

# Germany I: Introduction

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In 2008, the General Congregation of the Society of Jesus (“Jesuits”), the highest decision making organ of this largest religious order of the Roman Catholic Church, passed a Decree entitled “Challenges to our Mission Today”. In it the delegates called, among others, for an improved international co-operation on research and advocacy. Jesuit institutions should ‘promote studies and practices focusing on the causes of poverty’ and pay attention ‘that research results and advocacy have effective practical benefits for society ... Advocacy and research should serve the poor’ (Nr. 35). An area for ‘special and privileged attention’ should be the engagement for and with Africa (Nr. 39).

The Jesuitenmission in Germany, the Jesuit Centre for Theological Reflection in Zambia and the Jesuit Hakimani Centre in Kenya wanted to take up that challenge and initiated in 2010 an exploration into areas of mutual interest and concern. By 2012 it emerged that this could be a joint project into the complex relationships between “Tax Justice & Poverty.” This issue is even more challenging since so far a focus is on African mismanagement and misspending of funds due to bad governance, corruption and the like. This, however, is well researched and documented, hence we did not feel the necessity to give it too much attention ourselves and rather, to focus on the taxation and collection capacities of the three tax jurisdictions:

On part of the African partners it was obvious that tax authorities in Kenya and Zambia were not adequately equipped to collect taxes needed for financing public tasks, including the support towards poverty reduction policies. One initial hypothesis was that, if African states were able to tax private and corporate actors adequately, they would no longer be dependent on Official Developmental Aid or bilateral and multilateral loans contracted from sovereign states and international capital markets. Through an efficient, effective and modernized taxation system which is broad-based requisite resources for national development in the areas of major improvements in public infrastructure and improved financing and targeting of poverty reduction strategies accelerated development may be attained.

On the part of the German partner it was obvious that taxation policies over the past decades endangered the implementation of an important taxation principle, namely taxation in accordance to the ability to pay. Too many tax cuts and privileges were given to private and corporate wealth holders. Parallel to this policy public debt rose to over 2 trillion Euros and budgets financing infrastructure and the support of the poor were strained. One initial hypothesis, was that: If this taxation principle is restored, public debt could be repaid and also Germany would be able to meet the cost of major improvements in infrastructure and empower poor people to address structural poverty by making poor communities and households resilient to the cost of living.

Accordingly, on account of the various factors and tangible taxation challenges as stated above there seemed to be adequate evidence of possible joint areas of co-operation, research and advocacy. Work on the research commenced in summer 2013 and lasted until summer 2016.

In the course of the research, initial research hypotheses were modified or discarded altogether, while other focal points of joint interest emerged and were incorporated into our proceeding.

What follows is the German Country Report, which is the core not only for our own German advocacy, but also a major contribution for the Synthesis Report of our Three-Country Research, which will be published on the Project Website.

Further information about the difficulties to compile this report, its scope and limitations will be contained in chapter II.

When we publish this report on the World Day on the Eradication of Poverty in 2016 we pursue two intentions: First, we want to emphasize that our publications main interest is in fighting inequality and poverty and that this is the context within which we want to place its discussion. Second, we hope to achieve some noticeable difference, as we did with the campaign for a “Tax against poverty/Financial Transaction Tax”, which we launched on the same day in 2009.

We would welcome very much any comments and additions to our submission as well as whatever other contribution you have for advancing knowledge about this complex and challenging topic.

Nuremberg 17<sup>th</sup> October 2016, World Day for the Eradication of Poverty

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