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Naomi: “Hello and welcome to the Taxcast from the Tax Justice Network – we’re all about fixing our economies so they work for all of us. I’m your host Naomi Fowler. You can find us on most podcast apps. If you want to make sure you never miss an episode email me on naomi@taxjustice.net and I’ll put you on the subscriber’s list. I’m going to share one of my favourite quotes with you, it’s from Oscar Wilde: “Progress is the realisation of Utopias”. That’s very relevant because, coming up later, we look at how we move from a care-less economy, to a caring economy:”

“Really, we have to begin by rethinking the meaning of life, the meaning of life isn’t about increasing the wealth of the super wealthy, it’s about people and how we interact and how we’re able to care for each other.”

“when it comes to markets, there are already alternatives that can help us reimagine forms of economic exchange that are far more equitable and far more caring.”

Naomi: “That’s coming up later. Meanwhile, we’re seeing some big changes in the United States:”

Biden: “It’s not a plan that tinkers around the edges. It’s big, yes. It’s bold, yes. And we can get it done.”

Naomi: “A $2.3 trillion infrastructure plan. And, the Biden administration is proposing a minimum corporate tax rate in the US – and a global minimum corporate tax rate. Here’s Treasury Secretary Janet Yellen:”

Janet Yellen: “A consequence of an interconnected world has been a 30 year race to the bottom on corporate tax rates. Competitiveness is about making sure that governments have stable tax systems that rasie sufficient revenue to invest in the central public good and respond to crises and that all citizens fairly share the burden of financing government. We’re working with G20 nations to agree to a global minimum corporate tax rate that can stop the race to the bottom. Together we can use a global minimum tax to make sure the global economy thrives based on a more level playing field in the taxation of multinational corporations and spurs innovation, growth and prosperity.”

Naomi: “Interesting! And here to help me pick through some of that is John Christensen of the Tax Justice Network:”

Naomi: “Right John, so this month President Biden's administration has announced that they want to push for a global minimum corporate tax rate, and they want to raise the US corporate income tax rate to 28%. And it’s the way that they’re framing it which is really interesting as well, wanting to reverse the race to the bottom, using that language that we’ve been using for so many years and challenging, false ideas about competitiveness. Um, I’m going to quote treasury secretary, Janet Yellen’s tweets. So she says, just to get a sense of the language which we never thought we'd see come out of a US administration, um, ‘by choosing to compete on taxes, we’ve neglected to compete on the skill of our workers and the strength of our infrastructure. It's a self-defeating competition and neither President Biden nor I are interested in participating in it anymore. We want to change the game’, she says.”
John: “Yeah, well, you know, look, this is exciting. It's, it's, it's historic actually. I've waited for years to hear this. If you go back to the time when Margaret Thatcher and Ronald Reagan spearheaded the neo-liberal takeover of the global economy, and that was in the early 1980s, it was so clear to many experts that the absence of effective global rules for taxing private wealth and for taxing the profits of multinational companies would inevitably make it increasingly hard for nation States to tax Capital. And what happened is that governments and even the European social democratic governments surrendered to the language of tax competition, and they set off down this spiral of decline, which even back in those days was called the race to the bottom. The race to the bottom has been particularly harmful for lower income countries in terms of its impact on inequality, on austerity, cutbacks in state investment and rising external debt. So when Secretary Janet Yellen announces that the United States is pivoting away from tax competition and sees the role of the state as being about investment in training and research and boosting productivity, this is a major policy shift at the national level in the United States, but also at the international level. And what it seems to me President Biden is saying is he wants to reset the programming of the global rules, that's the rules of globalisation so that they work to the advantage of the working and middle classes. And I think that fits perfectly with our tax justice agenda.”

Naomi: “Yes, indeed. And she says as well in her tweets that the President and she want to ‘enter the US’ - and I'm quoting – ‘into a smarter form of competition. The US will compete on our ability to produce talented workers, cutting edge research, and state-of-the-art infrastructure, not on whether we have lower tax rates than Bermuda or Switzerland!’ Um, which brings me to ask, what does this mean for the business plans of those tax haven jurisdictions around the world who have built their business around sucking away tax revenue from their neighbours?

John: “So from any angle you look at it, this measure seems to me to spell game over for the tax havens at the top of the Tax Justice Network’s Corporate Tax Haven Index. But I think we need to look at it from the US perspective because so many of the really large multinational companies are of course US companies. And you know, for starters, the current US corporate tax system is geared to providing huge incentives for multinational companies to shift their profits, to tax havens, and looming really big amongst all these incentives is a regime called GILTI, the GILTI regime, um, GILTI, and that relates to intangible assets like intellectual property rights, and intellectual property rights are easily shifted offshore to tax havens and they're easily parked into what are called controlled foreign corporations based in tax havens. And that allows these big multinational companies to massively shift their profits through payments on licences and patents and copyrights, and a host of services which fall into what's called the intangible assets. And that's why intellectual property rights are so important. Now to counter this, president Biden is suggesting that US companies must pay a minimum rate of corporation tax on profits booked in the USA. And in order to ensure that this minimum rate is actually paid in the USA, he proposes that operational costs, any operational costs incurred by the company are disallowed for tax purposes until that rate is achieved. Now, this is simple, it's
bold and it's effective. And the proposal extends beyond US borders because president Biden also suggests that corporations should pay a minimum tax rate on their declared profits in all the jurisdictions where the company has a presence, which extends the minimum rate to offshore affiliates in tax havens like Ireland or the Netherlands or Cayman or Singapore.

Now, um, before we all relax and go home to put our feet up, there are some grounds for quibbling. Firstly, we'll need to know more about how they propose to define declared profits. Since this is really quite a slippery term, it varies from country to country. And secondly, the minimum tax rate, which is suggested by the president is 21%. Now, historically, this is really low when you consider that the average OECD tax rates were in the region of 45, 46% when I started my career in the mid 1970s. So over that period it's come down dramatically and bear in mind that special interest lobbying will, will make every effort to drag that 21% bigger down to somewhere in the region of 15, maybe 17%. It seems to me that the tax justice movement needs to push for a much higher minimum rate, uh, why not 35% and make the case that this is a crucial step in the direction of tackling inequality? And finally, let's not forget that the wider the gap is between the corporate minimum tax rate and the upper rate of personal income tax, the greater the incentive is for private wealth holders, the ultra-rich to use corporate structures to avoid paying tax so, you know, the closer those rates are, the more we safeguard the integrity of the tax system as a whole."

Naomi: “Okay. Although whatever the amount it's going to be a lot better than what happens right now, there's some major caveats and the Corporate Tax Haven Index shows how OECD member countries are responsible for enabling more than two thirds of the world's corporate tax abuse risks. So, if we're not very careful the advantages of a global minimum corporate tax rate under OECD tax rules as they are at the moment would shrink the gains and reward these worst offenders. So how do we stop that happening?"

John: “Well, you're absolutely right to say that some of the big losers from some of the proposed changes might well be lower income countries. Lower income countries will stand to continue to lose out more unless steps are taken to ensure the proposals to apply a minimum tax rate to companies across all countries are married to a consistent set of accounting rules - to ensure that for example, the accounting principles used by multinational companies are consistent across all of their subsidiaries in all the different countries where they have a presence. And it's also important that the tax authorities in all countries are able to reconcile the country by country accounts which they receive, to the global consolidated accounts which the companies publish. And that requires the elimination of the intragroup transactions to get a proper sense of what profits are actually being made in each jurisdiction. And that's got to be sorted out. So there's a whole bunch of extra work needed on the accounting rules side, and equally much more needs to be done to ensure some degree of consistency in the way that different countries determine the basis for profit estimation. And that's because the lack of a globally agreed basis for profit estimation currently stands in the way of shifting towards the form of group taxation which I think is envisaged by the Biden administration. So it seems crucial to me that
these issues are addressed as part of agreeing the new rules that President Biden has in mind when he talks about rebooting globalisation to meet the needs of the middle and working classes, rather than the interests of global elites. Now this is really complex territory, and we really don't have time to enter into all the intricacies of what's needed from these accounting standards but if anyone's interested in taking this further they should visit the tax research blog that Professor Richard Murphy posted, the title of the blog is ‘there is a flaw in the Biden tax plan that has to be addressed if it's going to work and that's in the accounting.’

Naomi: “Okay. We'll put that in the show notes.”

John: “Yeah, I think it’s quite important. It's obscure and difficult, but it does seem to me that that's precisely the kind of systemic issue which the tax justice movement needs to address.”

Naomi: “Thanks John! John Christensen of the Tax Justice Network. Now, it's time for the Taxcast special feature. Caring for others is the highest thing anyone can do in this world. It's the key to everything. This month I’m joined by Roos Saalbrink of Womankind to explore how we move from a care-less economy to a caring economy.”

Roosje: “Hello Naomi.”

Naomi: “Women are amazing aren’t they Roosje? Starting from the women who cared for us when we were babies and toddlers, to those who support us today. And those who may end up caring for us when we’re much older. Of course there are men who care too, also doing incredible things every day. But it’s usually women and girls. What are you grateful for? What’s one of your memories you can share with us about caring in your life Roosje?”

Roosje: “Yeah, I, there are so many examples of care in my life by so many amazing people but I really wanted to talk about my mum who spends a few days a month looking after my nieces who are two and five, and really reflecting the enormous subsidy that unpaid carework gives to our economy, because it allows my sister and her husband to work on those days.”

Naomi: “Yeah, so true and yes, my sister with her son could never have managed without the care that my mum, and my dad actually gave him when he was little and you know, my mum had twins in her early twenties, that was me and my sister, how she managed with two babies at the same time, I’ll never know!

Isn’t it crazy that even though we all have inspirational stories about those who care and have cared for us and our friends and families, governments don’t value it? They don’t value care either in the policies they create, and they don’t value it monetarily. Our world is upside down, I mean we pay the lowest wage for the most important thing in the world. We don’t make policies that make the most important thing in the world our highest priority. Caring can actually disadvantage us when we do it. In some ways, you could say our minds have been Capitalised! We’re so used to
valuing other things, we’re so used to not really seeing the caring that women do, and taking that for granted, we can’t think freely about better ways of doing things.”

Roos: “Er yes! 76% of all unpaid care work globally is done by women, which amounts to a probably an underestimation of 11 trillion US dollars a year, or the equivalent of 13% of global GDP, so quite the amount!”

Naomi: “Yes, women are subsidising economies to a huge extent, and disproportionately women of colour. If they were to stop caring overnight, everything would collapse. One stat you pointed out to me Roos was that women spend 23 years more of their lives doing unpaid care work than men do, I mean wow! That’s from Action Aid!”

Roos: “Yes unbelievable! Listen now to political economist Bhumika Muchhala speaking recently on care work, er who explains this very well:”

“It is both paid and unpaid. When it is unpaid, it is unbound by work hours and regulations. Everything from pregnancy birthing, breastfeeding, childraising, schooling, housework, shopping, cooking, caring for the elderly, household accounting. But in much of the global south it also includes hard labour such as fetching water and collecting fuel fodder. When it is paid it is low waged, it lacks decent work conditions or bargaining power. The care economy is by and large carried out by women, women do 3 times as much work as men by one estimate. Importantly carework is performed by women at the intersections of marginalisation through race, caste and migration. The care economy sustains, replenishes and upholds the so-called productive sector and is in fact its greatest historical subsidy.”

Roos: “Yes that’s totally right, isn’t it? It is the greatest historical subsidy! So the question is how do we begin reimagining care? I spoke with Veronica Montufar of Public Services International in Ecuador about their work on the 5 rs of rebuilding the social organisation of care – recognise, reward, reduce, redistribute and reclaim. Hear from her:”

Veronica: “The first ‘r’ is **recognise** the social value of this work, also it is important to recognise the human right to care, because this will put the responsibility of a State and government in the centre of care.

The second R is **reward**. And this is especially focused in paid care work. We need to revalue not only socially, but also economically, this work. Care work historically is women’s labour, so that's why this paid care work is also undervalue. We need to have equal pay for work of equal value.

The third R, it's **reduce**, reducing the burden of care work from women, we need to change this historically sexual division of work. Care work is not the only responsibility of women.

But also this links with **redistribute** care work, that is the fourth R - redistributing work between the households members, woman, men, but also redistributing the work from households to public systems of care. We need to think of care work as a social good, as a common good, as a public good. We need to push this idea of the
need of public services in public hands, because that is the only way of really making and building equality for all women.

And finally, we think that it’s important to reclaim publicness of care services. And these public systems have to be built by public financing and financing public services is a key issue of tax justice movements and tax justice demand.”

Naomi: “Yes indeed! That’s Veronica Montufar of Public Services International. Most nations in the world are signed up to the UN convention on human rights, rights of the child, rights of women and they’re supposed to be bound by law to uphold those rights. That means tax justice and care should be at the heart of what governments do. But you see how psychopathic capitalism and the profit-making motive is in the ways it extracts everything it can, in these times of covid especially, right? So it chews up and spits out the ideal of public services in many nations where we once gained rights we’re now losing. There are better ways of doing things!”

Roos: “Yes! We have to reimagine the economy and put the economy to work for society rather than the other way round, as it currently is. That’s where the Care Manifesto comes in, from the Care Collective. Naomi and I spoke with two of the Care Collective, Lynne Segal and Andreas Chatzidakis.”

Naomi: “Andreas and Lynne, you and your three co-authors started working together on the Care Manifesto: the politics of interdependence back in 2017 and you finished writing it just as covid hit. And you describe in it the care-less economy, which has been so exposed by the pandemic – can you explain a bit about the ideas in the book?”

Lynne: “Sure, but I just wanted to say first I’ve learned so much from listening to the Taxcasts, that’s been wonderful!”

Naomi: “Thank you!”

Lynne: “So, increasingly over the last four decades we now find a lack of care at every level and throughout life. The calamity of social care that we’re all so aware of, particularly for the disabled and elderly in this time of peak inequality. So those doing the actual caring work are everywhere suffering and it’s all been a product of this tax cutting market deregulation, which has accompanied an ideological devaluation of care, which links us to growing contempt and disavowal of so-called dependency culture, which is sneered at, especially those in need of state support. Care isn’t just hands-on care, important as that is, but caring for and caring about the wellbeing of each other all the way through to caring about the world itself and its sustainability. So that’s all part of our need for a caring economy and what we envisage as a caring world.”

Andreas: “Yeah. And just to add to what Lynne has said we really try to begin reimagining a world where care is put front and centre in every scale of everyday life, including our kinships, communities, markets, States and the world at large. So, re-imagining the family, and then we move on to communities to reclaim forms of generally collective communal life from the forces of marketisation and privatisation. Then we move to explicitly discuss caring economies, including the need to adopt
alternatives to capitalist markets...Uh, then we move to caring States and there we very much focus on restoring invigorating and radically deepening our caring States. And finally, we move to...the world at large and talk about the need to mobilise and cultivate porous borders, and green new deals, at a far more transnational level.”

Roos: “Amazing. Thank you so much for talking us through that. I was hoping you could talk us through the links that you make in your manifesto between neoliberal extraction and gender and racial oppression in your care economy analysis.”

Lynne: “Well, we show how the current crisis of care has come about linking it as you'll know so well, to decades of neoliberal policies prioritising profit over people taking us right back to the eighties, all accompanying the continuing devaluing of care work. So it's diminished the ability of neoliberal nation States, especially countries such as the US and the UK and Brazil today to cope swiftly or effectively with the spread of COVID-19. So almost everyone outside the wealthy is aware of the problem or should be aware of the problem, public provision has just increasingly become inaccessible with services either dismantled or outsourced to corporate commodity chains. We also know that these corporations create intolerable conditions for their workers, insecure, underpaid...contracts curtailing any continuity of care, which is exactly of course, what is required for good care. So, while massive profits have been made for some in outsourced care, usually multinationals, the provision often mocks the very name of care with so little security for either, you know, the carers themselves, or those being cared for. And also this devaluation of care goes hand in glove with re with racism and sexism, because these are the people who are being drawn into the exploited, underpaid jobs. Despite the current lip service to the heroic work of our carers and the need for our essential workers and so on, we haven't seen any change in the situation whether of paid or unpaid carers who are still so routinely exploited because of this gendered and racialised dynamic where it harks back to the days when it was women who for nothing provided the care within families, and somehow the idea that it's still work that can sort of be done for nothing or next to nothing lives on.”

Andreas: “Care is a very labour intensive technique, to be done well...it needs time, it needs...empathy and emotional attachment and so on and so forth. And all these are values that are not...compatible with mainstream market cultures...all these mainstream market logics would identify all these as inefficiencies that need to somehow be taken out of the equation. And that's a fundamental problem with marketising care.”

Naomi: “Yeah, people have been financialised, and so we have this uncaring economy, it's, it's difficult for people to reimagine the nature of economic beyond markets, with universal care as our underlying model. Um, how do you explain to people the difference between not wanting to follow this monetisation and marketisation of everything, not bring everything down to financing, yet valuing care and recompensing where it's appropriate in the ways that it's appropriate?”

Andreas: “Yeah, one thing we try to make clear in the manifesto is that we do need to reimagine what we mean when saying economic, right? Um, you know, we cannot do the mistake that economists do of narrowing the economic to merely market
phenomenon, right? For us the nature and scope of the economic has to be reembedded within a society where care really is its organising principle, right? Oftentimes when we talk about markets, what we have in mind is the more archetypal neoliberal or free market if you like, but that obscures from the fact that there are hundreds – well, hundreds is an understatement, there are thousands and thousands of examples of alternative markets often known as community markets or solidarity markets, um, alternative markets and so on and so forth that are not designed on the basis of neoliberal economic exchange. Instead they're trying, for example, to reconnect producers with consumers, redesign and reconfigure the modes of production, but also the modes of consumption and in general try to really address the question of how and whether more caring economic exchanges could actually be materialised. And...we mention lots of examples in the manifesto from the solidarity economy of Spain to various bottom up structures that flourished in Greece during the economic crisis to make that point very clear that, you know, even when it comes to markets, there are already alternatives that can help us reimagine forms of economic exchange that are far more equitable and far more caring."

Roos: “Yes, the solidarity economy structures of Spain now accounts for about 10% of GDP, which you talk about in the book about. You also mention lots of examples of localism, in-sourcing, municipalism, and cooperative models of care, as well as public-commons partnerships, cooperatives like the incredibly successful Mondragon in Spain.”

Lynne: “Yes. Really, we have to begin by rethinking the meaning of life, the meaning of life isn't about increasing the wealth of the super wealthy, it's about people and how we interact...and how we're able to care for each other, and it's actually about doing the opposite of everything that has been happening over the last few decades and that means, you know, rebuilding those public resources from the bottom up in particular at local levels so that they don't work in just a top down way, but help us all to develop and use caring skills, those caring skills we actually need to lead good lives. And, you know, that's, that's a whole cultural agenda as well as an economic agenda, and I think more people are realising this, we need to think about how to create this really alternative consciousness.”

Naomi: “Yeah, I mean consciousness is, is a huge thing to overcome, and that seems to be building up, especially as a result of COVID, I guess this is where the four day work week and universal basic income could come in, freeing people’s time to participate in care. Um, but when it comes to policy, the first thing that people will always say is how can we afford it? Women give this huge daily subsidy to the uncaring economy so that it can thrive. And if they were to change that things would collapse overnight, right? So how do we resource what is really needed once we've built that consciousness about care?”

Andreas: “Yeah, very good question. In line with what you are advocating, reconfiguring tax and financial policy is key in giving everyone opportunities, uh, that make a good [inaudible] life possible. You know, I was struck by that tagline in your campaign saying every second, the world loses the equivalent of one nurse's yearly salary to a tax haven. And that's very true. Clearly part of the way out is in reclaiming
some of that wealth, right? And, uh, that is very much in line also with what we identify as the need to democratise all our institutions, including of course, financial and governmental institutions, uh, because, a caring world is a world that guarantees equal access to the material and cultural wealth of our society, our global society.”

Roos: “You mentioned reclaiming wealth, I was wondering on a global scale, where you see Africa as a continent, being a net contributor to our economies through illicit financial outflows and debt repayments? How do you see sort of more struggling economies that are in that position through a legacy of Western imperialism and neocolonialism? What needs to happen on a global scale to resource, and to redistribute resources?”

Andreas: “Yeah, it is primarily the so-called Western countries that, uh, should be leading these both in terms of more progressive taxation, but also in terms of, you know, currency policy, right, reconfiguration of wealth distribution and welfare distribution so that countries in the global South can begin to enjoy more equitable and fairer standards of living.”

Lynne: “Yes, it means as well, scrapping the terrible debt that we've been, so-called debt that we've been collecting from Africa and all poorer countries around the world that are the legacy of colonialism where poorer countries end up paying a thousand times over for, um, uh, things that they have never asked for to begin with. And you know, a green new deal has to be implemented on a transnational level, it's absolutely necessary for any sustainable future. I mean, you only have to look at climate change...and so on to realise the way in which, you know, the world's populations are totally interconnected. Heaven knows COVID should have told us that!”

Naomi: “Yes indeed! Lynne Segal and Andreas Chatzidakis of the Care Collective. The book 'The Care Manifesto, the politics of interdependence' is published by Verso, the details are in the show notes and there's lots of resources for you there too. That's it for this month, many thanks to Roosje Saalbrink of Womankind for being with me for this month's episode;”

Roos: “Goodbye everybody and thanks Naomi for letting me join to talk about the care economy, it's been a pleasure.”

Naomi: “Thanks, I've learned loads from you! Thanks everyone for listening, I'll be back with you next month, bye for now.”