WOMEN’S RIGHTS AND EMPOWERMENT: THE FRONTLINE FOR ENDING RESOURCE OUTFLOWS FROM ASIA

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Developing countries in Asia lose vast amounts in financial outflows, in large part because of tax dodging by corporations. Almost $6 trillion left developing countries between 2002 and 2011, increasing at a rate of over 10% per year. Multilateral development bodies looking for ways to pay for social progress should begin their search here.
Tax abuse as violations of human rights

In a recent report, a UN Special Rapporteur highlighted fiscal policies as ‘a critical tool that States can employ to comply with their international human rights obligations’, including the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). Further, they should ‘devote the “maximum available resources” to ensure the progressive realization of all economic, social and cultural rights as expeditiously and effectively as possible.’

The Philippines and Indonesia are two of several Asian countries where states allow corporations to pay little or no tax. As a result, governments lack revenues with which to fulfil their human rights obligations to the general population.

Southeast Asia’s largest economy, Indonesia, has one of the lowest tax-to-GDP ratios in the region and it has fallen from 16% in 1997 to less than 12% in 2011. This means that as the Indonesian economy grows, little money is flowing back into the nation’s purse to finance public expenditures. Having already reduced the standard rate of corporation tax from 30 to 25%, the state recently lifted a land tax on oil and gas exploration, in effect giving up public revenues that in 2014 alone reached $1.43 billion. Taxes that are collected increasingly come from ordinary wage earners and consumers through goods and services taxes.

The Philippines follows the same neoliberal route of wooing foreign direct investment (FDI) as its core development strategy. Although the effective corporate income tax rate has shrunk to 30%,3 corporations can reduce this to 10% or even lower through preferential treatment under lopsided tax treaties and an incentives system that has steadily encroached on protected sectors of the domestic economy. With pressure rising to raise revenues from consumption taxes, the Philippines’ Value Added Tax of 12%, already up from 10%, may again increase in the same manner as Bangladesh and Pakistan where VAT has risen to 15 and 17% respectively.

A gendered issue

While Asian states cite low financial capacity and hand over service provision to the private sector, public spending prioritizes FDI-friendly infrastructure rather than meeting urgent basic needs. Continuing efforts to attract foreign investments by offering ‘risk-free’ investor climates enabled massive financial outflows, both licit and illicit. The result has been an increasing transfer of care work from the paid to the unpaid sphere, with women taking on labour that is no longer state subsidized and which they cannot afford to pay for in the market.

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For instance, public expenditures for health have consistently remained below the 5% of GDP international standard. Not surprisingly, Millennium Development Goals health targets were missed by wide margins. The Maternal Mortality Ratio regressed for both countries from 162 to 221 for the Philippines4 and from 228 to 359 for Indonesia.5 Pressure from the International Monetary Fund has led countries to turn more to inequitable consumption taxes instead of broadening the income tax base. Women are especially vulnerable, considering that they tend to pay for goods and services such as food and medicines that their families and households need as a whole. With VAT on top of rising prices, women part with a higher proportion of wages that are generally lower than men’s. Since the Philippines implemented VAT in 1988, social service budgets critical to alleviating at least some of women’s multiple burdens have not substantively increased.

Meanwhile, the Philippines’ policy on automatic appropriations for debt service remains firmly in place and debt payments continue to be prioritized over any other public expenditure. Consistent with the trend in past years, debt service takes up more than 36% of government spending while health remains below the Philippines’ international commitment, at only 4.5%.6 For Indonesia, debt interest payments amounted to almost 10% of total 2014 expenditures, nearly the same amount as the grants and social assistance budgets.6

No tax justice without gender justice

Tax abuse obstructs women’s rights to claim the resources that could be used to at least alleviate the compounded effects of historical gender inequalities and injustices. Women represent approximately two-thirds of the poor in Asia. They generally have no control over key assets such as houses and land, receive less pay for work of equal value, tracked into low-paying, precarious service

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5 Philippine Department of Budget and Management. (2014). Budget and Expenditure. Retrieved from Department of Budget and Management: http://www.dbm.gov.ph/?page_id=6697
“Continuing efforts to attract foreign investments by offering ‘risk-free’ investor climates enabled massive financial outflows, both licit and illicit.”

work or into informal labor where social security is nonexistent and incomes are typically low and unpredictable.

Claiming the obligation of states to provide for their citizens’ needs, which APMDD stresses goes hand-in-hand with the power to tax, is thus both an issue of tax justice and gender justice.

In February this year, consensus-building efforts by women leaders and members of APMDD reached a milestone with the adoption of the framework, ‘Towards a Common Perspective on Gender Justice and the Liberation and Empowerment of Women’. Key to strengthening and advancing gender justice in its tax justice work, it recognizes that:

* Women suffer multiple and deeply embedded exploitations, oppressions, burdens and injustices.

* These are rooted in Patriarchy – a historic, continuing system intertwined with class, race/ethnicity, caste divisions and other relations of power, which enable the dominant global system of Capitalism.

* Human rights are for all – women and men – and women’s rights are part of human rights.

* Social reproduction – traditionally ascribed to women and undervalued – is as important as production in the development of human society and the state.

* Women’s empowerment and gender justice is a vital political, material, social and economic process, goal and requirement for achieving immediate changes to improve and protect women’s lives and eventually to liberate women from all oppressive and exploitative relations of power.

While gender has always cut across APMDD’s advocacies and campaigns, the framework takes us a stride further in ensuring that the alliance’s advocacies and campaigns, including those for tax justice, are struggles for gender justice as well, and that women are in the lead as the main agents of their own empowerment.

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May Day demonstrations, Lima, 2015 (John Christensen)