsrechte auszutauschen. Ein flächendeckendes Erbbaurecht könnte zwar das Einkommen aus dem Eigentum an Grund und Boden abschöpfen und damit erhebliche finanzielle Mittel aus der Nutzung des städtischen Bodens mobilisieren. war und ist aber politisch nicht durchsetzbar." (Kalkuhl, Edenhofer, & Hagedorn, Stadtluft macht reich/arm, 2018, S. 260)

[106] „Während die Qualität des verfügbaren Wassers ständig schlechter wird, nimmt an einigen Orten die Tendenz zu, diese knappe Ressource zu privatisieren; so wird sie in Ware verwandelt und den Gesetzen des Marktes unterworfen. In Wirklichkeit *ist der Zugang zu sicherem Trinkwasser ein grundlegendes, fundamentales und allgemeines Menschenrecht, weil es für das Überleben der Menschen ausschlaggebend und daher die Bedingung für die Ausübung der anderen Menschenrechte ist.*"(LS 30)

[107] *Care for the environment represents a challenge for all of humanity. It is a matter of a common and universal duty, that of respecting a common good*,[979] destined for all, by preventing anyone from using "with impunity the different categories of beings, whether living or inanimate — animals, plants, the natural elements — simply as one wishes, according to one's own economic needs". (Compendium on CSD, Nr. 466)

[108] (Franks & al., 2018) (DBK, 2018). Was tun gegen die Ungleichheit? IMK Report 29, September 2017, < https://www.boeckler.de/pdf/p_imk_report_129_2017.pdf > as well as Initiative Grundsteuer Zeitgemäß <http://www.grundsteuerreform.net/> as well as < https://en.wikipedia.org/wiki/Land_value_tax >

have to pay the tax, but earns at the same time income from rent which then, of course, would be taxed via the income tax. This tax has very old fathers, among which we find Adam Smith and David Ricardo. Present day discussions were informed by the Henry George who argued that state revenue should be based as much as possible on this "Single Tax", whereas other sources for tax revenue should be minimized in return. In its extreme, the state would finance itself completely by this tax which then could have a rate up to 100%, whereas at the same time other taxes could be decreased or compensations could be paid – something coming close to concepts discussed above in 3.5.5.6. Taken to this extreme, of course, this tax would also drastically reduce the problem arising with private ownership.[109] So far so simple and simplifying: This proposal would address and improve a number of grievances stated in our three country reports.[110]

Of course, the problem remains how to tax the increasing value in houses being built upon plots of land, which is why the Tax Justice Network suggests to combine a Real Estate Value Tax could be with some sort of Wealth Tax aiming to cream off increases in the value of buildings.

3.6.3 Add to tax base!

At the same time, there is urgent need to tax new forms of productivity by capital and machines whose proceeds so far are not adequately taxed so that they contribute their fair share for the common good. Taxes here are even more important since emerging trends are such that transformations here change the value and remuneration of human labour, e.g. by replacing human labour by machines or changing high quality jobs into low quality (part time) jobs. Accordingly, it will be a major contribution to balance losses of revenue so far being collected from dependent labour and needed to fund reforms needed in the time of Industry 4.0. But: How to start?

So far, (official) statistics cover revenue according to the categories capital, labour and environment/green taxes, but not machines. Therefore, a first step would be to learn about the profit generated by machines and digitalization as well as the extent to which machines replace human (quality) labour. This knowledge would be the basis upon which the taxation of machines could be initiated. The issue of machine tax is only beginning to interest society, economists and politicians. This is partly due to the fact that TNCs and capital owner want to avoid the debate since its intricacies are very similar to the taxation of capital.[111] Once a data base is available upon which to base any tax related discussion, proposals and support for it exist both from neoliberal billionaires to scholars or activists from attac.[112]

3.6.4 Difficult and special case: knowledge

A problem of its own is the taxation of patents and licenses and generally digital products and services. While machines have at least a location, patents and licenses can be shifted to "Patent Boxes" in Tax havens and also digital products and services provide prime tools to

[109] "Der Boden stellt eine gigantische Umverteilungsmaschinerie dar". Dirk Löhr im Interview (24.7.2017). In: Heise, https://www.heise.de/tp/features/Der-Boden-stellt-eine-gigantische-Umverteilungsmaschinerie-dar-3778718.html?seite=all sowie Löhr, D. (25.10.2015) Die beste von allen schlechten Steuern. In: Heise https://www.heise.de/tp/features/Die-beste-von-allen-schlechten-Steuern-3376067.html
[110] Supported also by (DBK, 2018)
[111] Based upon mail from Björn Klusemann of FÖS from 13 September 2017.
[112] Bill Gates will, dass Roboter Steuern zahlen https://kurier.at/wirtschaft/bill-gates-will-dass-roboter-steuern-zahlen/247.221.490, Straubhaar: Quellensteuer auf Robotisierungsgewinnen http://www.focus.de/finanzen/experten/top-oekonom-erklaert-ohne-grundeinkommen-sieht-deutschlands-zukunft-dunkel-aus_id_6695266.html and (Hentschel, 2016a)

shift “commercial units” and “permanent establishments” around, thus providing prime opportunities to avoid taxation. And: Meanwhile awareness grows that a lot of TNC “intra-trade” has to do with accounting tricks for the sake of tax avoidance, without any real value is created or any real service is provided.[113]

This, however, is a relatively new phenomenon which is why digital taxation ranks low and rather general within OECDs BEPS Action Plan. Waking up to the fact that power and wealth of digital TNCs is growing, a first discussion within the EU circulated around (see below, 4.5.2.4). That a higher taxation here is not only justifiable, but urgently needed, is supported even by high ranking CEOs.[114]

However: Given the importance of knowledge for global human development and given existing market domination one should reconsider that the argument, only strong market actors like TNCs have resources to invest in R&D should not taken for granted (see above, 3.5.3.2). Regarding digital TNCs one should recall that one main reason for them flourishing is their data harvesting without permission from its users etc. and that recent cases indicate abuse[115] etc., the question is whether knowledge has not to be treated as a human commons as well. There are many proposals how to deal with this situation: “Classic” ones as the one by Gabriel Zucman (2018), calling for a tax model aligned to the CCCTB (see 4.5.2.4), more unusual ones such as reforming or abandoning patents and license or paying everybody a grant for harvesting personal data (Fratzscher, 2018), to radical ones such as publishing source codes and generally prohibit any profit oriented use of knowledge besides Open Source or “asset stripping”, even, nationalization, of digital TNCs.[116]

3.7 Mandatory Social Security Contributions

Mandatory Social Security Contributions have to be added to the discussion since at least in some countries and for some professional groups people have no choice in whether they oblige or not but, at best, how they have to do it. This is also behind the OECDs approach to include mandatory SSCs in their Revenue Statistics.

[113] “A growing share of traded services (particularly services deriving from intangible assets with no determined geographical location, such as financial loans or IPR licensing) represent intra-firm trade, much of which used for tax optimization strategies of firms. Unlike regular trade between distinct firms, such trades often do not generate any production, employment and labour income in the low-tax jurisdictions where they are recorded, even as they siphon capital income and profit out of higher-tax jurisdictions. These distortions are most visible in offshore financial centres, but they also occur in a less perceptible manner in much larger countries….” TRADE AND DEVELOPMENT REPORT 2018- POWER, PLATFORMS AND THE FREE TRADE DELUSION, see https://unctad.org/en/PublicationChapters/tdr2018ch2_en.pdf

[114] Soziale Sicherung – Telekom-Chef für Bedingungsloses Grundeinkommen (2015, December 29). In: FAZ. Retrieved from http://www.faz.net/aktuell/wirtschaft/wirtschaftspolitik/soziale-sicherung-telekom-chef-fuer-bedingungsloses-grundeinkommen-13989579.html Joe Kaeser, Siemens, http://www.huffingtonpost.de/2016/11/21/digitalisierung-grundeinkommen-kaeser-siemens_n_13121506.html

[115] 57 Billion data sets of facebook were misappropriated by Cambridge Analytica and rumoured to have influenced the outcome of the US presidential election. This lead to private, class led and state lawsuits regarding the violation of data privacy. See, e.g. https://www.engadget.com/2018/03/24/facebook-and-cambridge-analytica-illinois-lawsuit/

[116] “Wir müssen über Verstaatlichung nachdenken“ (25.2.2018). Interview of Nick Srnicek In: Die Zeit. Retrieved from http://www.zeit.de/kultur/2018-02/plattform-kapitalismus-google-amazon-facebook-verstaatlichung. An overview regarding available options: Zerschlagen, verstaatlichen, kontrollieren? Wie die Macht der Big-Tech-Konzerne begrenzt werden soll (26.2.2018), OXI-Blog, retrieved from https://oxiblog.de/zerschlagen-verstaatlichen-kontrollieren-wie-die-marktmacht-der-grossen-tect-konzerne-amazon-google-apple-facebook-baadd-begrenzt-werden-soll/

3.7.1 Multifaceted and under constant threats

There are three traditional strands to finance social security: largely private (Anglo Saxon), tax funded (Scandinavia) and mandatory contributions.

Germany has quite a history on that: Ludwig Erhard, for example, preferred a capital based social security system and it was only due to Chancellor Adenauer that the system of intergenerational solidarity prevailed in the early days of the Federal Republic of Germany (Frambach & Eissrich, 2015, S. 117). Nowadays, the German System has a mix of options, the two major being private, capital based insurances besides the standard system which is funded both by employer and employees. At the same time, Germany has other provisions and conditions: civil servants pensions are tax funded, for some employed the state pays mandatory SSCs (Minijobs), a number of (fake)self-employed lack de-facto insurance since they earn too little for private and too irregularly to qualify for the regular system and will eventually depend on social welfare etc.. In recent years, however, the German system only worked with substantial government grants to cover deficits, most notably to support the retirement insurance.[117] Demographic development and the substantial number of those employed in the low wage sector reaching retirement age increase the likelihood that more tax revenue "infusion" will be needed, if age related poverty is to be avoided. At the same time, persistently high level of low-pay employment and changes in human labour due to digitalization entail the risk that SSC payments will shrink and the present system will finally and definitely reach is untenable limit in the foreseeable time.

In all this, there seems to be agreement that SSC payments in Germany place a higher burden on poor and low income households than taxation: While the low income households are protected by tax exemptions and thresholds, those mechanisms do not exist for SSCs. At the same time there are thresholds preventing a progressive increase of SSC contributions for those with Supersalaries and Wealth (Beitragsbemessungsgrenze), see above 3.5.4.2.

In developing countries, modern social security systems are only starting to replace traditional systems of solidarity: Kenya and Zambia also have mandatory social security contribution financed by employer and employees, but: Their system covers only selected areas (e.g. sickness and pensions) and a comparatively small group of people, because in both countries formal employment is still exception, not the rule.[118]

3.7.2 All are equal?

The big question also of the Tax Justice & Poverty research is, therefore, whether the diversity in social security, assistance and welfare should not be funded once more by all living in a given state, putting away the various opt-outs and special treatments by – first – putting away with the Beitragsbemessungsgrenze, even supported by OECD experts,[119] and -

---

[117] Via the general and additional federal grant, see (http://www.bmas.de/DE/Themen/Rente/Rentenlexikon/B/bundeszuschuss.html) In 2018, revenue from mandatory contribution stood at 18.5 Billion Euro, while the government grant was set to be 6.2 Billion Euro – per month! See < http://www.bmas.de/DE/Themen/Soziale-Sicherung/finanzdaten-sozialversicherung.html >

[118] See country reports for Kenya and Zambia as well as (Andebo, 2014a)

[119] Auch empfiehlt die OECD für Deutschland, die Beiträge für die Kranken- und Pflegeversicherung nicht nur an das Arbeitseinkommen zu koppeln, sondern an das gesamte Haushaltseinkommen eines Versicherten. Auch sollte die Beitragsbemessungsgrenze aufgehoben werden, empfiehlt von Meyer: "Es spricht nichts gegen Sozialabgaben, aber die Frage ist, warum das nur die niedrigen Einkommen zahlen müssen - bis zur Bemessungsgrenze - und die anderen nicht mehr prozentual rangezogen werden." Durch eine Umschichtung und Entlastung der Arbeitskosten werde das Steuersystem nicht nur gerechter. Die OECD erhofft sich dadurch vor allem mehr Jobs und damit Wachstum. "Unsere Vorschläge sind auch arbeitgeberfreundlich", betont Meyer, "denn bei unseren Berechnungen schauen wir, wie viel der Arbeitgeber pro Arbeitsplatz ausgibt". Niedriges

second - obliging all to return into the one system of generational solidarity and to contribute here, too, according to their ability to pay (“citizens insurance” - Bürgerversicherung). Withdrawing money from private insurer would reduce the volatility of financial markets (which they increase in their hunt of profits to make sure that they can meet their obligations in times of low-interest) and bring back some sense of justice and equal treatment. Regarding reforms of the existing German system of SSC, however, the author has no definitive conclusion beyond the statement that the present system is in need of improvement.

Also the OECDs report on Household Savings seems to lend support: Where public pension provisions are substantial “there may be less need to incentivize the use of private pensions” and finally, the OECD observes potential of “equity enhancing improvements in the design of taxes on household savings” regarding tax deductions on pension savings or household mortgages of which “richer taxpayers…benefit disproportionally” (OECD, 2018a, S. 12).

3.7.3 Black Labour and the Shadow Economy

A third urgency arises from the “cost of labour” and related effects. Because German labour does not only call for income, but also for an employer’s share in social security contribution, the combined “cost of German labour”, the tax wedge, is among the highest in OECD countries.[120] Among the consequences of this, reforms occurred to increase the low pay segment with all its forms of precarious employment. But: Also the previous is also a driving force behind the German shadow economy in its many facets, ranging from commercial sector (construction, agriculture) to private sector (Care) employment, from cash-only compensation to exploiting ‘illegal’ immigrants in long chains of sub-contracting. The entire segment stands for around 10% of German GDP which amounts to 330 billion Euros value creation in 2017 – tax and SSC free.[121] In resolving these complex issues, even more complex issues need to be discussed, for example (Alt, 2009):

- Remittances earned and transferred back home by legal and ‘illegal’ immigrants are more important for their home countries than FDI and ODA combined.
- To safeguard minimum standards in payment and labour laws, effective checks and controls on part of the authorities are as important as giving ‘illegal’ immigrants the right to access courts without having to have the fear of begin deported afterwards.
- In the care sector, legal alternatives are so bad that almost all known to the author prefer illegal options which, after all, are hard to detect and basically not sanctioned.
- If human labour is to be made more attractive and competitive again, looking into the SSC issue is as promising as is looking into adequate payment in general: Only if legally available payment covers costs of a decent and comfortable daily living, people

Einkommen, hohe Abgaben. (11.4.2017) In: Tagesschau. https://www.tagesschau.de/wirtschaft/oecd-studie-101.html

[120] (OECD, 2017a) Die diesjährige Studie zeigt, dass nur in Belgien die Steuer- und Abgabenlast für einen alleinstehenden Durchschnittsverdiener noch höher ist. Seit Jahren rangiert Deutschland auf dem zweiten, mal auf dem dritten Platz der Tabelle. Für 2016 ist die Belastung in Deutschland nochmals minimal gestiegen. Überraschend sind jedoch die Schlussfolgerungen, die die OECD für Deutschland daraus zieht: "Es sind in Deutschland vor allem die Sozialabgaben, die zu Buche schlagen," erklärt der Leiter des OECD-Büros in Deutschland, Heino von Meyer. "Man muss von Sozialabgaben und Steuern auf die Arbeit hin zu einer Besteuerung von beispielsweise Kapital, Grundbesitz, Immobilien oder auch eine Erhöhung der Öko-Steuer umschichten." In Deutschland seien die Grundsteuern, die Steuern auf Kapital und auf Erbschaften vergleichsweise niedrig. "Wir sind ein Sonderfall", so von Meyer. Die USA oder Großbritannien hätten dafür insgesamt wesentlich höhere Steuersätze. Niedriges Einkommen, hohe Abgaben. (11.4.2017) In: Tagesschau. https://www.tagesschau.de/wirtschaft/oecd-studie-101.html

[121] https://www.tagesspiegel.de/wirtschaft/schattenwirtschaft-in-deutschland-330-milliarden-euro-fliessen-am-fiskus-vorbei/19359572.html

will abstain from earning more cash on the sidelines. If "the markets" or "consumer" are not able to pay decent wages for whatever reasons, perhaps it is necessary to expand the Minijob (regarding state payments of SSCs) and Kombilohn model (topping up market wages with taxpayers money)?

3.7.4 Unconditional Basic Income or a variation?

There are many more, highly complex and critical issues to be resolved, for example: many important, life-standard-securing elements depend on economical growth, among which are decent salaries as well as the functioning and financing of the existing Social Security Systems. Any change in the paradigm of economic growth will imply massive funding problems here (DBK, 2018, S. 38). Beyond that we need to be aware of the fact that private provisions and related insurance and pension funds contribute to market volatility, that employer want to reduce their payments or that private payer are receiving privileged payments etc.. Accordingly, all over the world discussions are conducted as to the best, fairest and sustainable system of social security and solidarity.

The question is whether existing systems can be reformed or whether something new, more adequate to contemporary challenges and changing means of financing should be considered. In other words: Should the traditional approach to Social Security and Social Welfare be replaced by something entirely new, e.g. an Unconditional Basic Income Grant (which is different from the Unconditional Capital Income Grant, see 3.5.6.8)?

Advocates of a BIG think that it would put away humiliating and costly red tape, be an appropriate response to the change in human labour and be the more adequate response to human diversity and, at the same time, human equity, equality and dignity.

At the same time, a considerable number of criticism is leveled against this proposal, e.g. the question whether a noteworthy BIG for all can be financed, why this BIG should be given also to the wealthy, whether people would still consider labour once they receive a BIG, especially since human labour is an essential dimension of human existence.

Clearly, the latter should not be of dogmatic importance. There are a number of DDD (dirty, dangerous, demeaning) jobs calling for machines to do relieve humans from doing them, in other words, where it makes little sense to strain the talk of the "dignity of human labour". At the same time, and clearly, it is ridiculous to pay a BIG to people earning already a lot of money from salaries and wealth, and the original intention of the present system of social security assistance and welfare, namely to assist people in their diversity and diverging needs is supported by the TJN research.

For those reasons, a BIG is rejected but clearly, something has to be done at the bottom end of Society:

Here ideas such as that of a World Minimum Allowance should be discussed, meaning, that every person on this world should dispose over at least 2 USD per day.[122]

For developed countries, the idea of a unified, basic Guaranteed Minimum Income for those in need is proposed. (Maxton & Randers, 2016) and (Katholische Arbeitnehmerbewegung, 2008). The idea here is that it indeed would put away a lot of red tape by increasing Basic

[122] Hemel, U. (26 February 2012) World Minimum Allowance: $2 Everyday. At: Fairobserver. Retrieved from https://www.fairobserver.com/region/africa/world-minimum-allowance-2-everyday/

Minimal Standards clearly beyond the present Minimum of Hartz IV or Grundsicherung especially with the goal to eradicate poverty for old people and children, but, at the same time, would preserve the option of assisting people beyond those standardized security. For a German context this is being discussed in (Alt, 2018g)

Funding for such a minimal income could come from savings (cutting costs in the present system), fairer contributions of taxes, mandatory social security contributions by all as well as the generation of additional funds via the expansion of the tax base.

A different approach, but equally recommendable for discussion in developed countries, could be an "activating basic income" which would work as some sort of negative income tax (Bund Katholischer Arbeitgeber, 2013).

Less attractive is the "solidarity basic income" of Berlin Mayor Michael Müller: It shall replace Hartz IV but is little more than a revival of a job creation program for long-time and low qualification unemployed.[123]

3.8 Excursus: National State Fund

Besides the question of how of taxes, mandatory levies, Emission Trading etc. can put a price on unprized externalities and can assist transformation are reflections upon new instruments for administrating and spending the accumulating revenue. Among those ideas, the concept of state funds receive increasing attention by various scholars. The Wissenschaftliche Beirat der Bundesregierung für Globale Umweltveränderung suggests, for example, a „transformative state fund" of "Future Fund", which shall be filled from revenue and proceeds arising from a Carbon-Dioxid Tax, from Emission Trade and a form of Inheritance and Gift Tax, the Estate-Tax (Nachlasssteuer).[124] An Estate Tax of 10-20% for co-financing is suggested because historically grown fortunes are accumulated, among other reasons, by overusing fossil energy, hence the repayment of this gain contributes to the fairness of burden sharing when it comes to address issues of climate change and to support those who are hit hardest by measures imposed to replace fossil energy by renewable energy (either because they lose their jobs or because payments for household energy are of overproportionate share in their household budget). While the Estate Tax's proceeds goes to this fund 100%, the Council suggests that the proceeds arising from the Carbon Tax and Emission Trading shall be spent as follows: 30% for the fund (the dividend from the fund would be used to soften the social impact of transformation), 40% for direct investment/leveraging private investment, 30% global international cooperation. With such a fund, states could invest on global markets, especially with a view to long-term benefits and/or raise money for transformative purposes, they could invest where it is not worth it for private investors and/or insure private investors in case there are incalculable risks (WBGU, 2016, S. 24ff.).

While the Alaskan and Norwegian State Funds are recurrently presented as example, there are other models for Germany with different purposes in view, e.g. for securing equal chances for each child in society. At the same time there are good chances that those idea could be brought together and synthesized, because indeed, the current challenges call for new instruments for funding. Last not least, this Fund could resolve another problem which so far is entered when arguing against stiff Inheritance Taxes, namely that such taxes will force

---

[123] http://www.zeit.de/2018/15/solidarisches-grundeinkommen-alternative-hartz-iv-michael-mueller/komplettansicht

[124] While an Inheritance and Gift Tax is taxed from those who receive it, the Estate Tax is, following the US/UK example, taxed when its current owner dies.

owner to destroy historically grown companies, thus endangering jobs. Via “inactive partnership” (Stiller Teilhaber), the state/state fund could earn proceeds arising from those wealth assets, without having any say in running the operative business. Once the tax debt is paid, the partnership ends (Alt, 2018g).

3.9 Position

To conclude the core chapter of this paper and drawing from the results of the TJP research, the first and most important conclusion is that states have to move away from tax competition and enter into tax cooperation which is why the arguments of 3.3.5 shall be recalled explicitly.

Beyond that it is the conviction of the TJP team, that the priority steps to take are:

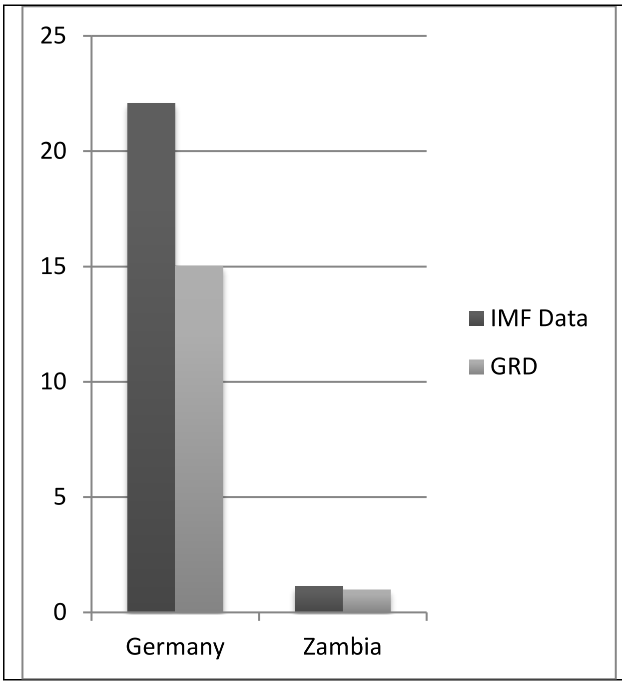
1. Combat aggressive tax avoidance and tax evasion as well as the misuse of tax exemption and subsidies
2. Enforce enacted laws and increase compliance nationally and internationally.

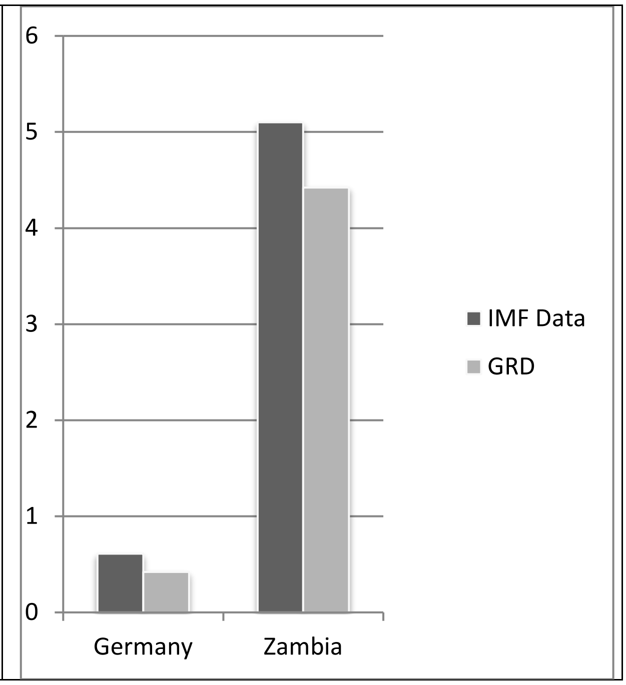
Doing this, will increase already greatly tax revenue and, even more important, will increase the faith of citizens in the fairness of the tax system by being able to effectively enforce horizontal and vertical equity and taxation in accordance with the Principle of Ability to Pay.

3. Only then it is justified and makes sense to increase tax rates, to introduce new taxes or to modify the tax base.

Under the conviction that in a globalizing and globalized world the Common Good has to be thought of globally as well, one should also be aware that big numbers are not the only yardstick to measure size and urgency of a problem, but rather also avoided and evaded taxes in relation to the general GDP of a country. The following graphic compares Germany and Zambia, both based upon research of the IMF and the Government Revenue Database. The left graphic illustrates absolute annual losses via tax avoidance, the right graphic puts those losses as percentage of the GDP of the respective country.[125]

[125] See (Cobham & Janský, 2017) and (Alt, Jörg; Chilufya, Charles B., 2020)





This graphic indicates already that items discussed in this chapter need to be addressed not only nationally, but also internationally.

3.10 Spending and financial transfers

Besides the payment of public subsidies, public investment and public services, there are more spending related issues of interest when it comes to transformative change

3.10.1 General

3.10.1.1 Corruption & Transparency

3.10.1.2 Financial Compensation Schemes

There are more or less developed Financial Equalization/Compensation/Solidarity Schemes in all countries of the Tax Justice & Poverty research. In Kenya, for example, between the central government and the counties as well as Solidarity and Support Schemes for the very poor. The point is: Should they be developed further, why and how? Clearly: A functioning Social Security System would put away the need for many children whose prime task until now is to secure the ageing of parents.

The term “Compensation” instead of Equalization or Solidarity is preferred because it shall be indicated that the present wealth distribution is not merely due to hard work, courageous risk taking and brilliant innovation or products, but also because of biased trade structure or exploitative behavior which links the wealth of some to the poverty of the many.

3.10.2 Nationally

3.10.2.1 Financial Compensation Scheme Germany

Reform 2019…

3.10.2.2 National revenue for poor countries? Beyond ODA

But another area has to be added under this heading: A lot can be achieved when investing where nothing or hardly anything exists as yet – in poor countries. For example: rather than subsidizing solar panel in countries which are often cloudy, more for the environment can be done in desert states, where the sun is always shining. Or: Rather than waiting for poor countries to widen their consumption of fossil energy, support would be worthwhile to leapfrog the “fossil period” by immediately investing in renewable energy (De-Carbonization partnerships) via developmental cooperation or funds/guarantees for and/or support of investors. If we realize the importance of fast change, the support of investment in poor countries may provide better outcomes than investment in developed countries. That way, spending German taxpayers’ money on African energy supply will be a strong contribution to avoid the increase of extreme weather also over Germany.

There are an increasing number of voices calling for these increasing transfers of finance and technology from wealthy into poor countries for the simple reason that wealthy states have more resources to finance transformation. Of specific interest are those publications whose discussion includes several transversal areas, such as North-South partnerships regarding climate change (WBGU) or even more aspects of transformative change as does the latest report of the Club of Rome (Maxton & Randers, 2016).

Any strengthening of developing countries will have repercussions on developed countries, as will imminent changes in human labour due to digitalization. Hence there is also need to compensate those developments via redirecting financial transfers. For example between developed and developing countries: Subsidies for farmers in developed countries should no longer be paid to make their mass production so cheap that exporting them destroys markets in poor countries. Rather, subsidies should be used to assist farmer in developed countries to produce less, but qualitative better food by increasing ecological criteria. That way, markets both in developing and developed countries would profit!

All this is further in line with the Principle of Common but Differentiated Responsibility which is agreed in the 1992 Rio Declaration and was confirmed by Pope Francis in Laudato Si:

> since the effects of climate change will be felt for a long time to come, even if stringent measures are taken now, some countries with scarce resources will require assistance in adapting to the effects already being produced, which affect their economies. In this context, there is a need for common and differentiated responsibilities. As the bishops of Bolivia have stated, “the countries which have benefited from a high degree of industrialization, at the cost of enormous emissions of greenhouse gases, have a greater responsibility for providing a solution to the problems they have caused”.[127] (LS 170)

If one does not act along this principle and merely imposes instruments and obligations without a fair burden sharing, “a further injustice is perpetrated under the guise of protecting the environment” (ibid.) and the poor would have to pay, once more, the price.

Spending here could be focused on “Help to Self Help”, among which capacities for own Domestic Resource Mobilization as well as curbing IFFs should have a priority. Those priorities are also covered by the Addis Ababa Action Agenda, the Addis Tax Initiative and the SDGs, even though more specific and detailed proposals would have been desirable.

Of course: Do African states need our help at all? Kenya’s share in renewable energy (wind, geothermic) stands at 70% already and the country aims to be at 100% at 2020 already.[126]

[126] https://www.weforum.org/agenda/2018/12/kenya-wants-to-run-entirely-on-green-energy-by-2020/

3.10.3 Internationally

3.10.3.1 ODA

As the compendium points out that the Common Good needs to be thought of globally, Nell-Breuning argues likewise for Solidarity – even, and especially, in an economic order shaped by competition. The reason is that “enlightened self-interest” should realize that everybody prospers if the poor have more resource to produce and consume, which is why he thinks that Developmental Aid is no act of charity, but intelligence. He also talks about taxation: If Catholics would see the point and appreciate it, they would be prepared to pay more taxes and would push in election times that adequate and well used Developmental Aid would be an election-topic – something that politicians could not ignore (Nell-Breuning, 1983, S. 47f.)

3.10.3.2 Global Financial Compensation Scheme?

In the Ethics chapters of the Tax Justice & Poverty research, Koudissa argues in E/II/5.4 that Africa is entitled to more than charitable acts due to reasons arising from retributive, restorative, corrective Justice, while Pogge provides similar arguments in E/III/2.4 that people in wealthy countries, in particular wealth holder, are not only obliged to correct unjust structures, but also to compensate for injustice afflicted.

3.10.3.3 Global Funds

Such Transfer and Compensation Schemes could be combined with the idea of a universal fund for the support of poor nations which has been suggested already by Paul VI in Populorum Progressio, Nrs. 53-55.

Such a fund would have two advantages: It could collect money arising from the historical responsibility of wealthy nations and wealthy individuals who, because of their colonial past and their (so far) overexploitation of fossil energies accumulated the national, corporative and individual wealth we witness today. All of this calls for compensation and a higher share in mitigating and regulating climate change following the Principle of Common but Differentiated Responsibility.[127] Such a fund would also enable developing/poor countries to participate in its administration and spending decisions.

4 Looking for the best level of governance

4.1 Improving legislation, administration, enforcement

The best proposals are worth nothing, if states lack adequate legislative frameworks enabling administrations to act as well as adequate administrative and enforcement capacities. This is why the Tax Justice & Poverty research advocates that the so-far missing Principle of Enforceability should be added to the other, already established Principles of Taxation (Kabinga, Alt, & al., 2016). Having said that, there are now two areas to consider:

- First of all: At all levels of government and governance better state enforcement and cooperation capacities need to be created. Crucial here is transparency (see3.5.6.1).
- By applying the principle of subsidiarity, it is to be examined on what level of government or governance which tasks are best located, so that loss of synergy can be avoided and resources are adequately targeted.

[127] The idea of an compensatory obligation for nations and individuals who accumulated wealth, among others, due to historic overuse of fossil energy is from (WBGU, 2016, S. 27)

With the principle of subsidiarity the church addresses the way "how" things need to be done when it comes to structuring society and organizing social, political and economic activities: It addresses the balance and tension between that, which the individual is obliged and able to do[128] and that, which needs to be addressed on a superior level because the tasks involved surpass the ability of the individual. It is here, where social groups and structure come into play which mediate between the individual persons and the impersonal and abstract forces and institutions of economy or state:

> It is impossible to promote the dignity of the person without showing concern for the family, groups, associations, local territorial realities; in short, for that aggregate of economic, social, cultural, sports-oriented, recreational, professional and political expressions to which people spontaneously give life and which make it possible for them to achieve effective social growth[396]. … On the basis of this principle, all' (entities) 'of a superior order must adopt attitudes of help ("subsidium") — therefore of support, promotion, development — with respect to lower-order societies. (Pontifical Council for Justice & Peace, 2005, p. 81)

4.2 Local

Most innovative practical and working projects aiming to advance systemic change are implemented on the local and regional level, e.g. projects arising from the Common Good Economy theory. A major step forward here is the Common Good Balance Sheet for businesses, replacing the merely financial profit orientated balance sheet. The use of this approach is at least twofold:

First such a Balance Sheet assists to perceive how progressive or behind a business is with its Common Good advancing practices, i.e. its first use is the creation of transparency. Building upon this transparency, trading partners, clients and consumer may base their purchasing decisions.

Second, to the extent businesses satisfy most or all of those Common Good related criteria, they could be rewarded by receiving assistance from the following instruments (Felber, 2014, S. 46):

- Lower VAT rates
- Lower customs tariffs
- Priority and favourable conditions at banks for credits
- Priority and favourable conditions with public commission and acquisition
- Privileged cooperation with public funded R&D, e.g. based at Universities
- Direct subsidies etc.

Using a Common Good Balance Sheet is no longer an exotic occurrence and empirical findings indicate that even (formally) skeptical business owner find it to be an eye opener and of help for the development of their business.[129]

According to conversation partner, progress here is impeded by current EU regulations, but at the same time there is doubt whether everything potentially possible within the existing

[128] This is very important, because CST does not simply degrade human beings to recipients of charity! Nobody is that poor or depraved that he cannot be obliged to contribute that which is possible to him or her.
[129] Siehe (Meynhard & Fröhlich, 2017). Die Kritik von Meynhardt/Fröhlich am Legitimationsdefizit der Gemeinwohlbilanz ist meiner Meinung nach nicht unüberwindlich, v.a. wenn man subjektive Ziele wie etwa aus der Glückforschung in die Gemeinwohlbilanz integrieren würde.

regulations regarding public contracts has been scrutinized and tried already.[130] Additionally, the recent non-financial reporting obligations for large TNCs indicate that rethinking and revising on EU level is on its way[131], even though current regulations here far too weak, especially regarding verification and sanctioning.

More information: For national and international examples see (Felber, 2014, S. 146ff.) as well as https://www.ecogood.org/de/

4.3 Regional

The regional level can be of importance for systemic change in many ways, e.g. via regional economic cycles and complementary currencies[132] or via public investment. As to the latter, a study commissioned by the party ruling Bavaria for decades, the CSU, with McKinsey is very instructive: McKinsey was asked what transformations Bavaria had to undergo if it were to keep its wealth 10 years onwards. When commissioning the paper, the party was aware already of the challenges posed by digitalization and the need for Green Change. McKinsey came up with seven recommendations and calls those Anschubinitiativen (push-start initiatives), namely in the areas energy, change of labour, the arising need for training and education, technological R&D, mobility, circularity in the use of resources, regenerative energies, measures to improve social cohesion. The term “Push start” implies that the implementation requires, at least at the beginning, public funding which is in line with McKinseys observation of a growing importance of the state in times of transformation (McKinsey, 2015). This is totally in line with the findings of WBGU, Osterhammel or Mariana Mazzucato, recommending the initial funding of transformative and risky projects with taxpayers money until it is attractive enough for the private sector to move in.

Now, if one state in Germany has adequate resources to really kickstart such innovative development, it is Bavaria and, as the TJP research revealed, Bavaria could easily increase its revenue by employing more tax inspectors – which is even recommended by the states supreme spending watchdog, the Supreme Court of Auditors (Alt, 2016). This is even more justified since the Fiscal Equalization Scheme among German states, so far the main excuse of Bavarian government officials when explaining the lack of administrative enforcement,[133] will be reformed by 2019, permitting Bavaria to keep substantially more of collected revenue for own use. However: When asking CSU MPs why Bavaria does not simply follow McKinsey’s recommendation and that way becomes Germany’s lead innovative region, there is only silence.

4.4 National

While it is the conviction of the author that the best level to start pushing for improved tax cooperation is the EU, one has to provide realistically for intermediary steps, given the nationalist and populist surge among EU member states and the overarching question, whether EU integration should be reduced or strengthened.

That way, a number of initiatives can be taken on the German national level as soon as there is political will to do so, all of them could also be seen as preparatory steps for a future

[130] https://europa.eu/european-union/business/public-contracts_de
[131] https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/non-financial-reporting_en
[132] (Schneidewind & Zahrnt, 2015), (Kennedy & Lietaer, 2004)
[133] Because following the present rules, Bavaria as wealthy state had to support revenue weak states such as Berlin, Bremen or the Saarland.

centralization on the EU level. Since most proposals have been presented and discussed in (Alt, 2016), only brief remarks shall be given here:

4.4.1 Legal and administrative strengthening

First, all German states need to apply tax law equally and fairly. Differences especially in the treatment of private and corporate wealth holder are not acceptable. Here, a centralization of tax cases with the Federal Central Tax Office is recommended. Likewise, combating IFFs, money laundering, tax evasion and other forms of financial and tax related crime needs to be centralized on the federal level. This is a big task, since it requires streamlining and harmonizing procedures so far spread on all levels of German governance, especially in the area of money laundering aided and abetted in the sector of non-financial service provider: They are currently under absolutely inadequate supervision by municipal (e.g. Ordnungsamt) and state authorities and an uniform standard for Germany needs to be implemented (Alt, 2016j). Beyond that, the administrative capacities and cooperation between the 16 state tax administrations need to be harmonized and improved, most important regarding ICT infrastructure, hard- and software and uniform staff levels.

Highly necessary are registers revealing the beneficial ownership of real property, business and financial assets. Here, the existence of 214 national registers make investigations of authorities, let alone the public or at least “interested parties” extremely difficult.[134]

4.4.2 Preventing tax avoidance: Learn from Trump

When having a closer look at the recent US tax reform under president Trump, also a number of good initiatives strike the eye, most importantly those aiming at curbing tax avoidance.[135] This is in tune with year-long recommendations by Lorenz Jarass who also suggests a number of instruments and means to tax private and corporate wealth holder better than it is the case right now[136]

---

[134] In: Deutscher Normenkontrollrat (2017) Mehr Leistung für Bürger und Unternehmer. Durchgeführt von McKinsey. Regarding the question whether those registers should be public or whether there are justifiable privacy concerns see above #

[135] „US-Steuerbehörden (bekommen) neue Waffen gegen die Verschiebung von Gewinnen durch US-Konzerne an die Hand, zum Beispiel eine Kopie der deutschen Zinsschranke, die die Gewinnverschiebung durch Zahlung fiktiver Kreditzinsen an Konzerntöchter in Steueroasen einschränkt. Zudem werden Überweisungen an verbundene Unternehmen im Ausland, die besonders oft für das konzerninterne Verschieben von Gewinnen genutzt werden, unter bestimmten Voraussetzungen mit einer Quellensteuer von zehn Prozent belegt. Damit fallen Steuern auf konzerninterne Finanzströme bereits an, bevor diese aus den USA abfließen und im Zielland womöglich überhaupt nicht besteuert werden. Patent- und Lizenzgewinne in Niedrigsteuerländern werden potenziell der Besteuerung in den USA unterzogen und es werden Regeln gegen hybride Steuergestaltungen eingeführt. Bei letzteren machen Konzerne zum Beispiel fiktive Zinsen in einem Land als Verluste geltend, obgleich die Zinseinkünfte im Zielland als Dividenden eingestuft werden und unversteuert bleiben. Das Bundesfinanzministerium vermutet gerade bei diesen interessanten Aspekten nun Verstöße gegen internationale Handels- und Steuerregeln. Dies ist im Detail zu prüfen. Doch der US-Ansatz, nationale Maßnahmen gegen Steuertricks von Konzernen einzuführen, ist richtig. Denn die internationale Steuerdiplomatie hinkt wegen der vielen Veto-Spieler den Tricks der Konzerne hinterher. Wahr ist allerdings auch: Die USA gehen mit der Reform zwar teilweise gegen abfließende Gewinne aus dem eigenen Land vor, verteidigen aber gleichwohl ihre Position als größte Steueroase der Welt. Die Hunderttausenden Briefkastenfirmen in Delaware und Nevada bleiben geschützt und viele Schlupflöcher für Steuertricks der US-Konzerne bestehen fort. Den automatischen Informationsaustausch von Steuerdaten zwischen Staaten untergraben die USA weiterhin.“ Di Masi, F. (19.2.2018) Von Donald Trump lernen. In: Frankfurter Rundschau http://www.fr.de/politik/meinung/gastbeitraege/us-steuerpolitik-von-donald-trump-lernen-a-1450873,0

[136] Überarbeitete Version von Jarass/Obermair zur Unternehmenssteuer zu nationalen Möglichkeiten. Kap. 10 besteht aus vier Teilen:

- Beispiele zur Quellensteuer (Kap. 10.1).
- Beispiele zur Abzugsbeschränkung bei Zahlung in ein Niedrigsteuerland (Kap. 10.2).

4.4.3 Review DTAs and other forms of tax related cooperation

Germany has Double Tax Agreements (DTAs) with over 90 states worldwide, Zambia included. Germany could, as the Netherlands did, review and renegotiate its DTAs with developing countries out of fairness reasons.[137] There are good reasons justifying that suggestion: In its analysis of tax treaties between developed and with developing countries, Action Aid (2016a) classifies ten bilateral tax treaties concluded by Germany, among them that with Zambia, as “very restrictive”,[138] a critique upheld by the Eurodad Tax Avoidance Report of December 2017, by Martin Hearson (2018) and a study commissioned by the Friedrich Ebert Foundation (Großmann & Obenland, 2019). In that case, provisions for Joint Tax Audits could be easily included and eventually conducted on the background that even relatively small amounts (measured on German standards) are considerable for developing countries and that the mere possibility of Joint Tax Audits could improve tax honesty and compliance in developing countries (Alt, Jörg; Chilufya, Charles B., 2020).

4.4.4 Stop blocking progress at EU level

There are many tax related conflicts between Brussels and Germany. Just some examples:

Regarding the reduction of CO_2, Brussels submitted proposals on 7 November 2017, calling for another 30% reduction until 2030 in relation to newly sold and registered cars. The (comparatively ambitious) proposal angered the German Foreign Secretary, Sigmar Gabriel warning that the German government would protect this German key industry and its related jobs. The intervention can be better understood if one knows that Gabriel previously held the position of Minister for the Economy, hence being in close contact with the car manufacturing industry. Gabriel statement angered in turn the German Minister for the Environment, Hendricks. She indicated that Gabriel does not speak for the German government as such.[139]

• Beispiele zur Abzugsbeschränkung durch Gewerbesteuerfreistellung der gezahlten und der erhaltenen Zinsen und Lizenzgebühren (Kap. 10.3).
• Beispiele zu Steuer- und Sozialabgabenbelastungen (Kap. 10.4).
See http://www.jarass.com/home/de/steuern/buecher-und-umfangreiche-gutachten/197-publikationen-weiterfuehrende-beitraege/steuern/buecher/1312-angemessene-unternehmensbesteuerung as well as (Jarass & Obermair, 2012) (Jarass L. , 2016a).

[137] The Netherlands did this in the case of 23 developing countries, see Steinglass, M. (2013, September 6) Netherlands to review tax treaties with least developed countries. In: Financial Times. Retrieved from http://ig-legacy.ft.com/content/1560d626-16bf-11e3-bced-00144feabdc0?siteedition=uk&siteedition=uk#axzz2gN8k94ol

[138] See for details the interactive graphic at http://www.actionaid.org/tax-power

[139] „Die EU-Kommission will eine Reduzierung der CO2-Emissionen von Neuwagen um weitere 30 Prozent bis 2030 gegenüber dem Jahr 2021 vorschlagen. Bis 2025 ist eine Minderung um 15 Prozent als Zwischenetappe geplant. Nach den jetzt geltenden Vorschriften dürfen sie ab 2021 im Schnitt maximal 95 Gramm CO2 pro Kilometer ausstoßen…. Brüssel ein Anreizsystem: Die Autobauer müssen weniger strenge CO2-Ziele erreichen, wenn bis 2025 mindestens 15 Prozent und bis 2030 dann mindestens 30 Prozent ihrer Flotte weniger als 50 Gramm Kohlendioxid pro Kilometer ausstoßen. Emissionsfreie Autos mit Elektro- oder Wasserstoffantrieb werden dabei stärker angerechnet als Hybridmodelle. Die Hersteller müssen aber keine Sanktionen fürchten, wenn sie die jeweiligen Zielwerte für emissionsfreie oder emissionsarme Autos nicht erreichen. Auch die Bundesregierung mischte sich in die Debatte ein - allerdings mit gegensätzlichen Signalen. Außenminister Sigmar Gabriel warnte in einem Brief an die EU-Kommission vor zu strengen Vorschriften, was Umweltministerin Barbara Hendricks empörte. "Das Schreiben des Bundesaußenministers an Kommissionspräsident Jean-Claude Juncker ist in der Sache falsch und zudem in der Bundesregierung nicht abgestimmt", sagte sie der Nachrichtenagentur Reuters. Für die Klimaziele seien anspruchsvolle CO2-Grenzwerte für Autos unerlässlich. Was Hendricks so aufregte: Gabriel, amtierender Außenminister und SPD-Politiker wie Hendricks, hatte in dem Brief an Juncker den Widerstand Deutschlands gegen zu scharfe Abgasvorschriften angekündigt. Die Autobranche sei eine Schlüsselindustrie für Deutschland und weltweit Garant für Arbeitsplätze und Wachstum, heißt es in dem Schreiben. "Mir ist es deshalb ein großes Anliegen, dass wir die Innovationskraft der Automobilindustrie nicht durch zu eng gestrickte EU-Gesetzgebung ersticken."“ See https://www.tagesschau.de/wirtschaft/eu-auto-emissionen-101.html NGOs kommentieren und fordern stärkere

As in the case of EPAs (see 3.5.3.1): in important issues not even the German cabinet has a joint position.

Another example is Germany's blockade against reforms in the taxation of corporation and related legislation increasing transparency regarding the beneficial ownership of wealth assets. In the Trilog meeting on 14 November 2017 Germany's role was less than helpful:[140]

- Blocking increased transparency for Corporations ("country-by-country reporting")[141]
- Watering down suggested reporting obligations by lawyers and tax consultants, especially reporting of transborder tax saving models.
- Watering down of criteria proposed by the EU Commission as well as a non-coherent application.
- Preventing full transparency of beneficial ownership of corporations, a national register on real estate and more relaxed criteria regarding identification of Politically Exposed Persons[142]
- Germany continues its resistance towards progress in the area of
    - the Common Consolidated Corporate Tax Base (CCCTB)
    - Measures against Turnover Tax Fraud
    - Withholding tax on the payments arising from interest and licenses originating in the EU and deposited in Tax havens

Even if some of these conflicts have been resolved later it can safely be assumed that the eventual result is weaker than that which the EU Commission originally proposed and that Germany will continue its obstructive efforts in other areas and/or by watering down standards/creating exemptions when it comes to national implementation.

The reason for the German governments' attitude is obvious: If there is a fairer sharing of taxation among states it is pretty obvious that Germany will lose revenue under those arrangements.[143]

Regulierung, inklusive Steuern etc.: „Um die Wirksamkeit der CO2 Regulierung zu flankieren und den Umstieg auf elektrisch betriebene Fahrzeuge auch auf Kundenseite attraktiv zu machen, sind ergänzende Maßnahmen auf nationaler Ebene unumgänglich. Dazu gehören der bedarfsgerechte Ausbau der Ladeinfrastruktur, der Abbau des Diesel und Dienstwagenprivilegs, verbunden mit einer generellen Anhebung der Energiesteuersätze auf fossile Kraftstoffe, sowie der Einstieg in eine fahrleistungs- und emissionsabhängige Pkw-Maut.“ Kommentierung EU Kommission vom 8.11.2017, siehe <https://www.presseportal.de/pm/6347/3782006>, Bezug nehmend auf NABU, BUND, DUH, VCD (2017) Position CO2-Grenzwerte 2025 https://www.nabu.de/imperia/md/content/nabude/verkehr/auto/170711-nabu-co2-grenzwerte-pkw-2025.pdf

[140] Private Information provided by Sven Giegold. His press release of the day: http://www.sven-giegold.de/2017/geldwaesche-europaeischer-rat-darf-nicht-laenger-auf-der-bremse-stehen/

[141] Meanwhile the SPD abondoned their opposition to public CbCR, whereas the CDU/CSU kept it. This causes Germany to abstain in crucial votes, such as the one on 7 November 2019

[142] Here, too, Germany moved meanwhile because the 5th Money Laundering Directive had to be implemented in national law, containing some progress on this issue. There is, however, no EU wide connection between those national registers and certainly no assistance for developing countries.

[143] See German Country Report, Results chapter VIII/3 („Losses for the Common Good“), as well as the following analysis from the FAZ: „Die Europäische Kommission versucht es deshalb gerade mit einem anderen Ansatz: Verrechnungspreise wären nicht mehr so wichtig. Stattdessen müssten Konzerne für die Finanzämter in der ganzen EU eine gemeinsame Bilanz vorlegen, als wäre die EU ein Land. Dann dürfte sich jeder Mitgliedstaat einen Anteil vom Gewinn nehmen und den besteuern. Welchen Anteil jeder Staat bekommt, das würde nach mehreren Kriterien festgelegt – auch nach Umsatz. Steuer-Kritiker wie Sven Giegold gehen in ihren Forderungen darüber hinaus: Sie wollen, dass die Konzerne öffentlich machen, wo sie wie viele Steuern zahlen. Deutschland hätte in beiden Fällen aber einiges zu verlieren. Die Steuern seiner eigenen Konzerne zum Beispiel. Die versteuern ja bisher auch nach dem Wertschöpfungs-Prinzip – entsprechend landen große Teile ihrer Steuern

Particularly shameful are Germany's attitudes when it comes to prevent a more efficient proceeding against money laundering: Both the Tax Justice & Poverty research and other findings suggest that Germany as a stable and profitable country attracts a lot of dirty money which then is invested in the economy (Alt, 2016j).

A very good updating summary on those issues are the periodical publications of the Financial Secrecy Index on which Germany ranks 7th on the list of countries acting like secrecy jurisdictions and tax havens.[144]

More information: (Henn, 2016a) (Henn & Metzinger, 2017) (Meinzer, 2015a)

4.4.5 Implement progressive EU regulation comprehensively and efficiently

Of course, sometimes some good legislation and regulation is eventually passed on EU level and in the next step it needs to be implemented on the national level. One example is the Anti-Money-Laundering Directive IV of 2015, calling for transparency registers, for example in the real estate sector, calling for the naming and listing of Beneficial Ownership domestically and internationally. Germany dutifully established some sort of registers, but as research by journalists revealed, hardly any of the larger businesses being involved in large scale real estate business bothers about fulfilling legal requirements: In a research by the STERN magazine, only 1 out of 20 investigated businesses published some Beneficial Ownership, others failed to do so.[145] This illustrates once more that the best legislation is worth nothing without investigative and enforcement capacities on part of authorities, combined with substantial and painful fines in all cases of non-compliance.[146]

4.4.6 Frame analytics and framing

In this context would be of importance to analyze value guided norms and assumptions behind tax policy proposals of politicians. In Germany, the camp is divided along the lines of CDU, CSU, FDP and AfD on the one side, and SPD, Green and Left party on the other. While the first camp stands more or less solidly within neoliberal assumptions, SPD, Green and Left party have at least some potential to form some "alliance for systemic change", tax policy included. It is a safe bet if those three parties could rally behind a common program and present this jointly at the next election, it would have an enormous mobilizing effect.

Similar frame analytics would be helpful when examining policies and proposals of other countries and institutions, that way looking for an intensified cooperation at the level of European Institutions. It would reveal that some of those hailed as reformer are, in reality, quite backwards and steeped in neoliberal ideas (Emmanuel Macron). On the other hand it

---

im deutschen Staatshaushalt. Volkswagen zum Beispiel nimmt nur 20 Prozent seines Geldes in Deutschland ein, zahlt aber nach eigenen Angaben mehr als 60 Prozent seiner Steuern hier. Außerhalb der EU gibt es schon Begehrlichkeiten: China findet, sein Markt sei so groß, allein für den Zugang dazu müsse VW doch Steuern in China zahlen. Tatsächlich muss Deutschland aufpassen, dass es im internationalen Steuergezerre nicht allzu viele Steuern der heimischen Konzerne verliert." Bernau, P. (2017, June 28) Warum zahlt Apple so wenig Steuern. In: FAZ. Retrieved from http://www.faz.net/aktuell/wirtschaft/recht-steuern/technologiekonzern-warum-zahlt-apple-so-wenig-steuern-15063714.html?printPagedArticle=true#pageIndex_2

[144] https://www.financialsecrecyindex.com/

[145] Tillack, H.M. (4 April 2018) Führende Immobilien-Firmen verstoßen offenbar gegen neues Transparenz- und Geldwäschegesetz. In: Stern. Retrieved from https://www.stern.de/politik/deutschland/immobilien--fuehrende-firmen-verstossen-offenbar-gegen-neues-transparenz--und-geldwaeschegesetz-7925594.html

[146] Explanations of loopholes in German "Transparency" Registers are given in https://www.taxjustice.net/2017/05/18/germany-rejects-beneficial-ownership-transparency/

would perhaps help to identify strategic or topical partnerships with parties who are so far suspiciously eyed by the mainstream such as Podemos or Syriza.

4.5 European

As explained in (Alt, 2018c) a reformed European Union is seen to be the favourite and most promising framework for both advancing systemic change and mould taxation into an instrument protecting and advancing this change.

4.5.1 Legal framework

Clearly, given the neoliberal outlook of the EU, there are not too many provisions for EU institutions to get involved in tax matters. However, it is, at the same time, not explicitly excluded. “Article 94 of the EC Treaty calls very generally for the approximation of laws, regulations or administrative provisions that directly affect the functioning of the common market. With regard to tax harmonization, the Treaty explicitly mentions indirect taxes but not direct taxes (income and corporate taxes). In interpreting these basic rules, the European Commission has a long history of activity around direct taxes but mainly focused on corporation tax… Furthermore, both Treaty and the (European) Court (of Justice) recognize a right to limit the basic freedoms in case of misuse and in particular to fight tax evasion and avoid double non-taxation” (The Greens - EFA, 2019, S. 38).

The previous is endorsed by the Treaty for the Functioning of the EU, which contains in Article 116 a provision that the EU Commission may acquire responsibility for tax policy: In case that different practices of Member States endanger the proper functioning of the Single Market. Even more: In the ‘communication “Towards a more efficient and democratic decision making in EU tax policy” (proposed) a roadmap to qualified majority voting for specific and pressing tax policy issues where vital legislative files and initiatives aimed at combating tax fraud, tax evasion and ATP have been blocked in the Council to the detriment of a large majority of Member States’. [147]

The question is: When is something “harmful” or a “misuse”? And for whom? These questions are probably wide open to debate, and the outcome of the debate would determine the political and legislative willingness for promoting reform. And, resulting from this, it is doubtful that a mandate can be obtained by the European Council, given the requirement of unanimity in tax matters (see below, 4.5.3.3).

Once the EU has cleared its own tax haven problems, a considerable number of major tax havens (Liechtenstein, Switzerland, Gibraltar…) are part of the European Economic Area (EEA) or European Free Trade Area (EFTA), i.e. not totally outside European legislation; especially the EEA extends the “four liberties” to non-EU members which, in turn, should also apply then for distortions and/or obstacles when it comes to those four liberties in the overall relationships of those states.[148]

4.5.2 Promising initiatives

Above, the following EU level initiatives have already been presented and discussed:

- Carbon Border Adjustment Tax (3.5.3.2)
- Non-financial reporting directive (4.2)

[147] See final report of the TAX3 committee of 26 March 2019, Nrs 426-428.

[148] (The Greens - EFA, 2019) and https://en.wikipedia.org/wiki/European_Economic_Area

But there are other initiatives as well:

4.5.2.1 Overarching financial, environmental and social initiatives

First, and in the line of a comprehensive plan rather than a piecemeal approach (see 3.5.5) stands the "Plan for financing a sustainable European Economy" (High Level Expert Group on Sustainable Finance, 2018) submitted on 31.1.2018, to be followed by an Action Plan in March 2018.[149] It finds plenty of applause on part of ethical investors and NGOs and is seen as a good basis for continuation.[150] The need to complement regulation with taxation and subsidies is explicitly stated as follows:

> Action in the financial system cannot substitute for these fundamental measures that may include changes in taxation and subsidies. Rather, financial system action can ensure that capital markets respond to these and other signals (such as technological change, physical disruption and social expectations), thereby anticipating change in the real economy and allocating capital faster and more efficiently. The HLEG has focused its attention on financial reforms, but recognises that these will only fulfil their full potential if they are matched with policy changes elsewhere, including in the agriculture, buildings, energy, industrial, transport, water and waste sectors. (High Level Expert Group on Sustainable Finance, 2018, S. 11).

Given the importance of regional production, consumption and service delivery to replace global value and delivery chains it is deplorable, that regional complementary currencies and their potential were not discussed in this paper.[151]

Second taxation plays a role in the initiatives "Clean Planet for All", where it says "Environmental taxation, carbon pricing systems and revised subsidy should an important role in steering this transition. Taxation is amongst the most efficient tools for environmental policy."[152] Here, EU Strategists are also aware of the need to review existing subsidies, of the redistribution resources towards those who will lose out when fossil based businesses are locked down, and that fiscal stimuli and incentives are needed to advance innovation.[153] Better use of (natural) resources is the focus of the "EU Action Plan for a Circular Economy" where it says "Price is a key factor affecting purchasing decisions, both in the value chain and for final consumers. Member States are therefore encouraged to provide incentives and use economic instruments, such as taxation, to ensure that product prices better reflect environmental costs."[154] It is an important signal that this approach received confirmation by the incoming EU Presidency (von der Leyen, 2019, p. 7).

---

[149] https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en

[150] Report: <https://ec.europa.eu/info/publications/180131-sustainable-finance-report_en>Support by CRIC <https://www.cric-online.org/info-medien/news/346-cric-kommentierung-des-abschlussberichts-der-high-level-expert-group-on-sustainable-finance-hleg>,Support by NGOs e.g. Actionaid, Friends of the Earth <http://www.actionaid.org/news/ngos-welcome-eus-sustainable-finance-road-map-call-tougher-regulatory-action> or Misereor, Germanwatch, WWF, Fairfinance, Klimaallianz etc. <https://germanwatch.org/en/14976>

[151] For an introduction and overview to that within an EU context see Trischler, S. (2014) Regional Complementary Currencies and the EU's strive for regional development and economic cohesion. See http://projekter.aau.dk/projekter/files/198416527/Master_Thesis_Susanne_Trischler_June_2014.pdf

[152] "COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK A Clean Planet for all A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy, https://ec.europa.eu/clima/sites/clima/files/docs/pages/com_2018_733_en.pdf

[153] Siehe "Making use of the Lisbon Treatys Passerelle Clauses", EPSC Brief 14.1.2019, https://ec.europa.eu/epsc/sites/epsc/files/epsc_brief_passerelles_2.pdf

[154] See COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE

Finally, taxes and mandatory social security contributions, either directly applied or indirectly via redistribution, could be an important instrument to advance social standards within the European Union and the Eurozone, such leveling the inequality between member states, thus reducing social tensions and declining acceptance of the present composition of the European Union, its democratic standards and social policies. Here, EU Leaders proclaimed the "European Pillar of Social Rights" in November 2017, but initiatives to that end encounter vicious resistance.[155]

Similar conclusions are being drawn when examining the tax policies of the EU 28 member states: The EU Commission states that there is considerable room to improve on the taxation of private and corporate income and wealth as well as environmental taxation. This money can be used both to relieve the costs on human labour and, more generally, to advance a socially more just and ecologically more sustainable development (European Commission, 2015b)

4.5.2.2 Anti Tax Avoidance Package, aiming at TNCs

On 27 January 2016, the EU Commission launched the so-called Anti-Tax-Avoidance Package which shall secure that privileges of international TNCs as opposed to smaller and middle sized businesses are removed.[156] Key features of the new proposals include:

- legally-binding measures to block the most common methods used by companies to avoid paying tax;
- a recommendation to Member States on how to prevent tax treaty abuse;
- a proposal for Member States to share tax-related information on multinationals operating in the EU;
- actions to promote tax good governance internationally;
- a new EU process for listing third countries that refuse to play fair.

Within this context we find the Commissions proceeding against suspected illegal state aid, e.g. against Apples tax privileges in Ireland[157] or Amazons treatment in Luxembourg.[158] Right now, investigations are on its way against sweetheart deals of IKEA with the Dutch government.[159]

Within this context is further the Finance Ministers' unanimous decision to oblige banks, accounting firms, tax consultants and tax lawyers "to inform authorities about 'potentially aggressive tax planning arrangements' set up for their clients." Those in formation will also be exchanged and shared among the 27 member states.[160]

REGIONS Closing the loop - An EU action plan for the Circular Economy, January 2018, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52015DC0614

[155] Heil will europäischen Mindestlohn durchsetzen. (12.1.2019), FAZ, https://www.faz.net/aktuell/wirtschaft/heil-will-europaeischen-mindestlohn-durchsetzen-15984796.html Siehe auch Alt, J. Was Tun – Aktion: Eurozone.

[156] Brüssel will Steuerschlupflöcher für Konzerne schließen. (2016, January 28) In: Süddeutsche Zeitung. Retrieved from http://www.sueddeutsche.de/news/politik/eu-bruessel-will-steuerschlupfloecher-fuer-konzerne-schliessen-dpa.urn-newsml-dpa-com-20090101-160128-99-281915

[157] http://europa.eu/rapid/press-release_IP-17-3702_en.htm

[158] http://europa.eu/rapid/press-release_IP-17-3701_en.htm

[159] http://europa.eu/rapid/press-release_IP-17-5343_en.htm

[160] https://uk.reuters.com/article/us-eu-ecofin-tax/eu-states-agree-clamp-down-on-aggressive-tax-planning-idUKKCN1GP13A The question being, what „potential" means and how those framework provisions will be

Within this context is also the Commissions attempt to implement a more coherent taxation of Transnational Corporations. The idea is not to treat TNCs as separate entities but as a whole which it de facto is. It started on 17 June 2015 when the Commission (re-)launched its 5 point Action Plan on “A fair and Efficient Corporate Tax System in the European Union”[161] The points are:

1. Re-launching the Common Consolidated Corporate Tax Base (CCCTB)
2. Ensuring fair taxation where profits are generated
3. Creating a better business environment
4. Increasing transparency
5. Improving EU coordination

Especially the Common Consolidated Corporate Tax Base is an effort going far beyond everything aimed for by the OECDs BEPS initiative which still builds on treating parts of one and the same TNC as separate entities. The Commission launched the proposal for the first time in 2011, but eventually the process stalled and was abandoned. After a continuing number of data leaks, illustrating continuing tax avoidance and evasion, a second attempt was launched in October 2016. This time, there is more pressure to succeed, but as always the details are tricky and, of course, TNCs, their lobbyists and supportive governments try everything to prevent it from coming or, if they cannot prevent it, weaken it or, if they cannot weaken it, drill holes and exemptions in the proposal. The most recent stage of treatment occurred in the European Parliament, where the ECON Committee adopted its report on the CCCTB in February 2018.[162]

Here, too, the incoming EU Commission seems to push the issue, especially on corporate taxation and tax fraud. Missing is, however, the re-establishment of the Principle of Ability to Pay both for corporate and private wealth, the consequences for tax havens, or what role tax competition with non-EU areas will play (von der Leyen, 2019, p. 12)

---

implemented in the national context and what national sanctions will go along with it. In Germany, however, state finance ministers want to expand provisions to include also domestic tax saving plans. http://www.handelsblatt.com/my/politik/deutschland/anzeigepflicht-von-steuergestaltungsmodellen-bundeslaender-wollen-staerker-gegen-steuertrickser-vorgehen/21044586.html?ticket=ST-6139697-gi92ZEvTYduHxBVZuiZP-ap3

[161] http://ec.europa.eu/taxation_customs/taxation/company_tax/fairer_corporate_taxation/index_en.htm

[162] Da der Rat in Steuerfragen die alleinige Gesetzgebungskompetenz besitzt, nimmt das Europäische Parlament bei dem Gesetzesvorschlag zu der CCCTB lediglich eine beratende Rolle ein. Der Bericht des Parlaments hat somit keine rechtlich bindende Wirkung für den Rat. Das Plenum des Parlaments wird sich im März mit dem Bericht befassen. Martin Schirdewan, der für CCCTB zuständige Unterhändler (‚Schattenberichterstatter‘) der EP-Linksfraktion GUE/NGL: „Der Parlamentsbericht verbessert den Kommissionsvorschlag an einigen Stellen. So sieht er beispielsweise vor, dass die Konsolidierung zeitgleich mit der Harmonisierung der Bemessungsgrundlage in Kraft treten soll. Die Kommission wollte in einem ersten Schritt lediglich die Harmonisierung durchführen - ein wahres Steuergeschenk an Konzerne, da so eine grenzüberschreitende Verlustverrechnung ohne gleichzeitige Konsolidierung ermöglicht würde. Außerdem schränkt der Bericht die Abzugsfähigkeit von Zinsen gegenüber dem Kommissionsvorschlag ein und streicht die Abzugsfähigkeit von Eigenkapitalzuwächsen.“ „An entscheidenden Stellen fehlt es dem Bericht aber deutlich an Biss. So beschränkt er sich weiterhin bloß auf Konzernprofite innerhalb von EU-Mitgliedsstaaten. Das schafft Anreize, die Gewinnverschiebung ins Ausland nur noch zu verstärken. Fatal ist außerdem, dass sich der Bericht nicht zu einer effektiven Mindestbesteuerung bekennt. Bei einer EU-weit harmonisierten Steuerbasis wird das den schädlichen Steuerwettlauf nach unten nur weiter anheizen. Anstatt ein starkes Signal für mehr Steuergerechtigkeit zu setzen und dem Steuerraub von Konzernen einen Riegel vorzuschieben, wird also dafür gesorgt, dass in einigen Jahren Unternehmenssteuersätze um die fünf Prozent endgültig zum Alltag gehören. Das kann und darf nicht Ziel dieses Unterfangens sein." https://www.dielinke-europa.eu/de/article/11726.ccctb-steuergerechtigkeit-fehlanzeige.html

More information: (ICRICT, 2018), (Pogge & Mehta, 2018), (Thorslov, Wier, & Zucman, 2018)Victory Perry of the US National Tax Association[163] or Markus Meinzer, Director of the Tax Justice Network (Mail from 21.2.2018).[164]

4.5.2.3 Anti-Money Laundering Package

As third exemplary and major area of EU efforts I want to point to the Anti-Money Laundering packages of the EU, which is placed within the wider efforts to combat Organized Crime and Human Trafficking, most importantly the subsequent versions of the "Directive on Money laundering and terrorist financing". It incorporates FATF recommendation into EU law and is therefore also of use for identifying better asset ownership or the discovery of illicit and illegal practices in the field of tax avoidance and evasion, especially, if tax evasion is accepted as activity preceding (Vortat) the money laundering act proper. For example, the most recent changes to the AMLD IV of 2015:

> On 20 December 2017, EU ambassadors confirmed the political agreement reached between the presidency and the European Parliament on strengthened EU rules to prevent money laundering and terrorist financing. … The main changes to directive 2015/849 involve:
>
> - enhanced access to beneficial ownership registers, so as to improve transparency in the ownership of companies and trusts. The registers will also be interconnected to facilitate cooperation between member states. Access to information on beneficial ownership is foreseen as follows:
>   - public access to beneficial ownership information on companies;
>   - access on the basis of 'legitimate interest' to beneficial ownership information on trusts and similar legal arrangements;
>   - public access upon written request to beneficial ownership information on trusts that own a company that is not incorporated in the EU;
>
> Member states will retain the right to provide broader access to information, in accordance with their national law….
>
> - improving cooperation between the member states' financial intelligence units. FIUs will have access to information in centralised bank and payment account registers, enabling them to identify account holders;
> - improved checks on risky third countries. The Commission has established and regularly updates a harmonised list of non-EU countries with deficiencies in their anti-money laundering prevention regimes. Additional due diligence measures will be

[163] "My thesis today is that the world's century-old approach to taxing the income of global corporations is failing. It involves ever more distortion, increasing compliance costs, and is increasingly perceived as unfair. Ultimately we need international agreement on a new global paradigm." Speech on 9.11.2017, "Is the Present International Tax Architecture Fit for Purpose?", summing up her experience when leaving office as President of the NTA, see https://www.ntanet.org/wp-content/uploads/2017/12/Presidential-Address-Victoria-Perry.pdf. Affirmative comment by Chr. Trautvetter (Mail 2.3.2018) "Super auf den Punkt gebracht und hier nochmal gekürzt: Das jetzige System war ursprünglich als Quellenbesteuerung gedacht. Der Unternehmenssitz war nur ein Proxy, Kapitalverkehrsfreiheit ist nur eine nachträgliche Rechtfertigung für diesen Umweg. Der Proxy funktioniert aber wegen der Briefkastenfirmen nicht mehr, der verzerrte Anteil von FDI vs GDP in Ländern wie Luxemburg, Niederlande, Mauritius oder Singapur beweist das. Wir müssen also die Quelle neu definieren. Das ist vor allem für Entwicklungsländer als typische Quellenländer wichtig. In Bezug auf Google ist die Quelle das Monopol/die Markmacht und die Clicks in einzelnen Ländern. Im Endeffekt muss die Quelle natürliche Personen sein – entweder als Kunden (Sales/destination-based) oder als Angestellte (Anzahl/Lohnsumme). Vor allem Entwicklungsländer."

[164] Es sei angemerkt, dass auch Joseph Stiglitz, Zucman, Piketty uvm sich klar pro Gesamtkonzernsteuer aufstellen (für deren Einführung eine verbesserte CCCTB ein Schritt sein könnte - siehe aktuell (ICRICT, 2018).

> required for financial flows from these countries. The list builds on that established at international level by the Financial Action Task Force...[165]

But here again: All this is of little worth if the national implementation lags behind; e.g., if tax evasion is not considered to be a preceding deed (Vortat) to money laundering. This also limits options tax auditors would have when looking into the books of private and corporate wealth holder or when investigating tax lawyers and tax consultants. Here Germany urgently needs to conform to internationally recommended standards, e.g. by the FATF.[166]
And: As illustrated in 4.4.5, good regulation requires comprehensive and efficient implementation and this is not always the case: Not only Germany failed to do so with registers supposed to reveal beneficial ownership of real estate ownership arising from the AMLD Package IV, but a number of other EU states (Cyprus, Luxembourg, Malta…) failed to set up such required registers altogether, forcing the EU Commission to initiate proceedings against them.[167]

A major step still under negotiation is the inclusion of tax evasion among the predicate offences for money laundering proceedings (The Greens - EFA, 2019, S. 39)

4.5.2.4 Taxing digital TNCs

Finally, the taxation of digital TNCs and their profits increasingly moves into focus. A first proposal was launched via a Compensatory Withholding Tax as proposed by France, Germany, Spain and Italy,[168] while it seems, a first proposal by the EU Commission was resisted by some states which, since still unanimity is required, will water down the proposal and use as measurement now merely profits earned via online advertising.[169]

[165] http://www.consilium.europa.eu/en/press/press-releases/2017/12/20/money-laundering-and-terrorist-financing-presidency-and-parliament-reach-agreement/ More detailed with Pros and Cons: http://www.sven-giegold.de/2017/kompromiss-bei-europaeischer-anti-geldwaescherichtlinie-fortschritte-im-kampf-gegen-geldwaesche-und-steuerbetrug/

[166] Das Schließen eklatanter Strafbarkeitslücken ist überfällig. Solange bei Steuerhinterziehung nur ausländisches Steuerrecht gebrochen wird, und die Tat nicht bandenmäßig begangen wird, gilt diese nicht als Vortat zur Geldwäsche in Deutschland. Damit machen sich deutsche Banker anders als in Singapur, Frankreich oder Großbritannien nicht im Inland strafbar, selbst wenn sie wissentlich und vorsätzlich solche Gelder annehmen und verwalten.8 Am einfachsten lässt sich Abhilfe schaffen, indem die einfache Steuerhinterziehung ausdrücklich in den Vortatenkatalog zur Geldwäsche aufgenommen würde. Mindestens allerdings sollte die Steuerhinterziehung in besonders schwerem Fall als Geldwäschevortat gelten (§370, Absatz 3, Nummer 1, AO). Analog fehlen im Vortatenkatalog für Geldwäsche jene Straftaten, die Kleptokraten und Diktatoren gern zur Plünderung ihres Staatswesens begehen. Die Vorteilsannahme fehlt ganz, Erpressung und Untreue sind nur dann Vortat für die Geldwäsche, wenn sie gewerbsmäßig oder bandenmäßig begangen wurden. Alle drei müssten uneingeschränkt als Vortat zur Geldwäsche gelten. Die Strafverfolgung solcher Fälle müsste politisch zur Priorität werden. Finanzvermögen von Steuerausländern in Deutschland müssen an die Finanzbehörden aller Länder gemeldet werden, die bereit sind, die Daten entsprechend der Vertraulichkeitsregeln für Steuerdaten des jeweiligen Landes zu behandeln. Ergänzend sollten Zinserträge von Steuerausländern künftig der Abgeltungssteuer unterworfen werden, insofern kein Nachweis darüber erbracht wird, dass die Zinsen im Ausland effektiv besteuert werden. (Meinzer, 2017). The preceding is confirmed by conversation partner from tax auditing and tax fraud investigating departments.

[167] Tillack, H.M. (4 April 2018) Führende Immobilien-Firmen verstoßen offenbar gegen neues Transparenz- und Geldwäschegesetz. In: Stern. Retrieved from https://www.stern.de/politik/deutschland/immobilien--fuehrende-firmen-verstossen-offenbar-gegen-neues-transparenz--und-geldwaeschegesetz-7925594.html

[168] From October 2017: https://makronom.de/google-tax-ausgleichsteuer-wie-die-eu-finanzminister-einen-pflock-ins-neuland-rammen-wollen-23141

[169] https://www.wiwo.de/politik/europa/digitalsteuer-eu-kommission-will-nur-abgemilderte-version-der-digitalsteuer-vorstellen/20965420.html

Early 2018, proposals by the European Commission were published to improve the taxation of Digital Activities in the Single Market[170] According to it, the long term goal of the Commission is the "reform corporate tax rules so that profits are registered and taxed where businesses have significant interaction with users through digital channels",[171] and until this happens an interim instrument could be some sort of a "Digital Service Tax". The proposal was officially presented and discussed at the EU Councils Summit on 22 March, with the explicit perspective to feed it eventually into the scope of a CCCTB.[172] However, so far no agreement on those proposals by the European Council, the status of discussion can be traced at the Councils Website.

NGOs are not yet coherent in their assessment. Most are in favour, hailing it as breaking with the OECDs complex BEPS mechanisms which still try to rescue the complicated transfer pricing system and being the first step towards Unitary Taxation and Formula Apportionment.[173] Others are opposed to it.[174]

In January 2019, however, the OECD published tax-guidelines for digital TNCs which follow more or less the EU Commissions approach.[175] The incoming EU Presidency promised here to advance on the efforts to tax big digital businesses: "If by the end of 2020 there is still no global solution for a fair digital tax, the EU should act alone." (von der Leyen, 2019, p. 12).

4.5.3 Persisting weaknesses

4.5.3.1 No real activity against private wealth holder

Whereas the EU increased its activities against tax fraud and tax evasion[176] as well as its attempts to tax better TNCs, it turns persistently a blind eye towards private wealth holder, even though on average EU member states collect about 22% of their revenue from PIT and only about 7% from CIT. This also impacts on their relations with tax havens which are closely associated with or even embedded within the EU, such as Switzerland, Gibraltar or Monaco (The Greens - EFA, 2019).

There is, however, a Commission Recommendation (2011/856/EU) 'on relief for double taxation of inheritances", constituting "a first step towards the creation of a common framework for the taxation of assets, including inheritances and gifts.' (European Commission, 2015b, S. 85) – this needs to be deepened and spelled out, include the question of double non-taxation and, of course, adopted on the level of member states…

[170] One of the earliest being the leaked version of a paper in February 2018 https://g8fip1kplyr33r3krz5b97d1-wpengine.netdna-ssl.com/wp-content/uploads/2018/02/taxation-of-digital-economy-2.pdf

[171] https://www.consilium.europa.eu/en/policies/digital-taxation/

[172] https://ec.europa.eu/taxation_customs/business/company-tax/fair-taxation-digital-economy_en

[173] „This confirms the intention of the EU to break, comprehensively, with the OECD's international tax rules – which require adherence to economically illogical transfer pricing rules, with profit divided between multinational groups' subsidiaries on the basis of contrived, theoretical 'arm's length prices'." https://www.taxjustice.net/2018/03/21/press-release-european-commission-digital-tax-plan-is-a-nail-in-the-coffin-for-oecd-tax-rules/ See also (Zucman, 2018)

[174] https://makronom.de/ausgleichsteuer-steuern-digitale-unternehmen-eu-kommission-google-facebook-ein-mangelhafter-schnellschuss-25751

[175] See (OECD, 2019) https://www.ips-journal.eu/regions/global/article/show/how-to-tax-a-multinational-3405/ as well as https://www.oecd.org/tax/beps/policy-note-beps-inclusive-framework-addressing-tax-challenges-digitalisation.pdf

[176] E.g. http://europa.eu/rapid/press-release_IP-12-1325_en.htm and https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/tax_fraud_evasion/com_2012_722_en.pdf

4.5.3.2 Influence of financial and economic stakeholders

Many of the provisions presented above still stop short of that which would be technically possible already within an EU context: detailed (public) registers also regarding ownership of real property and financial assets. The letter is possible due to the operation of Clearing Security Depositories and Clearing houses such as DTC or Euroclear whose data could be made accessible with little additional effort. (Piketty, Alvaredo, & al., 2017, S. 266f.)

In quite a number of other tax related areas, progress in the EU is still as hopeless as elsewhere, due to the overwhelming influence of lobbyists paid by financial and economic stakeholder. For illustrations sake, the fight against tax havens and the closing of loopholes in the tax codes of the different member states:

When the EU presented its list of 17 tax havens on 5 December 2017, the world was surprised to see that no EU member state was part of this list. OXFAM argued that, if the EU Commission were serious about its own criteria,[177] the list should comprise 35 states and EU member states had to be included.[178] This was refused with the argument that between European states exist "joint application rules", but more important was probably that some states threatened to veto the entire list.[179] And: There were no sanctions attached. Even worse: On 23 January 2018 some states were removed from the list because they merely promised to be cooperative in future – among those states being notorious Panama, on 12 March more states were removed, but new ones were added, among those the US Virgin Islands, a surprising signal towards the US government in times of increasing tensions over custom tariffs.[180]

This dragging of feet is particularly annoying since each and every individual government emphasizes that combating tax havens and tax evasion is of priority.

If EU states could agree to stop tax competition and start tax cooperation, they could seriously start closing legal loopholes by, for example, removing the principle of dual criminality and defining offenses clear and unambiguous, starting within the European Union itself.

When presenting their report on how to overcome the shadow economy (Stiglitz & Pieth, 2016), and on the background of the US and UK tax reform thoughts under Trump and after Brexit, Stiglitz and Pietz argued that the EU should move ahead on its own since there is little likelihood that the US and UK would join. This, they argued is possible, if the following simple rules could be implemented and enforced:

- Possessing bank accounts in "non-cooperative" jurisdictions is declared illegal for citizens in "cooperative" jurisdictions.
- For natural persons (citizens) and legal persons (businesses) it is declared illegal to be shareholder, board member, proxy, director or trustee of a trust, shell corporation or foundation in any non-cooperative jurisdiction.

---

[177] http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52016XG1210(01)&from=EN

[178] https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bn-blacklist-whitewash-tax-havens-eu-281117-en_0.pdf

[179] „Forderungen, auch EU-Länder in die Liste aufzunehmen, weist die Kommission in Brüssel mit Verweis auf gemeinsame Regeln bei Steuerstandards zurück. Zudem hatten Mitgliedsstaaten mit niedrigen Steuersätzen – Irland beispielsweise oder die Niederlande – mit dem Verweis auf die internationale Wettbewerbsfähigkeit Europas mit einem Veto gedroht." EU setzt 17 Staaten auf Schwarze Liste (5.12.2017) In: Die Zeit. http://www.zeit.de/wirtschaft/2017-12/steueroasen-schwarze-liste-eu-steuerflucht

[180] http://www.euronews.com/2018/03/13/eu-adds-bahamas-us-virgin-islands-st-kitts-to-tax-haven-list

- For banks and other financial service provider it is declared illegal to do business with financial institution registered in non-cooperative jurisdictions, including the provision of „corresponding accounts“ (Korrespondenzkonten)
- Offending against the previous is sanctioned not only with money, but the withdrawal of business licences.[181]

Europe’s potential for being a global trend setter and leader was re-emphasized when Joseph Stiglitz talked to the EPs committee investigating the Panama Papers.[182]

Once the EU would bring its house in order, they could indeed follow the advice of numerous experts to pass sanctions against all those tax havens which are not adequately transparent or cooperative with EU based tax administrations.[183]

Another disappointing move was the Regulation of the EU regarding the exploitation and trade of Conflict Minerals of relevance both for social justice and ecological sustainability in some of the poorest and most exploited areas in the world.[184] Here, too, the handwriting of businesses and lobbyists was being felt: An originally weak proposal by EU Commission, improved by Parliament, was eventually watered down again in the “Trilog”.[185] At the same time: The original model legislation in the US, implemented under Barack Obama, has meanwhile been repealed under Trump, hence the EUs regulation can be considered at least to be better than nothing?

A similar influence can be noted by the watering down and, eventually, killing of the Financial Transaction Tax.

4.5.3.3 Obstacle of unanimity voting

The fact, that interest groups and lobbyists need to merely win over one member state for their own purposes and, that way, obstruct a decision by all the other EU Member states, could be overcome by replacing the current requirement of unanimity in the European Council by a qualified majority vote. Right now, there are two options:

First, the Lisbon Treaty provides in Article 48 for the abolition of the unanimity principle, provided this is decided by unanimity. Here, the Brexit resolves a big obstacle since the UK was the only EU member state which was prevented to vote accordingly by a *nationa*l law. From now on, this question is beyond legally binding obstacles and depends merely on political willpower.[186]

---

[181] https://www.nzz.ch/wirtschaft/kampf-gegen-steuerflucht-korruption-und-geldwaesche-quarantaene-fuer-steueroasen-ld.128403 some of these proposals are similar to those put forward by Helmut Schmidt shortly after the 2007 World Financial Crisis (Schmidt, 2009) or proposals of German experts (Hentschel, 2016a)..

[182] 17.11.2016 http://www.europarl.europa.eu/news/en/headlines/economy/20161114STO51063/stiglitz-on-fighting-tax-evasion-europe-can-have-a-very-significant-impact

[183] (Kongregation für die Glaubenslehre: Dikasterium für den Dienst zugunsten der ganzheitlichen Entwicklung des Menschen, 2018), (Thorslov, Wier, & Zucman, 2018), (Stiglitz & Pieth, Overcoming the Shadow Economy, 2016)…

[184] Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32017R0821

[185] Critique by NGOs https://chemicalwatch.com/48687/eus-conflict-minerals-framework-a-missed-opportunity

[186] See (Barbière, 2017) and “Making use of the Lisbon Treatys Passerelle Clauses”, EPSC Brief 14.1.2019, https://ec.europa.eu/epsc/sites/epsc/files/epsc_brief_passerelles_2.pdf

Second, Article 116 of the Treaty on the Functioning of the European Union provides the European Commission with the tool to move beyond unanimity if the Commission discerns distortion in the working of the Single Market. What else, if not tax competition, does distort the Single Market?

While Jean Claude Juncker admonished progress here during his State of the Union Addresses 2017 and 2018, the Commission finally addressed this issue on 15 January 2019: Then, it presented a communication[187] on how to move gradually from unanimity voting to the *ordinary legislative procedure* (where the European Parliament and the Council are co-legislators). Such a reform would not only improve cooperation and decision making in taxation, but also improve and facilitate progress in other policy areas, where taxation plays a role, e.g. environmental/ecological progress or the area of social policy or public health.

Also, the incoming Commission promises to move on replacing unanimity by qualified majority in several policy fields, such as taxation or foreign policy (von der Leyen, 2019, p. 12+18).

4.5.3.4 Spending related issues

Regarding spending tax revenue, the EU should urgently review its subsidy policies, e.g. towards Eastern European countries who otherwise do not care about European values and norms and, most importantly, in view of agriculture: The preference of large production units needs to end as well as the subsidizing of exports which endanger producers and markets elsewhere, e.g. in Africa.

4.5.4 Own taxes?

Since this paper argues for more competences with the European Institutions the question follows whether the EU should also collect own taxes for financing its activities.

There are reasons for it (High Level Group on Own Resources, 2016) and proposals from third parties (Krenek & Schratzenstaller, 2017).

Periodically, also EU Institutions and representatives call for it: In 2017, the president of the EU parliament suggested to double the EUs budget because of arising challenges in the field of migration and terrorism by transferring taxing rights to the EU level among which he numbered the FTT.[188]

In 2018, in the wake of the Brexit and the need to fill the gap opening in the upcoming Multilateral Financial Framework, the EUs long-term household budget, the EU Parliaments Budget Committee adopted a report recommending that a number of difficult-to-tax-areas were reformed with the view to also increase EU spending (Committee on Budgets, 2018). Among the proposals are, largely in support of the HLGORs recommendations:

- A reformed VAT, with a uniform EU wide tax rate including an added 1-2 levy for the EU budget, to be collected by the Member States and the EU share then transferred to Brussels.

[187] COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL AND THE COUNCIL Towards a more efficient and democratic decision making in EU tax policy https://ec.europa.eu/taxation_customs/sites/taxation/files/15_01_2019_communication_towards_a_more_efficient_democratic_decision_making_eu_tax_policy_en.pdf
[188] https://www.welt.de/politik/deutschland/article170574806/Das-geht-zu-weit.html

- Corporation tax, building upon the work already being done at the CCCTB
- A EU wide Financial Transaction Tax
- A taxation of companies in the digital sector
- Environmental taxes and levies, among others a Carbon Border Adjustment Tax.

4.5.5 Position

Clearly, there are openings which could be used to expand the competence of the European Commission for harmonizing taxation in Europe (see 4.5.1). Clearly, there will/needs always be some sort of competition, but at the same time some framework-guidelines should be given to keep extreme deviations at bay. Orientation could be taken from the proposal that all initiatives and reforms should be prohibited which are merely and clearly strategic and would lead to an aggregate overall loss of a community of states which cooperate here.[189]

At the same time: whenever reforms touch mechanisms of Offshore Capitalism/Financialization, progress is not as swift and smooth as it could technically and legally be. A major obstacle here is the requirement that within the EU major decisions still require unanimity in the Council (Wahl, 2010).

Here, however, the initiative of the EU Commission from 15 January 2019 (see 4.5.3.3) creates hope. If, therefore, EU member states now would stop tax competition and enter into tax cooperation, it would be a global game changer.

At the same time, reforms in the area of taxation alone will not make the EU more popular with EU citizens, it seems. Rather, an entire package needs to be implemented to make the EU more attractive, including more transparency and regulation towards lobbyism, more genuine options for participation on part of the citizens and its representatives and much more. One should be mindful, that “Representation” is one of the important “R”s of the Tax Justice Network in relation to taxation (see 3.1), and the old cry: “No taxation without (adequate) representation” is as valid today as it ever was and it should therefore be heeded by the elites when it comes to a more democratically acceptable and popular European Union.

Support for Europe to move ahead of others is growing: (DBK, 2018)

4.6 Global

Finally, does this emphasis on the EU leave tax related cooperation with other countries out in the cold? Not at all, it just tries to identify a middle way between the quickest and most promising approach and it is certainly a better starting and focal point for advocacy than the G20, OECD or UN framework.

4.6.1 OECD vs. UN

When it comes to the question, whether the OECD or UN is the best global framework to address tax justice related question, the answer for the TJP team is the UN since the OECDs process is heavily biased against developed countries. To start with: all its relevant Action Plans have been agreed, before any invitation was extended to developing countries.[190]

---

[189] The principle of fiscal constraint developed by (Dietsch & Rixen, 2016a)

[190] “The BEPS Action Plan was drafted over a very short period of time as the public concern and the political pressure rose significantly at the end of 2012. Because of this time pressure, the diagnosis of the root causes of BEPS (BEPS Report, February 2013), **the development of the BEPS Action Plan (**BEPS Action Plan**) and the adoption of this plan (G20 declaration) mainly involved the OECD/G20 countries**. As said above, **directly**

Admittedly, most progress against BEPS has been sparked off by the OECDs initiative, also efforts against tax evasion did a quantum leap due to progress within the AEOI framework and the Common Reporting Standards. This, however, is probably also due to the fact that the UN framework never got a real chance, as the OECDs resistance against the G77s fight for the strengthening of the UNs Committee of Experts on International Cooperation in Tax Matters at the FFD3 conference in Addis Ababa 2015 illustrates.

Admittedly, developing countries are invited to participate in the OECDs efforts on BEPS within the "inclusive implementation framework". However, developing countries are invited as "associates", not "members", which indicates already their second class position with limited initiative and voting power. And if there is voting, there are imbalances, for example: even though major tax havens like the Cayman or British Virgin Islands are dependent crown territories of the UK, they are entitled to vote[191], whereas countries affected from aggressive tax avoidance, such as Zambia, are on the outside without a say since they cannot afford participation in this setting.

Admittedly, there are provisions to share information gained via the AEOI process with developing countries – but on the basis of reciprocity. This means that 'It is estimated that Sub-Saharan Africa would need around 650,000 more tax officials to reach the world average.' (European Commission, 2015, p. 19). This is clearly a burden which those states alone are not able to shoulder without help from developed countries.

And, last not least: aggressive tax avoidance and tax evasion are the only IFFs which are hurting African and other developing countries.

Two points to round the "global" picture:

- The fact should not be ignored that major Asian countries are not member of the OECD (India, China), including major tax havens (Hong Kong, Singapore). Some of them also cooperate in BEPS and AEOI mechanisms, but it remains to be seen how much they cooperate in letter and spirit. It is not by chance that they attract swiftly assets from all sorts of wealth holders immediately after Switzerland indicated some willingness in cooperating against tax avoidance and evasion.[192]
- And: a severe blow to the credibility of OECDs measures is, that the US have not yet acceded to the relevant instruments but give priority to their treaty network based on FATCA, the latter being already an expression of "America First" policy even before President Trump came to power: In that context, the US severely arm-twisted other states into cooperation by threatening to block their market access in case of non-cooperation, at the same refusing reciprocation. All this on the background that,

---

after the BEPS Action Plan was adopted, broad consultations took place with developing countries, using all the mechanisms feasible…." See http://www.oecd.org/ctp/beps-frequentlyaskedquestions.htm

[191] "Another issue with membership in OECD processes is that it is understood differently from that in the United Nations. Unlike in the UN, jurisdictions without full sovereignty can become members of the Global Forum or the Inclusive Framework, as several British crown dependencies and overseas territories have. While in the UN, the United Kingdom speaks with one voice (and has one vote), in the Global Forum Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Guernsey, Jersey, the Isle of Man, the Turks and Caicos Islands, and Gibraltar speak on their own behalf." (Obenland, 2016, S. 7).

[192] "It underscores the boom in private wealth in the Asia Pacific region as well as the impact on Switzerland from the clampdown on tax evasion after the financial crisis." Singapore, Hong Kong on track to match Swiss offshore cash (13.6.2017) In: Swissinfo, retrieved from https://www.swissinfo.ch/eng/business/overseas-wealth_singapore-hong-kong-on-track-to-match-swiss-offshore-cash/43256448

> following the assessment of the current Financial Secrecy Index, the US is on course to become the world's largest Tax Haven.

More information: (ICRICT, 2015), https://www.financialsecrecyindex.com/

4.6.2 UN System

A comprehensive proposal for a fairer, more ethical world order based upon UN treaties and conventions is developed by Christian Felber in his book on Ethical Trade (Felber, 2017). He proposes to declare the sum of UN human rights and peoples rights treaties as well as development (Agenda 2030) and sustainability goals (Paris Agreement) to circumscribe the Global Common Good and start from there a legally coherent implementation. To do that, he argues, one does not need to wait for the readiness and willingness of all, but to start with a core group of committed states, establishing such a UN Trade Zone, based upon the respect of the universal rights of people and states, of human labourer and the environment. Similar to the Carbon Border Adjustment Tax (see above 3.5.3.2), this UN Trading Zone protects its legal, social, ethical and environmental standards by Border Adjustment duties and taxes, so that each hopeful trading partner will get taxes slapped upon its products balancing the deficits arising from having not acceded or signed the relevant treaties. For example: the failure to respect the UN Convention on Social Rights would result in a 10% surcharge, violation of ILO labour protection norms in an additional 24%, similar surcharges would result if norms of the Paris Climate Convention are ignored etc.

This legal system needs to be protected by strong institutions such as a Global Tax Authority, Global Monopoly Agencies and Courts for adjudicating conflicts arising.

Regarding the UN framework as being the acceptable standard for human cooperation or otherwise strong global public institutions being able to counter financial and economical actors, there is also plenty of support on the record on part of church institutions. For example, Pope John XXIII and Paul VI arguing for a stronger role of the UN or the Papal Commission for Justice and Peace calling for a Global Public Authority in the wake of the World Financial Crisis.[193]

All that is, clearly, of rather visionary inspiration and holds only few realistic promises.

4.6.3 Global Tax Authority

Just for completeness sake: Beyond the UNs Committee of Experts on International Cooperation in Tax Matters there are other proposals for a Global Financial and or Tax Authority, for example:

- In 2009, the UN Experts "Report of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System" contains the following passage:

  "Existing institutional arrangements have obviously proven ineffective for reasons that will be explained more fully below. Again, the international community faces the difficult choice between reforming existing institutions and creating new institutions…. It is therefore

[193] Most recently in: Pontifical Council on Justice & Peace (2011) "Towards reforming the international financial and monetary systems in the context of global public authority" See http://www.vatican.va/roman_curia/pontifical_councils/justpeace/documents/rc_pc_justpeace_doc_20111024_nota_en.html

> imperative that there should be consideration of a new Global Financial Authority to co-ordinate financial regulation in general and to establish and/or coordinate global rules in certain areas, such as regarding money laundering and tax secrecy.[194]

- (Dietsch & Rixen, 2016a) contains the proposal for a International Tax Organization, based upon a specific convention and similar as the procedure having established the WTO.
- A third proposal along these lines is offered by Vito Tanzi in the volume edited by Thomas Pogge and Krishen Mehta on Global Tax Justice (Tanzi, 2016)

A generally helpful overview, discussing various approaches to improving global tax governance is contained in (Obenland, 2016)

4.6.4 EU-AU

Given the historical obligation of Europe towards the African continent and recent developments in the field of migration, it is argued that the EU and AU are bound into a close partnership in many areas, starting from overlapping value systems (CSTs Common Good vs. Ubuntu philosophy) up to promising potentials in systemic relevant co-operations regarding the environment (Decarbonization partnerships, Pioneer-Coalitions, sub-global alliances (WBGU, 2011, S. 13,18,22)).

Given the already mentioned lack of resources in African tax administrations, also the EU could provide equipment, training and support to strengthen those administrations and give it more weight in development cooperation or conducting Joint Audits (Alt, Jörg; Chilufya, Charles B., 2020). More proposals of (Pogge & Mehta, 2018) could be easily implemented, political will provided.

Finally, more transparency in the EU towards financial flows originating from Politically Exposed Persons, private and corporat wealth holder would also curb IFFs from Africa: If it is (more) public where money transferred to the EU originates, it may strengthen transparency and accountability in those countries of origins. Asset holder might reconsider whether they continue to move assets out of their countries or whether they invest it on the spot. Here it is heartening, that the incoming EU Commission Presidency clearly states “I would like Europe to have a comprehensive strategy on Africa, our close neighbor and our most natural partner” (von der Leyen, 2019, p. 18).

4.7 Position

Given the crisis of the global multilateral order, any attempt to achieve a new Global Social Contract aiming to advance a systemic change (as done by the WBGU), is considered by this paper to be far too ambitious and unrealistic. A similar judgment is passed towards OECD approaches, most importantly the BEPS and AEOI initiatives. Therefore this chapter looks at more pragmatic solutions from the local to the international level, with the EU and AU being a core partnership.

If the EU would leverage its importance as trading partner for Switzerland and the UK and make cooperation in tax matters as precondition for privileged trade relations or, else, would answer continuing tax-haven behavior with punitive tariffs and other sanctions (see 3.5.3.3), two of the world largest tax havens besides the USA could be forced into a tax cooperation

[194] See chapter 3, discussing the role that the UN Committee of Experts on International Cooperation in Tax Matters should play in these efforts. (p.96)

regime. Even better: Via the UK, a number of major UK crown territories and dependencies could be included in that regime as well!

Beyond that, of course, other windows of opportunity should be used. For example, supporting the “Intergovernmental working group with the mandate to elaborate an international legally binding instrument on Transnational Corporations and Other Business Enterprises with respect to human rights”[195] could encourage the inclusion of verifiable and enforceable taxation rules, similar to previous efforts by “Coalitions of the Willing”, such as the Convention to Ban Landmines or the Enhance Cooperation for a Financial Transaction Tax. Not all instruments need to have agreement by all before becoming binding law!

To assume that private, corporate and criminal wealth holder will easily give in and permit states to improve the enforcement of improved tax legislation is naïve. We are talking, after all, about an awful lot of money here, even if it is less than the 1 trillion Euro damage repeatedly quoted even by the European Commission for the European Union alone.[196]

Private and corporate wealth holders lobbyism is extremely strong and they will continue to fight any attempt to tax their wealth and influence away. This has not only happened with the Financial Transaction Tax, this also happens with any attempt to only put this item on the Agenda. For example: It was the apparent intention of IMF experts to recommend wealth taxation to Germany in the framework of regular Article IV Consultations 2017. While it was credibly rumoured that those recommendations are in the draft, nothing appeared in the final document.[197] Or: The original Referentenentwurf implementing the 4th Money Laundering Directive opted for public registers revealing beneficial ownership of businesses, a provision missing again in the final draft. [198] Or: drilling holes in the first draft of the German government reforming the Inheritance and Gift tax as requested by the Federal Constitutional Court (see 3.2.2) etc.

We may rest assured of vigorous resistance on part of “the markets” and its top player and profiteers. That way, taxation and all that goes along with it will be among the crucial battlefields for the advancement or blockade of systemic change.

5 Conclusion and outlook

This papers’ purpose is twofold: First if it can demonstrate that that there are many good ideas which are worthwhile discussing and exploring more deeply in view of their implementation and strengthening. Second, it presents a whole range of instruments which can be used – political will and majorities provided – to advance a social more just and ecologically more sustainable global society: They can weaken Financialization and the power of its actors, they

[195] https://business-humanrights.org/en/binding-treaty

[196] “Huge sums are being lost due to tax evasion and avoidance. Estimates go up to € 1 trillion.” Taken from A huge problem. Accessed on 21 February 2018 from https://ec.europa.eu/taxation_customs/fight-against-tax-fraud-tax-evasion/a-huge-problem_en

[197] „Am 15. Mai will der Fonds seine vorläufige Bilanz, das sogenannte Concluding Statement, für Deutschland vorlegen. Im Juni wird der IWF dann offiziell die Artikel-IV Konsultation mit Deutschland beschließen. Laut dem Entwurf moniert der IWF unter anderem die hohe Abgabenbelastung unterer Einkommen. Dagegen würden Vermögende vergleichsweise gering belastet. Der IWF halte deshalb höhere Steuern auf Eigentum für notwendig. Eine weitere Möglichkeit für mehr Wachstums seien stärkere Lohnsteigerungen. Ein Anheizen der Inflation sei dadurch nicht zu erwarten, da die Kerninflationsrate - also die Preissteigerung ohne Lebensmittel und Energiepreise - immer noch bei nur rund einem Prozent liege, hieß es.“ See IWF fordert höhere Vermögensabgaben in Deutschland (10.5.2017) In: Der Spiegel, http://www.spiegel.de/wirtschaft/soziales/iwf-fordert-hoehere-vermoegensabgaben-in-deutschland-a-1146929.html

[198] http://steuergerechtigkeit.blogspot.de/2017/02/bundesregierung-knickt-for.html

are able to protect natural resources against exploitation and they can enhance the capabilities of those left behind by the present socio-economic paradigm, both individuals and states. It can also weaken support of populists and nationalists, one of whose (justified) observation is that it todays globalizing order elites determine the rules of the game and no longer democracies which implies that rules of decision making and administrations are increasingly bent in their favour.[199]

This paper joins those stating that we are living in an area of Transformation which, in its comprehensiveness, is as important and far reaching as was the transformation from agrarian to industrialized time and that many of today's confusions are, among others, linked to the ever clearer perception that past responses no longer are adequate for today's problems. As Pope Francis rightly prompted in Laudato Si', we need move away from a socio-economic order benefitting the interests on cost of present and future generations, and we move towards a socially more just and ecologically more sustainable socio-economic order aiming for preserving and deepening the Common Good of All. For that to happen, this paper argues that we have to pay more attention to the root causes of today's Megacrises rather than spending too many efforts in the symptoms.

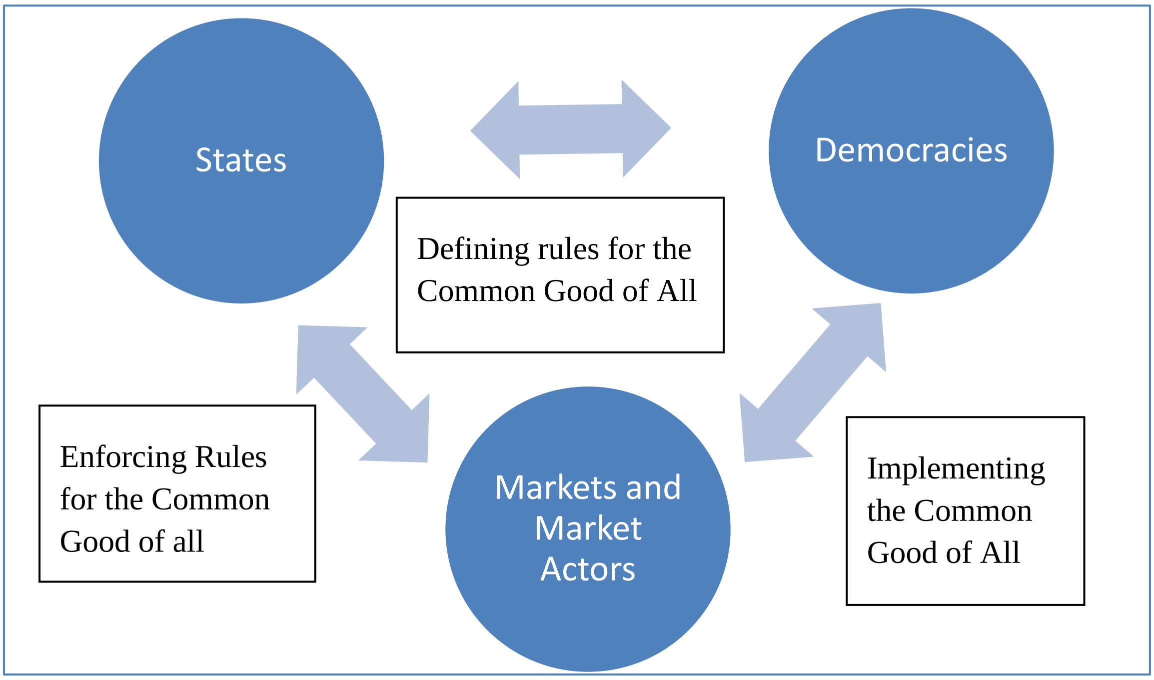
In doing this, we do not have to start from scratch. What is called for is (1) to take stock of helpful proposals submitted both within the dominating paradigm (and prevent that they are blocked or watered down) and outside of it, in the "heterodox" debate, bringing them to the attention of a wider public. We should examine (2) how they could fit together and develop synergy and to ask (3) what would be needed to make them fit together better and develop more synergy. This papers purpose is achieved if the demonstration succeeded that there are many good ideas which are worthwhile discussing and exploring more deeply in view of their implementation and strengthening.

Some cornerstones of a transformation towards a society aiming for the Global Common Good of All are, from my point of view and supported by CST:

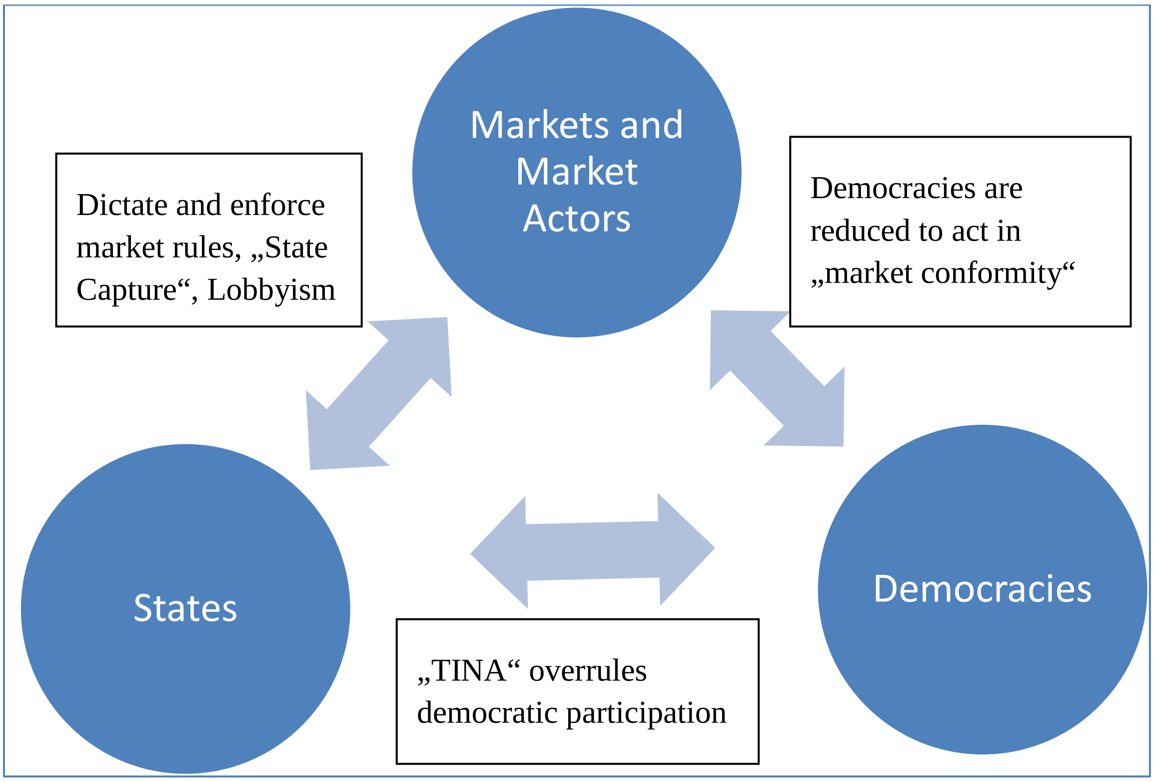
- To rebalance markets, governments and democracy again, among others by using tax and tax-related instrument to cut oversized and dominating Market Actors down to size, make them contribute better to the Common Good of all, enable present and future generations to enjoy a decent living and empower people for participation.

This means to put the present socio-economic model right on its head:

[199] See (Alt, Krise der Demokratie-Gedankenskizzen, 2017b)



Instead of:



Within this new paradigm, one has to

- Carefully examine, whether Green or Inclusive Growth indeed resolves the problem of resource overuse.
- Means and ends have to be clarified again: Capital as a means has to serve real economy, human wellbeing and development as an end and not the other way round, considering, that "gains" of economic activities are more than merely financial profits.
- Regarding poverty, we need minimum guaranteed standards and Pro Poor Policies to enable decent living as well as equality and equity regarding the use of opportunities.

- Regarding the crisis of labour we need to be fair and pragmatic: Fair, because we have to rethink our concept of labour and implement the overdue demand of equal pay for equal work, pragmatic, because some forms of labour are worth disappearing and we have to prepare generally for dramatic changes in the area of paid work, in addition to the question of rewarding equally hard, but unpaid work.
- Complex and comprehensive Ecosocial Fiscal Reforms need to balance demands of social justice and ecological sustainability.
- We have to rethink and rebalance forms of property, i.e. private property, cooperative but also commons.

The ideas are there, the problem will be the implementation. At the same time, the World Financial and Economic Crisis 2008/2008 demonstrated that quick government action is possible and that, at the stroke of a pen, billions of Euros can be made available if need arises. Clearly, since there is no acute catastrophe, but only gradual worsening, elites suggest that there is plenty of time to handle the ever clearer emerging problems. This, however, is delusionary if one looks at the deadline linked to the implementation of the Paris Climate Agreement: If we do not make it within a decade, we most likely lost. At the same time: Why should there be only “quantitative easing” when it comes to the stabilizing of faltering states, and not to stabilize climate change? Why do we not think as bold as the magnitude and urgency of present problems suggest and justify it?[200]

In addition, and as explained elsewhere (Alt, 2018), the revolution in ICT and digitalization, are among the core crises of our times, and innovations here undermine the very institutions which are seen to be essential for the resolution of today’s crises – as has been made public when it was revealed that 87 million Facebook-profiles were misappropriated by Cambridge Analytica and misused for manipulations during the US presidential election and the Brexit vote.[201]

Clearly: We are talking about complex and long term efforts here, both, when looking at the complexity of transformative change in the economical and social makeup of the EU, but also when it comes to lift African countries out of its present state of fragility and assist in building reliable, confidence inspiring institutions.[202] The latter in turn is precondition for peaceful stability and development and growing trust and participation of any population in its institutions and leadership, avoiding that that, which is paid with developmental aid on the one side, is destroyed in ongoing conflicts and violence on the other, leading to economic losses of US 13.5 trillion in 2015 alone (OECD, 2016, p. 55).

It is the view of the TJP team that the church has to play an active role in this process. First, because present discussions of facts and alternative facts require a normative compass,

---

[200] See: Anderson, K. (21 March 2018) Climate change: Can the environment be saved by today’s emerging political forces? In: The Independent https://www.independent.co.uk/environment/climate-change-targets-environment-world-political-forces-trump-banking-crisis-quantitative-easing-a8259291.html

[201] Schlieter, K. (12.10.2015) “Viele halten die Demokratie für eine veraltete Technologie.“ In: Heise/Teleopolis, https://www.heise.de/tp/features/Viele-halten-die-Demokratie-fuer-eine-veraltete-Technologie-3375763.html?seite=all

[202]Characterized by the five dimensions economical, environmental, political, societal and security (OECD, 2016). Here, the OECD is totally in line with Laudato Si’ “the common good calls for social peace, the stability and security provided by a certain order which cannot be achieved without particular concern for distributive justice; whenever this is violated, violence always ensues. Society as a whole, and the state in particular, are obliged to defend and promote the common good.” (LS 157)

second, because the framework of Catholic Social Teaching may provide guidance thus enabling potentially 1 billion Catholics to become agents of change.

Sharing the Club of Rome's view, that developed countries have a higher responsibility to push the transformative agenda, and given the policy changes in the UK and US as well as the state capitalism of China, European Union Member States have a special responsibility. This is certainly what Pope Francis brings to expression in his major speeches directed to the EU or Cardinal Marx as the Chairman of COMECE, as expressed in the context of the conference "ReThinking Europe" (Alt, 2018c).

6 Bibliography

Action Aid. (2016a). *Mistreated. The tax treaties that are depriving the world's poorest countries of vital revenue.* Johannesburg: Action Aid.

Advisory Scientific Committee. (2018). *Too late, too sudden: Transition to a low carbon economy and systemic risk.* Brussels: European Systemic Risk Board.

Alstadsaeter, A., Johannesen, N., & Zucman, G. (September 2017b). *Who owns the wealth in tax havens? Macro evidence and implications for global inequality.* Von National Bureau of Economic Research: http://www.nber.org/papers/w23805 abgerufen

Alt, J. (2009). *Globalisierung, illegale Migration, Armutsbekämpfung - Analyse eines komplexen Phänomens.* Karlsruhe: von Loeper.

Alt, J. (2016). *Wir verschenken Milliarden - Erkenntnisse aus dem Forschungsprojekt "Steuergerechtigkeit und Armut".* Würzburg: Echter.

Alt, J. (2016j). *Germany VII: Illicit Financial Flows.* Von Tax Justice & Poverty: http://tinyurl.com/tjp-GER-VII abgerufen

Alt, J. (2016n). *Alternatives to taxation when combating the wealth gap and poverty.* Von Tax Justice & Poverty: http://tinyurl.com/tjp-GER-W2 abgerufen

Alt, J. (April 2017). Ungleichheit und Populismus: Gegensteuern. *Stimmen der Zeit.*

Alt, J. (2017b). *Krise der Demokratie-Gedankenskizzen.* Von Globalisierung und Armutsbekämpfung: http://www.joergalt.de/fileadmin/Dateien/Joerg_Alt/Forum/Krise_der_Demokratie.pdf abgerufen

Alt, J. (2017c). *Tax Justice vs. More Just Taxation.* Von Tax Justice & Poverty: http://tinyurl.com/tjp-TaxJustice abgerufen

Alt, J. (2018). *Was tun? Katholische Soziallehre als normativer Kompass. Kurzfassung - Diskussionspapier.* Von Jörg Alt - Forum: http://www.joergalt.de/fileadmin/Dateien/Joerg_Alt/Forum/Was_tun_-_kurz.pdf abgerufen

Alt, J. (2018). *Was tun? Katholische Soziallehre als normativer Kompass. Kurzfassung - Diskussionspapier.* Retrieved from Jörg Alt - Forum: http://www.joergalt.de/fileadmin/Dateien/Joerg_Alt/Forum/Was_tun_-_kurz.pdf

Alt, J. (2018c). *Trump, Brexit und Populismus: Krise und Chance - Langfassung.* Von Jörg Alt - Forum: http://www.joergalt.de/fileadmin/Dateien/Joerg_Alt/Forum/Amos_1801_Langfassung.pdf abgerufen

Alt, J. (7. März 2018d). *Freihandel und Katholische Soziallehre: Worüber wir uns eigentlich streiten sollten.* Von Globalisierung und Armutsbekämpfung: http://www.joergalt.de/fileadmin/Dateien/Joerg_Alt/Forum/Freihandel.pdf abgerufen

Alt, J. (19. March 2018e). *Tax Justice & Poverty Research: Short Version of the Synthesis Report.* Von Tax Justice & Poverty: http://tinyurl.com/tjp-ShortSynthesis abgerufen

Alt, J. (2018g). *Bedingungsloses Grundeinkommmen - Zukunft oder Illusion?* Von Globalisierung und Armutsbekämpfung: http://tinyurl.com/2018gGrundeinkommen abgerufen

Alt, J., & Zoll, P. (2016). *Wer hat, dem wird gegeben? Besteuerung von Reichtum: Argumente, Probleme, Alternativen.* Würzburg: Echter.

Alt, Jörg; Chilufya, Charles B. (2020). Joint Tax Audits between Developed and Developing Countries. In T. Pogge, & K. Mehta, *Stop the Bleeding - Protecting Poor Countries' Revenue.* ZED Books.

Andebo, P. (2014a). *African intergenerational and international issues in the light of Catholic Social Teaching: Demographic transition & Social Security - Environment & Resource Exploitation - Aid, Debt & Puclic Dependency on External Financing.* Retrieved from http://tinyurl.com/tjp-andebo01

Atkinson, A. (November 2015). *Inequality - what can be done?* Von London School of Economics: http://www.lse.ac.uk/InternationalInequalities/pdf/III-Working-Paper-2-TAtkinson.pdf abgerufen

Bach, S. (2016b). *Unsere Steuern: Wer zahlt? Wie viel? Wofür?* Amazone Kindle.

Bach, S., Beznoska, M., & Steiner, V. (2016). *Wer trägt die Steuerlast in Deutschland? Verteilungswirkungen des deutschen Steuer- und Transfersystems.* Berlin: Deutsches Institut für Wirtschaftsforschung.

Barbière, C. (9. September 2017). *Juncker: Steuerfragen nicht mehr einstimmig beschließen.* Von Euractive: http://www.euractiv.de/section/finanzen-und-wirtschaft/news/juncker-steuerfragen-nicht-mehr-einstimmig-beschliessen/ abgerufen

Beckert, J. (2013). *Erben in der Leistungsgesellschaft.* Frankfurt: Campus.

Böckenförde, E.-W. (1995, June 22). *BVerfG-Beschluß vom 22.6.1995 - Abweichende Meinung.* Retrieved from BFH-Simons-Moll: http://www.bfh.simons-moll.de/bfh_1995/XX950655.HTM

Bönke, T. (2016a). Das Potenzial von Vermögensteuer, Erbaschaftsteuer sowie der progressiven Besteuerung von Kapitaleinkommen. In J. Alt, & P. Zoll, *Wer hat dem wird gegeben?* (pp. 122-133). Würzburg: Echter.

Bönke, T., Corneo, G., & Westermeier, C. (2015). *Erbschaft und Eigenleistung im Vermögen der Deutschen: Eine Verteilungsanalyse.* Berlin: Freie Universität.

Booth, P. (2007a). *Catholic Social Teaching and the Market Economy.* London: Institute of Economic Affairs.

Bund Katholischer Arbeitgeber. (November 2013). *Aktivierendes Grundeinkommen für mehr Beschäftigung von Geringqualifizierten.* Von Bund Katholischer Arbeitgeber: http://www.bku.de/download?dokument=1&file=83_bkupositionspapier_aktivierendes_grundeinkommen_nov_2013.pdf. abgerufen

Bundesregierung. (2017a). *Lebenslagen in Deutschland. Fünfter Armuts- und Reichtumsbericht der Bundesregierung.* Berlin: Bundesministerium für Arbeit und Soziales.

Chang, H.-J. (2008). *Bad Samaritans – The Myth of Free Trade and the Secret History of Capitalism.* London: Random House.

Chilufya, C. (2015, April 1). *Baseline study report on the level of social service provision and community service provision and community awareness involvement in CSR Projects in Solwezi.* Retrieved from Jesuite Centre for Theological Reflection: http://www.jctr.org.zm/images/Social_Investment_Study_report.pdf

Christensen, J. (2015, December 11). *National Competitiveness: A Dangerous Obsession.* Retrieved from Retrieved from http://foolsgold.international/national-competitiveness-a-dangerous-obsession/

CIDSE. (18. April 2016). *Strategic Framework 2016-2021.* Von http://www.cidse.org/publications/rethinking-development/cidse-strategic-framework-2016-2016.html abgerufen

Cobham, A., & Janský, P. (2017). *Global Distribution Of Revenue Loss From Tax Avoidance: Re-Estimation And Country Results,.* Helsinki: UNU-WIDER.

Collins, C. (2012). *99 to 1 - How wealth inequality is wrecking the world and what we can do about it.* San Francisco: Berrett-Koehler Publishers.

Committee on Budgets. (2018). *Draft Report of the European Union's system of own resources.* Strasbourg: European Parliament.

Committee on Public Accounts. (2013, April 15). *Tax avoidance: The role of large accountancy firms.* Retrieved from House of Commons: http://publications.parliament.uk/pa/cm201213/cmselect/cmpubacc/870/870.pdf

Credit Suisse. (2014). *Global Wealth Report 2014.* Zurich: Credit Suiss Research Institute.

DBK. (2018). *Raus aus der Wachstumsgesellschaft (Entwurf).* Bonn: Deutsche Bischofskonferenz.

Deutscher Gewerkschaftsbund. (2016). *Gerecht Besteuern - In die Zukunft investieren. Steuerpolitische Eckpunkte des DGB zur Bundestagswahl 2017.* Berlin: Deutscher Gewerkschaftsbund.

Dietsch, P., & Rixen, T. (2016a). *Global Tax Governance: What wrong with it and how to fix it.* Colchester: EPCR Press.

Eichinger, C. (2016a). Wie verhält sich "Corporate Social Responsibility" zur Praxis "aggressiver Steuerplanung"? In J. Alt, & P. Zoll, *Wer hat, dem wird gegeben?* (S. 155-164). Würzburg: Echter.

Elsässer, L., Hense, S., & Schäfer, A. (2. Juni 2016). *Systematisch verzerrte Entscheidungen? Die Responsivität der deutschen Politik von 1998 bis 2015.* Von Armut und Reichtumsbericht.de: http://www.bmas.de/DE/Service/Medien/Publikationen/a-305-4-endbericht-systematisch-verzerrte-entscheidungen.html abgerufen

ESPAS. (2019). *Global Trends to 2030 - Challenges and Choices for Europe.* Brussels: European Strategy and Policy Analysis System.

Europäische Kommission. (2017a). *Länderbericht Deutschland 2017 mit eingehender Überprüfung der Vermeidung und Korrektur makroökonomischer Ungleichgewichte.* Brüssel: Europäische Kommission.

European Commission. (2015, March). *First Report of the Commission AEFI expert group on the implementation of Directive 2014/107/EU for automatic exchange of financial account information.* Retrieved from Directorate-General for Taxation and Customs Union: https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/tax_cooperation/mutual_assistance/financial_account/first_report_expert_group_automatic_exchange_financial_information.pdf

European Commission. (2015b). *Tax Reforms in EU Member States - 2015 Report.* Brussels: Directorate General for Taxation and Customs Union - Directorate General for Economic and Financial Affairs.

Federal Ministry of Finance. (2013). 24th Subsidy Report of the Federal Government - Summary.

Felber, C. (2014). *Gemeinwohlökonomie.* Deuticke: Wien.

Felber, C. (2017). *Ethischer Welthandel - Alternativen zu TTIP, WTO & Co.* Amazon Kindle.

Fisch, A. (2016b). Gerechtfertigte Besteuerung von Vermögen und Erbschaften? Leitbilder für eine Steuerpolitik angesichts sozialer Ungleichheiten. *Ethik und Gesellschaft*(1), pp. 1-61.

Fisch, A. (2017). Faire Besteuerung von Arbeitseinkommen: Überlegungen ausgehend von der Gesamtbelastung durch Steuern. In M. Vogt, & P. Schallenberg, *Soziale*

Ungleichheit - Von der empirischen Analyse zur gerechtigkeitsethischen Reflexion (pp. 67-77). Paderborn: Ferdinand Schönigh.
Forschungsgruppe Ethisch-Ökologisches Rating. (2016). *Systemänderung oder Kollaps unseres Planeten.* Erkelenz: Altius.
Frambach, H., & Eissrich, D. (2015). *Der dritte Weg der Päpste: Die Wirtschaftsideen des Vatikans.* München: UVK Verlagsgesellschaft.
Franks, M., & al., e. (22. March 2018). *Is capital back? The role of land ownership and savings behaviour.* Von Springer Science & Business Media: https://doi.org/10.1007/s10797-018-9486-3 abgerufen
Fratzscher, M. (24. Februar 2018). *Warum zahlt uns Google nicht eine Nutzergebühr?* Von Die Zeit: http://www.zeit.de/wirtschaft/2018-02/digitalisierung-vermoegen-staatsfonds-soziale-teilhabe-ungleichheit/komplettansicht abgerufen
Freeman, R. B. (2012, May 2). *Toward Economic Feudalism? Inequality, Financialisation, and Democracy.* Retrieved from London School of Economics: http://www.lse.ac.uk/publicEvents/pdf/2012_ST/20120502-Richard-Freeman.pdf
Freund, C., & Oliver, S. (February 2016). *The Origins of the Superrich: The Billionaire Characteristics Database.* Von https://piie.com/publications/wp/wp16-1.pdf abgerufen
Friedman, M. (1982). *Capitalism and Freedom.* Chicago: The University of Chicago Press.
Furger, F. (1997). Fehlt es an der Steuermoral? In F. Furger, M. Heimbach-Steins, A. Lienkamp, & J. Wiemeyer (Eds.), *Christliche Sozialethik in pluraler Gesellschaft.* Münster: LIT-Verlag.
Garcia-Bernardo, Fichtner, J., & al. (8. March 2017). *Uncovering Offshore Financial Centers: Conduits and Sinks in the Global Corporate Ownerschip Network.* Von https://arxiv.org/abs/1703.03016 abgerufen
Gates, W. H., & Collins, C. (2002). *Wealth and Our Commonwealth - Why America should tax Accumulated Fortunes.* Boston: Beacon Press.
Großmann, L., & Obenland, W. (2019). *Nachhaltige Entwicklungs braucht Steuern.* Berlin: Friedrich Ebert Stiftung.
Guérot, U. (2016a). *Warum Europa eine Republik werden muss.* Bonn: Dietz.
Hanauer, N. i. (2014, July/August). *The Pitchforks are coming - for us Plutocrats*. Retrieved from Politico Magazine: http://www.politico.com/magazine/story/2014/06/the-pitchforks-are-coming-for-us-plutocrats-108014.html#.U7p2-XfNzz8
Harari, Y. N. (2015). *Sapiens - A Brief History of Humankind.* New York: Harper Perennial.
Harrington, B. (2016). *Capital without Border - Wealth Manager and the One Percent.* Cambridge: Harvard University Press.
Hearson, M. (2018). *The European Union's Tax Treaties with Devleoping Countries.* Brussels: European United Left/Nordic Green Left.
Henn, M. (2016a). Illegale Finanzflüsse: Das Problem und Deutschlands Mitverantwortung. In J. Alt, & P. Zoll, *Wer hat, dem wird gegeben?* (pp. 165-174). Würzburg: Echter.
Henn, M., & Metzinger, L. (Januar 2017). Steuersenkung als Exportförderung. *Forum Umwelt & Entwicklung*, S. 16-18.
Hentschel, K.-M. (19. September 2016a). Eckpunkte für ein gerechtes und nachhaltiges Steuersystem. (A. F. Steuern, Hrsg.) attac.
High Level Expert Group on Sustainable Finance. (31. January 2018). *Plan for financing a sustainable European Economy.* Von European Commission: https://ec.europa.eu/info/sites/info/files/180131-sustainable-finance-final-report_en.pdf abgerufen
High Level Group on Own Resources. (2016). *Future Financing of the EU.*

Hoffmann, J. (2016a). Eigentum verpflichtet - Rahmenbedingungen zur Begrenzung von Gewinnmaximierung durch Unternehmen und Superreiche. In J. Alt, & P. Zoll, *Wer hat, dem wird gegeben?* (pp. 144-154). Würzburg: Echter.
Hoffmann, J., Hofmann, G., & al. (2015). *Nachhaltigkeit im Wettbewerb verankern.* Berlin: Friedrich Ebert Stiftung.
Hüsken, C. (kein Datum). *Gesetzliche Publizitätsanforderungen nach dem Recht der Bundesrepublik Deutschland und die Veröffentlichung von Daten des "Wirtschaftlichen Berechtigten"im Sinne des § 1 Abs. 6 GWG.* London: Global Witness.
ICPAK. (2016). *A Historical Perspective to Revenue Performance in Kenya.* Nairobi: Institute of Certified Public Accountants of Kenya.
ICRICT. (2015). *Evaluation of the Independent Commission for the Reform of International Corporate Taxation for the Base Erosion and Profit-Shifting Project of the G20 and OECD.* Von Independent Commission for the Reform of International Corporate Taxation: https://www.icrict.com/icrict-documentsbeps abgerufen
ICRICT. (November 2016). *Independent Commission for the Reform of International Corporate Taxation.* Von Four Ways to Tackle International Tax Competition: https://www.icrict.com/icrict-documentsfour-ways-to-tackle abgerufen
ICRICT. (February 2018). *A Roadmap to Improve Rules for Taxing Multinationals.* Von Independent Commission for the Reform of International Corporate Taxation: https://www.icrict.com/icrict-documents-a-fairer-future-for-global-taxation abgerufen
IMK. (2017). *Was tun gegen die Ungleichheit - Wirtschaftspolitische Vorschläge für eine reduzierte Ungleichheit.* Düsseldorf: Institut für Makroönomie und Konjunkturforschung.
International Monetary Fund. (2013). *Fiscal Monitor - Taxing Times.* World Economic and Financial Survey.
International Monetary Fund. (2014a). *Fiscal Policy and Income Inequality.* Washington: International Monetary Fund.
International Monetary Fund. (2017). *Fiscal Monitor - Tackling Inequality.* Washington DC: International Monetary Fund.
International Monetary Fund. (2019). *Corporate Taxation in the Global Economy.* Washington: International Monetary Fund.
Jarass, L. (2016a). Der Zusammenhang zwischen privatem und betrieblichem Vermögen - nationale Handlungsmöglichkeiten für eine angemessene Besteuerung. In J. Alt, & P. Zoll, *Wer hat, dem wird gegeben? Besteuerung von Reichtum: Argumente, Probleme, Alternativen.* (S. 134-143). Würzburg: Echter.
Jarass, L., & Obermair, G. (2003, November 12). *Intelligente Vermögensteuer in Deutschland - Anrechnung der Vermögensteuer auf die anteilige Einkommensteuer.* Retrieved from http://www.jarass.com/Steuer/B/Vermoegenssteuer.pdf
Jarass, L., & Obermair, G. M. (2012). *Steuermaßnahmen zur nachhaltigen Staatsfinanzierung.* Münster: Monsenstein und Vannerdat.
Kabinga, M., Alt, J., & al. (14. März 2016). *Principles of Taxation.* Von Tax Justice & Poverty: http://tinyurl.com/tjp-I5principles abgerufen
Kalkuhl, M., & al., &. (Aprril 2017). *Land Taxes as Fiscal Instruments to Promote Sustainable Development.* Von Mercator Research Institute on Global Commons and Climate Change: https://www.mcc-berlin.net/uploads/media/2017_Other_Policy_brief_Land_Taxes.pdf abgerufen
Kalkuhl, M., Edenhofer, O., & Hagedorn, J. (2018). Stadtluft macht reich/arm. In B. Emunds, C. Czignon, & M. Wolff, *Die Wirtschaft der Gesellschaft - Jahrbuch* (Bd. 4, S. 246-276). Marburg: Metropolis Verlag.
Kammer, F. (2011a). Catholic Social Teaching and Taxes. *JustSouth Quarterly, I.*

Katholische Arbeitnehmerbewegung. (Mai 2008). *Garantiertes Grundeinkommen: Kriterien, Umsetzungsschritte, Zielsetzungen, Rahmenbedingungen.* Von Katholische Arbeitnehmerbewegung: https://www.kab.de/fileadmin/user_upload/kab_de/Downloads_pdf/Grundeinkommen_KAB_Position_.pdf abgerufen

Kennedy, M., & Lietaer, B. (2004). *Regionalwährungen.* München: Riemann.

Kirchhof, P. (2011, June). *Bundessteuergesetzbuch.* Retrieved from http://docs.dpaq.de/16-kirchhof_bstgb_sonderdruck.pdf

Kongregation für die Glaubenslehre: Dikasterium für den Dienst zugunsten der ganzheitlichen Entwicklung des Menschen. (6. Januar 2018). *Erwägungen zu einer ethischen Unterscheidung bezüglich einiger Aspekte des gegenwärtigen Finanzwirtschaftssystems.* Von Vatican.va: http://www.vatican.va/roman_curia/congregations/cfaith/documents/rc_con_cfaith_doc_20180106_oeconomicae-et-pecuniariae_ge.html abgerufen

Krenek, A., & Schratzenstaller, M. (9. June 2017). *Sustainability-oriented Future EU Funding: A European Net Wealth Tax.* Von Euroframe: http://www.euroframe.org/files/user_upload/euroframe/docs/2017/conference/Session%201/EUROF17_Krenek_Schratzenstaller.pdf abgerufen

Leipold, A. (Juni 2016). *Ergebnisse einer Diskursnetzwerkanalyse zur Debatte um die Reform der Erbschaftsteuer in Deutschland, 2013-2016.* Von Researchgate: https://www.researchgate.net/publication/311419562 abgerufen

Lyotard, J.-F. (1979). *The Postmodern Condition: A Report on Knowledge.* Manchester: Manchester University Press.

Martens, J. (2018). *Agenda 2030, Nachhaltigkeitsziele und Haushaltspolitik.* Bonn: Global Policy Forum.

Mason, P. (2015). *PostCapitalism: A Guide to Our Future.* London: Penguin-Amazon Kindle.

Maxton, G., & Randers, J. (2016). *Reinventing Prosperity - Managing Economic Growth to Reduce Unemployment, Inequality and C.imate Change.* Greystone Books.

Mazzucato, M. (2011). *The Entrepreneurial State.* London: Demos.

McKinsey. (2015). *Bayern 2025 - Alte Stärke, neuer Mut.* München: McKinsey.

Meinzer, M. (2015a). *Steueroase Deutschland - Warum bei uns viele Reiche keine Steuern zahlen.* München: C.H. Beck.

Meinzer, M. (2017). *Stellungnahme von Netzwerk Steuergerechtigkeit Deutschland und Tax Justice Network für die öffentliche Anhörung des Haushalts- und Finanzausschusses des Landtags Nordrhein-Westfalen.* Netzwerk Steuergerechtigkeit.

Merkel, W. (26. July 2014). *Is capitalism compatible with democracy?* Von Springer Fachmedien: https://link.springer.com/article/10.1007/s12286-014-0199-4 abgerufen

Messner, D. (9. Dezember 2016). *Passt das Ökologische zum Sozialen - Festvortrag für Erhard Eppler.* Von RLA Reden: http://www.rla-texte.de/wp-content/uploads/2013/09/Messner-Festvortrag-f%C3%BCr-Erhard-Eppler.pdf abgerufen

Meynhard, T., & Fröhlich, A. (2017). *Die Gemeinwohlbilanz – Wichtige Anstöße, aber im Legitimationsdefizit.* Von Forschungsplattform Alexandria, St. Gallen: https://www.alexandria.unisg.ch/252489/1/Artikel_GWB_Meynhardt_Fr%C3%B6hlich.pdf abgerufen

Möhring-Hesse, M. (2016a). Die Besteuerung der Superreichen durch den demokratischen Staat. In J. Alt, & P. Zoll, *Wer hat, dem wird gegeben?* (pp. 67-76). Würzburg: Echter.

Murphy, R., & Stausholm, S. N. (July 2017). *The Big Four - A stuy of Opacity.* Von Fabio de Masi: https://www.fabio-de-masi.de/kontext/controllers/document.php/272.5/9/4a1a69.pdf abgerufen

Mutuma, M. B. (kein Datum). *Case for the introduction of wealth transfer tax in Kenya.* Von World Bank: http://lnweb90.worldbank.org/exteu/SharePapers.nsf/(ID)/A4E55878FF14B309852577C0003181D2/$File/policy+paper.pdf abgerufen
Nell-Breuning, O. v. (1954). Sittliche Grundsätze zu Steuerrecht und Steuermoral. *Beiträge zur Begegnung von Kirche und Welt.* Stuttgart: Katholische Akademie Rottenburg-Stuttgart.
Nell-Breuning, O. v. (1980). *Gerechtigkeit und Freiheit - Grundzüge katholischer Soziallehre.* (K. S. Österreich, Ed.) Wien: Europa Verlag.
Nell-Breuning, O. v. (1980). *Gerechtigkeit und Freiheit - Grundzüge katholischer Soziallehre.* (K. S. Österreich, Ed.) Wien: Europa Verlag.
Obenland, W. (2016). *Options for Strengthening Global Tax Governance.* Von Friedrich Ebert Stiftung: http://library.fes.de/pdf-files/iez/12958.pdf abgerufen
OECD. (1998). *Harmful Tax Competition: An Emerging Global Issue.* Paris: OECD Publishing.
OECD. (2011a). *Divided we stand - Why Inequality Keeps Rising.* Paris.
OECD. (2014). *Policy Challenges for the Next 50 Years.* OECD Economic Policy Paper. Paris: OECD Publishing.
OECD. (2014a). *Economic Surveys: Germany.* Paris: OECD.
OECD. (2015a). *In It Together: Why Less Inequality Benefits All.* Paris: OECD.
OECD. (2015b). *In It Together - Why Less Inequality Benefits All. Country Notes Germany.* Paris: OECD.
OECD. (2016). *States of Fragility.* Paris: OECD Publishing.
OECD. (2017a). *Taxing Wages 2015-2016.* Paris: OECD Publishing.
OECD. (2018a). *Taxation of Household Savings.* Paris: OECD Publishing.
OECD. (2018b). *The Role and Design of Net Wealth Taxes in the OECD.* Paris: OECD Publishing.
OECD. (2019). *Addressing the Tax Challenges of the Digitalization of the Economy.* Paris: OECD Publishing.
Osterhammel, J. (Juli 2011). Große Transformationen. *Merkur*, S. 625-631.
Paech, N. (2011). *Befreiung vom Überfluss.* München: Oekom.
Papst Johannes Paul II. (27. April 2001). *Ansprache an die Mitglieder der Päpstlichen Akademie der Sozialwissenschaften.* Von Vatikan: https://w2.vatican.va/content/john-paul-ii/de/speeches/2001/april/documents/hf_jp-ii_spe_20010427_pc-social-sciences.html abgerufen
Piketty, T. (2014a). *Capital in the twenty-first century.* Cambridge: Belknap Press.
Piketty, T., Alvaredo, F., & al. (2017). *World Inequality Report 2018.* World Inequality Lab.
Pogge, T., & Mehta, K. (2018). *Stop the Bleeding: Protecting Poor Countries' Revenue.* ZED Books.
Polanyi, K. (2001). *The Great Transformation - The Political and Economical Origins of Our Time* (2 Ausg.). Boston: Beacon Press.
Pontifical Council for Justice & Peace. (2005). *Compendium of the Social Doctrine of the Church.* Rome: Libreria Editice Vaticana.
Raworth, K. (2017). *Doughnut Economics - 7 Ways to Think Like a 21st Century Economist.* Amazon Kindle.
Sachs, J., McCord, G., & al. (2019). *SDG costing & financing for Low-Income Developing Countries.* New York: Sustainable Development Solution Network.
Schmidt, H. (15. Januar 2009). *Wie entkommen wir der Depressionsfalle?* Abgerufen am 14. Februar 2017 von Die Zeit: http://www.zeit.de/2009/04/Wirtschaftskrise
Schneidewind, U., & Zahrnt, A. (2015). *Damit gutes Leben einfacher wird - Perspektiven einer Suffizienzpolitik.* (2 Ausg.). Oekom: München.

Seabrooke, L., & Wigan, D. (2017). The governance of global wealth chains. *Review of International Political Economy, 24*(1), S. 1-29.
Stiglitz, J. (Dezember 2012). Das Ende des Amerikanischen Traums - Die Vereinigten Staaten auf dem Weg zur Erboligarchie. *Blätter für deutsche und internationale Politik*, S. 36-59.
Stiglitz, J., & Pieth, M. (2016). *Overcoming the Shadow Economy.* Berlin: Friedrich Ebert Stiftung.
Tanzi, V. (2016). Lakes, Oceans and Taxes: Why the World needs a World Tax Authority. In T. Pogge, & K. Mehta, *Global Tax Fairness.* Oxford : Oxford University Press - Amazon Kindle.
Tax Justice Network; Action Aid. (2016). *Still racing towards the bottom? Corporate tax incentives in East Africa.* Nairobi: Tax Justice Network.
The Greens - EFA. (2019). *Competing for the Rich - Tax exemptions and special schemes for the rich.* European Parliament: The Greens - EFA Group.
Thorslov, T., Wier, L., & Zucman, G. (5. June 2018). *The Missing Profit of Nations.* Von Gabriel Zucman: http://gabriel-zucman.eu/files/TWZ2018.pdf abgerufen
Turner, A. L. (2014, March 26). *Wealth Debt, Inequality And Low Interest rates: Four Big Trends And Some Implications.* Retrieved from Cass Business School: http://www.cass.city.ac.uk/__data/assets/pdf_file/0014/216311/RedingNotes_Lord-Turner-Annual-Address-at-Cass-Business-School-March-26-2014.pdf
United States Conference of Catholic Bishops. (1986). *Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the US Economy.* Washington.
Vogt, M. (2011). *Gerechtigkeit im Steuerrecht - Gegenwartsauftrag oder intellektueller Traum? Talk given on 20 November 2011.* Von http://www.kaththeol.uni-muenchen.de/lehrstuehle/christl_sozialethik/personen/1vogt/texte_vogt/vogt_steuergerechtigkeit_2011.pdf abgerufen
von der Leyen, U. (2019, September 10). *A Union that Strives for More - My Agenda for Europe.* Retrieved from EU Commission: https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf
Wagenknecht, S. (2016). *Reichtum ohne Gier.* Frankfurt: Campus.
Wahl, P. (2010). *Fighting Fire with Buckets. A Guide to European Regulation of Financial Markets.* Berlin: WEED.
WBGU. (2011). *Hauptgutachten Welt im Wandel – Gesellschaftsvertrag für eine Große Transformation.* Berlin: Wissenschaftlicher Beirat der Bundesregierung für Globale Klimaveränderungen.
WBGU. (2016). *Sondergutachten Entwicklung und Gerechtigkeit durch Transformation: Die vier großen I.* Von Wissenschaftlicher Beirat der Bundesregierung für Globale Umweltveränderungen: https://www.wbgu.de/fileadmin/user_upload/wbgu.de/templates/dateien/veroeffentlichungen/sondergutachten/sg2016/wbgu_sg2016.pdf abgerufen
Wieland, J. (2012). *Vermögensabgaben im Sinne von Art 106 Abs. 1 Nr. 5 GG.* Düsseldorf: Hans Böckler Stiftung.
Wieland, J. (2013). Steuergerechtigkeit statt Staatsverschuldung. *Aus Politik und Zeitgeschehen*(10-11), pp. 37-40.
Wiemeyer, J. (April 2004). Sozialethische Impulse für eine Steuerreform. *Stimmen der Zeit*, S. 244-256.
Wiemeyer, J. (2016a). Grenzen der Unfreiheit - Progressive Besteuerung aus vertragstheoretischer Sicht. In J. Alt, & P. Zoll, *Wer hat, dem wird gegeben?* (pp. 57-66). Würzburg: Echter.

Wiemeyer, J. (2016b, April 8). *Rechtstreue Anleger brauchen keine Finanzoasen.* Retrieved from Domradio-KNA: https://www.domradio.de/themen/ethik-und-moral/2016-04-08/katholischer-sozialethiker-zu-panama-papieren

World Bank Group. (2018). *Groundswell - Preparing for Internal Climate Migration.* Washington: World Bank.

Zambia Revenue Authority. (2015). *Annual Report 2014.* Lusaka: Zambia Revenue Authority.

Zucman, G. (26. Juni 2018). *OK Google: Steuern zahlen.* Von Internationale Politik und Gesellschaft: http://www.ipg-journal.de/kommentar/artikel/ok-google-steuern-zahlen-2824/ abgerufen