

The Taxcast, transcript: People Power #139, January 2024

Naomi Fowler: Hello, and welcome to the Taxcast, the Tax Justice Network podcast. We're all about fixing our economies so they work for all of us. I'm Naomi Fowler. Before we get started, a bit of podcast news for you. We've just launched a brand new podcast website, and you may have noticed the new Taxcast logo. The new website's for all our sister podcasts too, so, the Taxcast and our monthly podcasts in Spanish, Arabic, French and Portuguese - all independent productions bringing tax justice to their part of the world. All of them are on our new site on podcasts.taxjustice.net For the Taxcast, just as before, you can go straight to it on thetaxcast.com If you're still seeing the old website, be patient, it's all settling in still as it goes live. Anyway, on that website, you can get more information and further reading on every podcast we release right there. And as always, you can subscribe to the Taxcast by emailing me, [Naomi\[at\]taxjustice.net](mailto:Naomi[at]taxjustice.net)

So, on the Taxcast this month, when it comes to tax justice, people power is on the rise like never before. We're going to kick off 2024 with the first in-depth case studies on campaigning for tax reform from around the world. Strategies, successes, limitations, and what we can learn from it all. And none of these advances in tax justice would be possible without the unsung heroes, our tax collectors. They're often invisible, often badly paid, often not recognized or respected for their work. Yet, they're as important to helping our societies and human rights function as nurses, teachers and carers. Sometimes their work puts them in great danger. Some of them have been taken from us way before their time. And on the Taxcast this month, we have Malawian poet Robert Chiwamba here with us to perform his poem, *We Will Count Them*. Robert himself is a tax man. He works for the Malawi Revenue Authority as a Senior Tax Investigations Officer. Here he is, paying tribute to tax collectors around the world, past and present.

Robert Chiwamba: We will count them. One by one, name them. As they work without appreciation, we will appreciate them. Tax men. Men and women who are least loved. Risk-takers who know no peace. Insults raining on them like rains in the rain forest. But we will appreciate them, one by one count them as they work without appreciation.

We will recognize them. Tax men, men and women who have been branded thieves, development champions who have been convicted in public opinions courts without hearing their side of the story, and ambassadors who have risked it all for the sake of their country's prosperity.

We will name them. One by one, appreciate them, as they work without being loved, we will recognize them, tax men. Men and women who are at the mercy of politicians, often given instructions contrary to the tax law, threatened, insulted, unrecognized, unappreciated, but we will recognize them, one by one appreciate them, as they work without recognition, we will recognize them.

Tax men, men and women who have carried us through and through, heroes who have supported our ailing economies, champions of fights against illicit trade, drivers of our economies, we will celebrate them, one by one name them, as they work without appreciation, we will recognize them.

Tax man, today's your day. Pop the champagne, light your candles. We will drink to your prosperity, feast to your good health, dance the night off to your protection. Without tax, there's no development. Without tax men, there's no tax. Don't despair, don't relent. Be proud, be cheerful. We love you. We will celebrate tax men, one by one name them as they work without recognition, we will appreciate them.

Naomi Fowler: Robert Chiwamba, spoken word poet and Senior Tax Investigations Officer. Thanks. I'll put a link to a video of him performing that in the show notes.

So, tax justice campaigns are on the rise around the world, and sometimes a surprisingly small group of determined people can do amazing things. Here's a nice example from Greg Leroy of Good Jobs First in the United States. Good Jobs First is a corporate subsidy watchdog, and in their 25 years of campaigning, they've created things like the subsidy tracker, violation tracker, and a tax break tracker, all providing data that has enabled different groups to claw back a lot of public money. Here's Greg.

Greg Leroy: Good Jobs First is the leading reform group within American economic development. A good example of how our data is empowering activists: nine years ago, some religious, faith-based activists in Louisiana discovered our data about individual deals with chemical plants, oil refineries, worth tens of millions and hundreds of millions of dollars, sometimes creating no new jobs at all. And together with the new governor that took office, they want an executive order and a bunch of reforms that have overhauled the state's big property tax abatement program so that today, more than 300 million dollars per year that used to go into corporate bottom lines is going back to schools, back to libraries, back to infrastructure. And that number is headed toward 1 billion per year as the reforms play out. That's progress.

Naomi Fowler: Brilliant! Tax justice campaigning can raise millions, even billions, and that changes lives.

Paolo de Renzio: A few years ago, we decided to start looking at the role that civil society can play in shaping tax policy with a particular focus on making tax systems and taxation more equitable.

Naomi Fowler: This is Paolo De Renzio, formerly Senior Research Fellow with the International Budget Partnership. He's now Senior Lecturer at the Brazilian School of Public and Business Administration of Fundação Getúlio Vargas in Rio de Janeiro.

Paolo de Renzio: And one of the first things that we did was literally scout around, look around and see, you know, what are some interesting examples of civil society organizations engaging, trying to influence, tax policies in their country, in an effort to make tax systems more equitable. But successful stories of civil society campaigns there, there were not many of them and they had not been looked at in a lot of detail. So we said, as part of our internal learning process, we should definitely go out and collect these stories, collect stories from what these groups did, why they did it, how they did it, when they did it, with whom they did it so that we can start accumulating some knowledge and some lessons. And then as we went along, you know the purpose of this exercise became much bigger as we started really uncovering very interesting material about these different campaigns, and the strategies and the narratives and the capacities and so on that these organizations deployed.

Naomi Fowler: So, the International Budget Partnership has produced a book, *A Taxing Journey, How Civic Actors Influence Tax Policy*. It's open access, so it's available online to download for free. I'll put the link in the show notes.

Paolo de Renzio: I would say telling these stories and seeing what lessons we can learn from them had two main objectives. The first one is to inspire others to basically follow in the footsteps of these pioneering groups, you know, trying to distill the key lessons that others can learn from. And as you know, the movement is clearly expanding. There's more and more groups in different countries who are engaging in this kind of work, so providing them with lessons, stories that they can get inspired by, examples of how different organization did things, to try and have a menu of options that they can use as they navigate this sort of new and often difficult territory.

The second objective goes beyond other civil society groups. And it's really trying to inject in the policy debates around tax reform in developing countries

the idea that civil society *can* play a role and that civil society deserves to be recognized as a legitimate actor deserves to receive support from different actors within the country from donor agencies outside the country.

So, in the book, we also sort of include some lessons, not just for other civil society groups, but also for governments and for international agencies of different sorts, be it international NGOs that support this kind of work like Tax Justice Network, but others like Oxfam, the big NGOs, etc, and then official donors, both, let's say bilateral, multilateral, but also philanthropic foundations that increasingly support this kind of work, so what does it mean for donors to, more effectively support the civil society work in this area? So internal learning, inspire other organizations and provide lessons for other actors like governments and donors.

Naomi Fowler: There are seven case studies in the book, and I'm going to run through them quickly: in Guatemala, the campaign to reform the tax administration after a huge corruption scandal, all the way up to the president and the vice president.

There's France and gilets jaunes or the yellow vests and their social media driven revolt against poorly thought out environmental taxes and less well remembered with that is that part of all of it was Macron's proposal to replace the wealth tax.

In Kenya, there's Tax Justice Africa's historic legal challenge to a double taxation agreement the Kenyan government signed with the tax haven of Mauritius. We covered that on the Taxcast.

In Mexico, a decade long fight to get transparency on tax amnesties, which turned out to benefit only a tiny section of wealthy Mexicans.

There's a fascinating one in the Philippines with a campaign to increase so called sin taxes, so taxes on things like tobacco and alcohol, which helped to significantly expand health care.

In Uganda, the opposition to a regressive 1 percent tax on the value of mobile money transfers and a tax on the use of social media.

And in the United States, campaigns in three different states to increase income taxes on the wealthy.

Naomi: So, do you have a particular favorite that you really like?

Paolo de Renzio: That's a tricky question, I mean, all of them are very interesting and fascinating in their own specific way. The ones that I found, let's say, most inspiring, there's two of them, Mexico and the campaign that Fundar spearheaded, and then sort of kept going for more than a decade, trying to, at the beginning, improve transparency levels around tax amnesties. So you know, whenever governments basically pardon tax and cancel tax debts, and there was this sort of recurring initiative new governments would undertake with the excuse of increasing revenue collection, but then in the end, it became just favors that they were handing out to a bunch of people.

And so they focused on identifying tax amnesties as the giving of what they call *fiscal privileges*, which I think is quite an interesting way to sort of frame the issue. And eventually it became much more than just the transparency campaign, it became something around fair taxation and the fact that so many people and organizations, business, get unfair advantages from the tax system, which they don't really need. And that sort of makes the tax system more regressive and less fair. The interesting thing is that Fundar started off this campaign as basically, as legal, so going through the courts, trying to force government to publish information about tax amnesties and the beneficiaries. But then over time, sort of started adding different tactics, different strategies, engaging with different actors, combining their sort of legal action with technical analysis, with building coalitions, with using social media in very interesting ways, taking advantage of specific opportunities when there were changes in government, etc so that the ways in which the campaign developed over time, and became much more multifaceted and requiring them to basically develop and deploy new and different capacities was, I think, a fascinating example of how civil society can, you know, reach impact by building long term capacities and efforts to target specific tax reform initiatives.

The other one is the one in the Philippines, which possibly was the one with the biggest impact you could say, because Action for Economic Reforms is actually quite a small outfit but with a very driven staff that combines different kinds of technical, political communications capacities, and they basically managed to overcome the resistance of the most powerful lobby in Asia, the tobacco and alcohol lobby, by convincing the government to introduce so-called sin taxes on the use of on the consumption of alcohol and tobacco, and through that, generating revenues that funded a huge expansion in health coverage. Again, so the, so very interesting, so very important impact which was reached again with a multi-pronged campaign, they used a vast array of entry points, working directly with the government, working with health sector organizations that were interested in sort of highlighting the negative impact of alcohol and tobacco use, working with Congress in a very strategic way, again, the fact that when a government changed, you know, they were still, they found ways to

work with the new government, even if it was ideologically quite distant from their own position.

So really very fascinating ways to think about tax tactics and strategy and deploying different capacities to make sure that the campaign was kept on track and reached maximum impact. So those two, I think would be the ones that were most inspiring for me.

Naomi: Yeah, really clever, really clever. So you make the point in the book that the lack of involvement of kind of regular citizens and civil society historically in tax policy making and decisions - but how that is changing and interest in tax and tax justice and the activism in that area is really growing. I mean, I've definitely seen that in the years since I started with these podcasts in 2012, when it was really a minority interest, so I mean, there's definitely been a lot of quite successful building up of tax as the friend of the people rather than the enemy of the people, so I'm just wondering what kind of changes you've seen in your time looking in this field that have demonstrated this change in interest and activism around the area of tax?

Paolo de Renzio: Yes, so I think, you know, historically, if you sort of take a long historical view, it's very clear that citizens and different types of civic actors have had limited engagement and limited opportunity to really engage with tax reform, But, you know, I definitely think that the last 10, 20 years have seen quite an important shift and I think it comes from a few different directions. There's been an increasing recognition and debate in international development circles about the role that taxation can play in promoting development, there's been a lot of action around international taxation reforms, you know, where Tax Justice Network, of course, has been a very important actor, which have also brought in civil society actors in different countries through the regional networks, etc. Civil society has started learning this new language, these new skills, has started engaging in debates around taxation.

What we found was that debates and action on international taxation reform moved faster than country level campaigns and country level debates, partly because of different political context and political realities within many developing countries. But I think that is also now changing and the skills that civil society actors CSOs have gained by engaging with international taxation reform debates are now gradually being transferred to more domestic issues and domestic initiatives. There's a growing interest by international NGOs and donor agencies in supporting this kind of this kind of work, so there's basically, I think, a number of different factors that are coming together to generate, to

create a more favorable environment for civil society groups to engage in, in this kind of work.

That doesn't mean that all of the efforts would be successful, there's still lots of political resistance, still many problems with access to information, with technical skills and capacities within civil society and so on and so forth, which we recognize in the book, but certainly, quite an important shift that basically means that this work will continue to grow in the future. So hopefully we will see more groups getting engaged, more, interesting stories of impact, more lessons that can be learned about how to make this work more effective.

Naomi: Yeah, yeah, I think so. And so in terms of what works best in the most sort of successes that you've looked at - obviously, success is an interesting word and tax reform is a battle of ideas, and it's about how we talk about it in the first place and we make that an accessible subject rather than something that people feel they don't, they're not going to be able to understand and it's not going to make any difference to their lives, when in fact the opposite is true so, which of the case studies would you say that you looked at was the most successful in terms of changing the narrative on tax justice, do you think?

Paolo de Renzio: We could see basically three main types of narratives that civil society groups deployed to sort of make the case for tax reform. One, and probably the most common one, given that we were mostly looking at cases of of campaigns that were aimed at making the tax system more equitable, you know, issues around fairness, justice, equity, different ways to basically make the argument that tax systems were working in favor of wealthier individuals and businesses, and were actually working against poorer, lower income, more marginalized groups is something that we see across a number of the different of the different cases.

So, you know, from the Uganda campaign on the regressive nature of the taxes that were introduced by the government on mobile money transfers and social media use, you know, that we're clearly working against, especially, for example, in the case of mobile money transfers, rural people who use their mobile phones to move money around much more than people who work in the big cities and have access to the banking system and have bank accounts and so on.

As I said, in the case of Mexico, Fundar, calling tax amnesties *fiscal privileges* and showing that basically those who were getting away with not paying taxes were definitely not people who needed those tax breaks, basically. So there's a range of very interesting ways in which civil society groups use this argument

of justice, equity, and fairness in different ways to make the argument for, for tax reform.

There's a second set of narratives that were around the need for governments to raise more revenues to finance basic services and to be able to realize human rights in different ways. So the issue in the Philippines, for example, as I said, around finding financing for universal health coverage, in the United States, a number of campaigns were, you know, very clear in terms of, you know, we're going to raise more money from rich people and we're going to invest it in education and infrastructure, which are sectors that are sort of lagging behind and that are not able to sort of cover the costs of these important services. The issue of earmarking in technical terms is sometimes controversial, but it works really well from a narrative standpoint. If you're able to show people that, you know, taxes are paid to finance public services rather than just to sort of disappear into a black hole of government machinery, so it was interesting to see how different groups used that narrative.

And the third and final one is around transparency and ensuring that corruption does not basically eat away at the money that citizens contribute in taxation. So for example, the Guatemala case is very much about making the revenue administration agency more transparent, more accountable, and this was done right after a big corruption scandal where very senior people in the government, including the president and the vice president, were forced to resign because of schemes that they had concocted basically, to siphon money out of the revenue administration agency, you know, big focus on transparency and anti corruption measures.

Mexico, again, is a case in point where there was this decade-long battle to, force the tax administration to release the names of the beneficiaries of tax amnesties, which they very strongly resisted for a long time.

So these three sets of narratives are the ones that we identified as being used across the different cases, which we think can provide an interesting menu of options for groups that are interested in engaging in this kind of work, you know, depending on the type of tax, the kind of tax or the kind of campaign that people are interested in working on, then there's a range of possibilities there in terms of a language that works, stories that work ways in which you can turn the technical language of taxation into something that people can relate to that can be used in in the media or can be used in social media for people to more easily connect and understand with the issue and as a consequence of that, support it.

Naomi: Mmmm. Yeah. And it's - so many very well embedded popular misconceptions about tax, you know, low taxes stimulate the economy and the wealthy people are the wealth creators and they must be kept as wealthy as possible. And they're really well embedded so it's a long journey to try to change those stories that society tends to tell itself, but then one of the things that was really interesting in the book was about strategy. You were saying that the most successful campaigns you looked at used multiple strategies.

Paolo de Renzio: That was also another very interesting, very interesting aspect of the analysis that we did. The more successful campaigns were really multi-pronged strategies that brought together technical analysis and technical publications with direct engagement with executive, with building broad coalitions of civil society actors that could, you know, put more pressure on the government, working with the media, trying to work on these narratives and this messaging, working with parliaments and parliamentarians to create better ways to hold the government accountable.

Sometimes we had the sense that using multiple strategies was not necessarily something that was, you know, planned. It was more like a trial and error as these organizations were trying to make their point and achieve impact, trying anything and then seeing what stuck, what worked, but still, the ways in which they kind of went about identifying different entry points, developing different tactics over time, trying to see what worked, what didn't work, what was worth investing more in and what might have been something that they didn't have either enough capacity to cover, or didn't have the right allies to basically carry forward and so on, was definitely a very interesting part of what we found.

So the two cases Mexico and the Philippines and I would also add the case of ECEFI in Guatemala and their campaign to reform the Revenue Administration Agency were the ones that sort of best provide the best picture of these purposeful, multi-pronged strategies that, that, you know, really try to push the issue in many different ways, and depending on where the context allowed more space.

You know, at a specific point in Guatemala, for example, there's this corruption scandal that happens. They had had been doing work on, revenue administration reform quite some time so they had something ready that they could put in the media, bring to the table sort of, you know, build some momentum around. Then when there's an election with the change of government, immediately they sort of go and work with new Congress people, new members of Parliament, providing technical input into the parliamentary debates around the new legislation that they were pushing for, so at the same time they were finding,

you know, super interesting alliances outside of government. They worked with indigenous groups at local level. They worked with business associations at the national level, always trying to find where the overlap, where the useful overlap existed that they could utilize to basically push for their issue, push for the kind of reform that they thought was the best one for the country.

Yeah. So, the more successful campaigns were the ones that had multi-pronged strategies and worked on different fronts. At the same time you know, also recognizing that not always *everything* needs to be done. So, for example, social media campaigns in some cases worked really well, in some other cases that didn't really make much of a difference. So there's also that capacity to recognize when something is not working so that you sort of pull back resources and put them where they can be more impactful.

Naomi: Yeah. Adaptability. And they also had in Guatemala this really interesting political opportunity you could say, because there was such a big scandal over there with La Linea. it's really interesting how there are occasions in the case studies where perhaps a campaigning group aligned too closely with the political opposition and that in some ways limited the success of their campaign. And the kind of tribalism that can come into play sometimes with campaigning is a really interesting one, and the type of bridges that you can build are very often quite surprising, you know, so you can come at tax campaigns from all sorts of positions, so you have to be really as wide and broad as possible. Even people who work in professions that you would not think, and even politicians who are ideologically coming from such a different perspective, there are meeting places there that can be used to progress particular policies in ways that, you know, if you're too restrictive in the way you think about change it can limit the success of campaigns.

Paolo de Renzio: Yes, in many ways the issue of strategies is very interlinked with the issue of coalitions cause because yeah, whenever you're working on, you know, a different part of your campaign or trying to use a different entry point to influence government policy, then there's a different type of alliance that you need to build, there's a different type of coalition that you need to sort of bring together to, you know, strengthen your position vis a vis those who resist the reform. And it is very interesting, in fact, across the cases to see how different groups went about building these alliances, these relationships, these coalitions very much across the spectrum, you could say, of actors that might have a role to play in tax reform. And this goes from, you know, working directly with different parts of government where these organizations could show that they could provide interesting technical inputs into even the inner

policy workings of the government, you know, in many ways, building the capacity of government to think about policy reforms from the inside.

So we have clear examples - of Action for Economic Reforms in the Philippines, built very close collaboration with the reform unit in the minister of finance. We have FUNDAR in Mexico building the capacity of the institute for access to information, which is sort of the guardian of transparency within the country, helping them think about some of the positions that they developed over time with regard to tax transparency, for example.

So, you know, direct linkages with government, but also building alliances with different oversight actors from supreme audit institutions and parliaments and, you know, civil society is quite a broad field and there's all kinds of people representing, or claiming to represent different groups with very different ideological standpoints with very, very different views on taxation and other aspects of government policy. So, really going out there and trying to find you know, all of all the different groups and associations, whether they're from the business sector or from other parts of civil society, or from sector-specific movements, etc, and trying to sit down and think about where your interests overlap and what you can do together to try and push for the type of reform that is of interest to these different parties is something that is quite interesting that we see happening, throughout most of the most of the cases.

Naomi: Yeah, and then in terms of capacity you do make it very clear in the book that it's technical capacity, political capacity, communications capacity, and a really important capacity to learn and adapt, you need all of them.

Paolo de Renzio: Yeah, and this is something that I think is very specifically relevant in my view for donor agencies and, you know, other outside supporters who often tend to think that what you need is kind of technical capacity to engage in tax debates. And if you build the technical skills within civil society groups and other civic actors, then everything else will follow, almost, you know, naturally. And what we very clearly see from the case studies is that technical capacity is only one of many types of capacities that are needed for successful campaigns, and technical needs to go alongside the political, the political needs to go alongside the communication. So the crafting of the narratives, the capacity to sort of deploy effective messaging strategies and so on, all of these are needed. What is interesting to see is that not necessarily all of these need to exist within an individual organization that is spearheading a campaign. They can bring in others who have who can contribute some of the skills that they don't have so that then, you know, the coalition becomes the repository of the needed capacities, rather than the individual organization.

And then the final point, which you mentioned, is that this needs to be seen in a dynamic, long term perspective, where basically that capacity to reflect on your own action, learn from it and see where you may have made some mistakes, correct course, or, you know, finding out which capacities are missing and therefore either developing them internally or bringing them in from the outside this is something that, again, that we see as very important and an important lessons for other organizations that want to follow these footsteps.

Naomi Fowler: My thanks to Paolo De Renzio and the International Budget Partnership. Their book, *A Taxing Journey, How Civic Actors Influence Tax Policy*, is available online to download for free. The link is in the show notes.

And finally, a quick tax justice news summary for you. After 10 years of campaigning, a huge anti money laundering breakthrough in the United States, beneficial ownership reporting has now begun under the Corporate Transparency Act. On the 1st of January 2024, the Treasury Department began accepting filings on the true beneficial owners of many, not all, U.S. companies. Newly formed entities must now file within 90 days of formation.

In Davos, Switzerland this month, as global business elites, government officials, and representatives of global financial institutions met for the World Economic Forum, 260 millionaires and billionaires from 17 countries signed an open letter asking governments to tax them more. They wouldn't even notice the extra payments! You can read more about that campaign on www.proudtopaymore.org

The same month, Global South countries met in Uganda for the 19th Non Aligned Movement Summit. There they discussed South to South cooperation on combating illicit financial flows, reducing to the barest minimum the processes and costs of the recovery of assets, and debt and climate crisis challenges.

And, in the European Union: the European Parliament and the European Union's 27 national governments have taken some steps forward to agree regulations to harmonize anti money laundering rules across the bloc. Cryptocurrency platforms will be subject to enhanced due diligence measures. That's much needed. We need more though!

Not so good on beneficial ownership registers is that a proposal to lower the threshold where firms must identify the beneficial owners of legal entities from the current 25 percent stake to 15 percent didn't make it because of opposition

from EU member states. By the way, at the Tax Justice Network, we'd like to see a no-threshold approach following the examples of Argentina and Ecuador.

But, provision has been agreed now across the block for access to beneficial ownership registries for journalists, academics and other parties with a legitimate interest. The devil's in the detail there, *but it is* an advance from the EU court ruling that took us backwards on transparency in 2022 when judges ruled as invalid the legal requirements on corporations, trusts and other legal entities to publicly disclose the identities of their beneficial owners.

Okay, that's it for now. We'll be back with you next month. Thanks for listening. Bye for now.