



Promoting Social & Economic Justice for All

By Jean Symes, Inter Pares

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Since its founding 35 years ago, Inter Pares – an international social justice organization – has worked with farmers' groups, women's organizations, human rights groups, indigenous organizations, health associations, and social movements around the world. We have had the privilege of relating to many people who are working, often against great odds, to overcome the obstacles to equality and social justice.

But in the late 1990s, something new started happening. Inter Pares began to receive requests from our counterparts in Ghana, in the Philippines, in Nicaragua, and elsewhere, telling us that Canadian mining companies were digging trenches in the rainforest reserve, forcing communities off their land, and refusing to clean up spills of toxic wastes in local fishing waters. Inter Pares had had no experience with mining, and we had no idea what to do.

So we reached out to organizations we knew here in Canada for help, and we discovered that the same kinds of abuses were happening right here in Canada, particularly in the North, and particularly in Aboriginal communities.



From the outset, we understood that problems with mining companies in Canada and problems with those same mining companies overseas couldn't be addressed in isolation. So we got together with environmental and Aboriginal groups to create ***MiningWatch Canada***. MiningWatch now provides technical support to communities affected by mining in Canada and around the world, and has acquired the expertise to help Canadians craft proposals for reforms to prevent irresponsible mining practices here and internationally.

As we learned about mining policy and practices, we found out about just how few economic benefits from mining reached the communities involved. And we learned about public subsidies the mining industry receives from governments, and particularly from the Canadian government. We realized we had to do more to address broader issues of corporate accountability.

Working with MiningWatch and others, we created the ***Canadian Network on Corporate Accountability (CNCA)***. In 2010, CNCA promoted modest federal legislation that would have required that, in order to qualify for government subsidies, Canadian mining companies operating overseas would have to comply with basic standards of corporate social responsibility. This campaign was an enormous success, and, after fierce lobbying by the mining industry, the proposed legislation lost in Parliament by only six votes. And it promoted a national debate on the subject. When new legislation comes back – and it will – we'll be demanding much more.

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Inter Pares is now raising the issue of tax evasion and tax avoidance. We're collaborating with ***Third World Network - Africa***, a member of ***Tax Justice Network Africa***, which has released an excellent report called [*Tax us if you can: why Africa should stand up for tax justice.*](#)



And here in Canada, we're supporting a new organization called ***Canadians for Tax Fairness***, which is the new Canadian member of the international ***Tax Justice Network***.

With Canadians for Tax Fairness, we think the role of governments should be to orient their economic and social policies for the well-being of all. They should be accountable to citizens for the implementation of a just democracy. Instead, we see governments around the world supporting a global economy organized in the interests of speculators, an economy largely disconnected from how most people earn a living.

The last 30 years has seen a campaign by financial and political élites to eliminate as much regulatory oversight of national and international banking systems as possible. This deregulation led us to an economic collapse that continues to inflict enormous damage throughout the world. And that in turn led – in much of the North – to a bailout of banks and financial institutions, which is being paid for by cutting back social services, education, workers' pensions, and health care. Now governments are using the crisis to justify further corporate tax cuts, and cuts to social services and investments.

In the global South, countries are experiencing decreased remittances from migrant workers, lower export revenues, rising unemployment rates, and steep increases in food and energy prices. An additional 130 to 155 million people have been pushed into poverty. More than a billion people go to bed at night hungry, and 50,000 people die every day from poverty and poverty-related causes.

There is growing economic disparity in Canada as well. Current levels of economic inequality have not been seen here since 1929. Before the onset of the financial crisis in 2008, 3.5 million Canadians lived in poverty; an additional 1.8 million are estimated to have joined the ranks of the poor by the end of 2011. One in nine Canadian children lives in poverty, and for Aboriginal children, that figure is one in four. This is a tragedy and a national scandal.



On the upside, deepening economic inequality has become a major political issue. People are organizing with the Occupy movement, and are out on the streets of countries around the world, because they realize that deepening inequality is not only unjust, but also irrational. As British researchers Richard Wilkinson and Kate Pickett documented in their best-selling book *The Spirit Level* a few years ago, the more egalitarian a society, the lower its incidence of physical and mental health problems, addictions, crime, imprisonment, and violence. This research demonstrates what many of us intuitively know: that more equal societies are happier and healthier and enjoy higher levels of social cohesion, trust, and civic engagement.

And more people are beginning to understand what it takes to make a more just and equal society. Edgar Bronfman, son of the wealthy Montreal Bronfman family who now lives in the United States, joined billionaire Warren Buffet in asking that taxes be raised on the rich. He noted that the wealthy benefited disproportionately from the deregulation and tax cuts of the last few decades, most of the cost of which has fallen on the poor and middle class.

Corporations claim they use the money saved from tax cuts to invest in machinery and equipment, and to create jobs. A StatsCan analysis, however, refutes this claim, showing that investment in machinery and equipment has decreased in lock step with cuts in corporate tax rates over the last 10 years. What businesses *are* doing is hoarding cash, adding \$83 billion to their reserves since the 2008 recession.

Tax evasion and aggressive tax avoidance have a dire impact on the economies of developing countries, too. Between \$850 billion and \$1 trillion of illicit money flows out of developing countries every year. Some is due to criminal activity such as drug trafficking and corruption, but the largest amount of illicit capital flight is from the commercial activities of multinational corporations, particularly the mining and oil companies. Multinational corporations avoid paying taxes in the countries where they



are operating, with the help of tax havens, dummy corporations, profit-laundering techniques, and loopholes intentionally left in the laws of Western countries.

Developing countries thus lose billions in tax revenues that could have been invested in schools, health care, and other public services. For every dollar delivered in the form of international aid, developing countries lose \$10, through illicit capital flight. A recent report estimated that, if these lost revenues were invested in Southern countries' health programs, it would save the lives of 350,000 children a year.

This links to Canada in a way most Canadians aren't aware of: as Canada's Auditor General warned in 2002, "corporate tax arrangements with foreign affiliates have eroded Canadian tax revenues by hundreds of millions of dollars over the past ten years." And the Library of Parliament in 2004 noted that, between 1990 and 2003, Canadian corporate tax-sheltered portfolios in Barbados increased from \$1.5 billion to \$24.7 billion, exceeding the GDP of Barbados by a factor of 6.

Also significant is that, in both the North and South, the private wealth of corporations is generated through access to the environmental commons and the natural resources they contain, through public subsidies, through infrastructure such as roads, bridges, seaports, and airports. The corporations have access to a publicly educated workforce, and to publicly funded social services, without having to make a fair contribution to governments' tax revenue for the public good and to protect the environment from which they draw their wealth.

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These are grim trends, but there is some good news as well. Along with the Occupy movement that has raised awareness at all levels, citizens' groups everywhere are working to democratize their political systems and economies. There are many ideas for what we can do, working in our own communities, or collaborating internationally for a more sane and equitable economic system:



- The first thing we need to do is implement an international Financial Transaction Tax. Such a tax has been proposed many times since first promoted in the 1980s by U.S. economist James Tobin. A tax of .1% on the trading of shares was proposed at the last G-20 meeting, but was rejected by the U.S., Britain, and Canada, and thus defeated – even though such a small tax would have raised an estimated \$50 billion a year if applied on a world-wide basis. There is still a possibility, however, that the Eurozone countries will implement some form of a "Tobin tax," which would put pressure on other countries to fall in line.
- In the North, for the benefit of both North and South, we must bring in rules that reconnect finance to long-term productive and green investments, rather than more speculation.
- We also need to implement regulations to prevent speculation on staple food commodities.
- We need to insist that businesses operating trans-nationally reveal publicly how much profit they make, how many people they employ, and what they pay in tax in every country where they do business. Such transparency would ensure that abuses would be identified quickly.
- Tax havens must be closed.
- And we will need to re-negotiate the dozens of free trade agreements and bilateral investment treaties that currently ban governments from placing controls on capital flows and conditions on foreign investment and financial transactions.

These are big demands, and there are many others. But someone once said that, while it's true we cannot do everything at once, we *can* do *something* at once.



Inequality is not necessary in our societies. We have a choice: we can either accept how the world, our country, our communities and corporations are structured – or we can decide to work with others for needed changes, reforms, and improvements.

Millions of people around the world are standing up and saying: *This is not acceptable*. It is not acceptable that people go hungry in a world full of food, or that the people who grow the food we eat must find other work to feed themselves; it is not acceptable that the people who live on land full of gold should lose their houses, have their water contaminated, have their children poisoned.

And it's not acceptable that wealthy corporations and individuals are able to generate wealth from public resources, without making a fair contribution back to the public good through taxes. Taxes support the public goods and services we need to thrive as societies, North and South.

There are many people here in Canada, and more thousands of people around the world, who have ideas about what we can do, if we choose to. The other day, I heard a speaker at an Occupy rally say that the greatest contribution the Occupy movement has made is to inspire us to imagine solutions that are at the same scale as our problems.

Inter Pares is working in common cause with people in Canada and around the world to address the root causes of inequity, globally and in our communities. We are hoping to make a modest contribution to the discussions that are happening in Canada, and to link them with similar discussions going on all over the world.



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