

GLOBAL TAXES FOR GLOBAL WELFARE

Andrea Baranes (Fondazione Culturale Responsabilità Etica, Social Watch Italy)

For many of the problems and challenges currently facing the international community, it is impossible for individual nations to find and apply proper solutions on their own. These challenges include global warming, the spread of global diseases, financial instability, pollution and loss of biodiversity, among many others.

At the same time, governments are facing a crisis in tax income, for a variety of reasons: recent globalization processes, new financial mechanisms, the widespread use of tax havens and corporate practices such as the abuse of transfer pricing, tax avoidance and tax evasion.

This situation has made it increasingly difficult for governments in both the South and the North to ensure fiscal justice and finance social security for their citizens. As a result, the need for innovative mechanisms to finance global welfare, enhance international cooperation and safeguard global public goods has become one of the most urgent priorities facing the planet.

From another point of view, there is a need to find adequate ways to regulate and counteract the most negative impacts of globalization, and to apply democratic and effective instruments to ensure political control over economics, trade and financial powers, which implies a profound reform of current governance mechanisms and institutions.

International taxes appear to be the best instrument to implement in the medium term to fulfil these different goals: finding new ways to finance social security and global public goods; regulating some of the negative impacts of globalization; reinforcing international cooperation among different countries; and reforming international governance.

While the primary goal of national taxes is to generate revenues, in the case of global taxation systems, the most important positive impact could be their regulation effect on some of the most adverse impacts of recent economic trends. A Tobin tax on international financial transactions, for instance, would contribute to combating financial instability, while a carbon tax would target the most polluting activities and foster the development and use of cleaner, more sustainable energy sources.

Moreover, global taxes could raise enough money to fulfil the Millennium Development Goals (MDGs) or to help finance and preserve global social security, fundamental human rights and global public goods.

The technical problems involved in the implementation of these global taxes have been resolved. In many cases, the biggest obstacle to their application is the lobbying power of the small elite that would be hit by these instruments. It is now only a matter of political will: politicians must have the intelligence and courage to move forward and implement these instruments, which would benefit the vast majority of women and men in both the North and the South. ■