

# Innovative Finance

# Actoren op de internationale scene vandaag

Internationale organisaties

Staten

TSN

Civil society

Paradox:

'machteloosheid' van internationale instellingen

+ 'machteloosheid' van staten

Ondermijning van de democratie

# Ongelijkheid vandaag

10,9 miljoen HNWI's (+8,3% in 2010) hebben 42,7 biljoen vermogen (+9,7 %) in 2010

+/- 1 miljoen Ultra-HNWI's (+10,2 %) met 36,1 % van totaal HNWI vermogen (+ 11,5 %)

9% van de wereldbevolking heeft helft van het wereldinkomen

Onderste helft van de wereldbevolking heeft 7 % van het wereldinkomen

# Ongelijkheid vandaag

Milanovic: de wereld is veranderd

From class to location

From proletarians to migrants

# Ongelijkheid vandaag

Ongelijkheid in de 19de eeuw: kon grotendeels verklaard worden door ongelijkheid tussen kapitaalbezitters en arbeiders

Reële inkomen van arbeiders overal in de wereld was vergelijkbaar én laag

Vandaag: 80 % van mondiale inkomensverschillen zijn te wijten aan inkomenskloof tussen landen

# Ongelijkheid vandaag

19de eeuw (Marx): being proletarian = a global condition

Overall ter wereld: arbeiders ergens tussen 'subsistence' en net onder het gemiddelde

+/- verschillen tussen landen niet zo groot: de rijkste (VK, NL) en de armste: minder dan 4 tegen 1

+ vergelijkbare situatie van arbeiders

Inkomensverschillen tussen klassen, niet tussen landen

# Ongelijkheid vandaag

Mondiale Gini: 65,4 punten

Waarvan 85 % verklaard wordt door inkomensverschillen tussen landen

Samenstelling van de ongelijkheid in de wereld is totaal veranderd

# Ongelijkheid vandaag

Mensen die nationaal gezien rijk (of arm) zijn krijgen heel erg uiteenlopende inkomens, afhankelijk van het land waarin ze leven  
De armste landen vandaag zijn niet rijker dan de armste landen in de 19de eeuw

De rijkste landen vandaag zijn immens veel rijker dan de rijke landen vroeger:

USA, Singapore: 13 x rijker dan VK of NL in 1850 (in PPP)

Sommige landen zijn rijker dan ooit eerder in de geschiedenis, terwijl andere landen nog even arm zijn als 150 of zelfs 500 jaar geleden

- 'gemiddeld mondiale inkomen' : relatief zinloos



# Ongelijkheid vandaag

De grootste inkomenskloof is die tussen de armsten in rijke en in arme landen

De armste 5 % van de Amerikanen verdienen 35 keer meer dan de armste Zambianen

De armste Amerikanen zijn rijker dan 60 % van de wereldbevolking

De armste Brazilianen en de armste Indiërs zijn bij de armsten ter wereld

# Ongelijkheid vandaag

Levenstandaard van de armen in rijke en in arme landen is niet meer te vergelijken

Gemeenschappelijke belangen?

Tegenstrijdige belangen?

Migratiedruk

Ontwikkeling nodig in arme landen

Nationale én mondiale herverdeling nodig

# Global solutions

International cooperation for domestic solutions:

Improve domestic tax systems

- Corporate taxes reduced from 39 % in 1993 to 27 % in 2006

Solving the debt problem

Corruption

Combat capital flight

- Country-by-country reporting
- Tax havens

Royalties - mining sector

International trade: import duties

Repatriation of profits

Dollar reserves

# New Financial Architecture

'Innovative resources'

Special Drawing Rights IMF

Public/private capital flows

- IFFI
- Advanced Market Commitment
- Global Fund
- Socially Responsible Investments

International Taxes

# International Taxes

Ecological taxes: tax CO2 emissions

Ticket tax

Financial Transaction Tax

Rejected (by now) by the G20

Proposed at the EU level

# Financial Transaction Tax

IDS: technically feasible, divergent impact, high potential revenue:

482 to 1631 billion US Dollar

European Commission: 57 billion Euro

# Taxes and Democracy

The idea of globalization: progressing towards one common world of states and people

Confirmation of our common destiny

ICESCR, art. 2, § 1: international responsibility

Taxes at the heart of accountability and democracy: legitimacy

# Taxes and democracy

Growth of global economy has not been matched with effective means to levy global taxes

Globalization has led to new inequalities, new risks, new wealth

A solidarity dilemma which undermines globalization

'Closing the gap' is necessary for political stability



# Tax and democracy

Global taxes and redistribution can help national governments to develop their policy autonomy

Reduce dependency on aid

Improve national accountability

Predictable financial flows

# Tax and democracy

The growing financial sector remains largely untaxed  
Kapitaalverkeer vandaag:

- 98,4 % speculatie
- 1,5 % handerl
- 0,08 % investeringen

More than 40 countries already have some kind of tax on  
financial transactions

Reduce the volatility and stabilize financial markets

# Tax and democracy

FTT is technically feasible and has a potential high revenue

# Tax and democracy

Political feasibility:

Implies some kind of global governance and management

UN Global Solidarity Fund

Democratic, transparent mechanisms for monitoring at national and global level

Criteria: national income, population, poverty rates, inequality, HDI ...

Governance and drawing rights

# Tax and democracy

FTT will only work in a clever combination of measures, including domestic taxes, macroeconomic stability and a restructuring of financial architecture, discarding tax havens and capital flight

FTT demands a **new financial architecture: de macht van de financiële sector breken**

## **Hedge funds:**

- 500 miljard \$ in 1988
- > 3000 miljard \$ in 2007

# Tax and democracy

Globalization could be the first historical process that gives a real and meaningful content to the concept of a global community and of one universal humankind

Needed: redistributive justice, global taxes, universal social protection

# Tax and democracy

The economy has deterritorialized

National sovereignties have been eroded

Transborder activities not covered by international law

Responsibility for protection of people also has to be partially deterritorialized

International organizations, transnational companies, States cannot escape their global responsibility

# Tax and democracy

At the heart of this debate: democracy and citizenship

States remain responsible for the external and domestic protection and well-being of their populations

States are responsible for providing public goods

Reciprocity between people and States: the accountability chain

Social citizenship and the redistribution of incomes: equality and equal value of all individuals



# The myth of development aid

128,7 billion US \$ of aid vs 1000 billion US\$ of missed revenue

128,7 billion of US \$ of aid vs 500 billion of possible revenue from  
a FTT

# The myth of development aid

Aid is becoming very controversial

Fragmented

Volatile

Not predictable

A **global system of redistribution** in order to bring about transparent and equitable solidarity based on common interests

**Make globalization coterminous with development:** the building of one world with one common humanity and free movement of people

# Conclusion

African countries will have to develop their own development plans and have policy autonomy to implement them

Without social rights and universal social protection, poverty cannot be eradicated

Fight inequality at the national and the international level:  
national and global redistribution

Not aid but solidarity

The common good of humankind

Decolonize our minds