



People-centred Development - Creating an enabling environment for productive investment and decent jobs

Side Event to ECOSOC BWI Dialogue, United Nations NLB, Conference Room B
Date: Tuesday 13 March, 2012 from 1:15 pm – 2:45 pm

Mobilizing Resources for Decent Work- Tax Cooperation Matters **Presentation by Gemma Adaba – Social Justice in Global Development**

I am pleased to have this opportunity to participate in this discussion on the topic of “creating an enabling environment for productive investment and decent jobs”. We have had an interesting range of interventions presenting Government and UN perspectives. I am the civil society voice on this Panel, and would like to give some civil society perspectives on the critical issue of financing employment-centred growth. I would like, first of all, however, to put on record a couple of concerns in relation to the presentation made yesterday in the official session, by the Representative of the World Bank. In outlining the key focus of the World Development Report (WDR) 2013 which will be focused on jobs, the Representative characterized the current youth employment situation as something that should be of concern to all, because unemployed youth could easily pick up guns. I think, however, that the main motivation for combating youth unemployment should not be a sense of insecurity in face of unemployed youth, but rather our concern for the life-time opportunities, the intrinsic wellbeing and self-fulfillment of young people.

I also wish to flag the approach taken by the WDR 2013, consisting of prioritizing strategies for the creation of urban jobs, while neglecting to focus on rural jobs, particularly in the context of achieving food security. Contrary to that approach, Governments would be well advised to develop strategies and put more resources into supporting agriculture, rural development and enhanced employment opportunities in the agricultural sector that is so vital for the development of the majority of countries of the South.

Now let me address the question of the decent work deficit that is deepening in face of the economic and financial crisis. Clearly, inadequate policy responses to the financial and economic crisis have served to increase inequality, insecurity, and vulnerability. According to the ILO’s Global Employment Report for 2012, global unemployment is set to remain at 6% until 2016, while youth unemployment is more than double this figure, standing at 12.7%. This translates to

200 million unemployed world-wide, of which 75 million are young people. The figure for vulnerable, precarious employment stands at 1.52 billion people. Again, young people are disproportionately affected, and women are disproportionately affected.

The decent work deficit is severe. Funding the Global Jobs Pact for inclusive growth with decent jobs is an urgent matter. Therefore, mobilizing resources for a new round of stimulus packages is of paramount importance. However, contrary to the first round in 2009 to 2010 which went to bailing out banks and compensating top executives, this round should be well targeted towards demand-led growth through active labour market policies focused on generating decent jobs, and through provision of social protection floors. Wage-cutting measures constitute an ill-advised policy approach. All of this means that the Financing for Development (FfD) Agenda is more relevant than ever.

Taxation, and International Tax Cooperation have always been important aspects of the (FfD) agenda, linked both to Chapter 1 on Domestic Resource Mobilization, and Chapter 2 on mobilizing international resources, particularly Foreign Direct Investment (FDI), and to Chapter 6, Systemic Issues and Global Governance.

On the domestic resource side, if developing countries can prioritize the strengthening of tax administrations and legal frameworks for tax collection, to ensure fairness and legal redress, this helps both to raise revenues, and to create a stable environment for local and foreign business, all of which is good for job-creating development. We propose progressive systems of taxation which tax wealth, capital gains, and highly profitable Multinational Enterprises disproportionately higher than middle and low-income earners. This brings me to the need for international cooperation in tax matters, that is, cooperation between national tax authorities, in order to address issues of: tax competition, tax evasion, tax havens, and transfer pricing.

Tremendous revenue is lost to development because of unfair, even illegal practices in tax matters. These resources could be mobilized through strengthened international tax cooperation. There is an urgent need to complement the UN Tax Committee, and the OECD Working Group, and create a universal political body on tax matters within the UN. Such a body should include the voice, representation and interests of developing countries, and should have political power.

Tax Cooperation and Financial Transactions Taxes have become important aspects of the policy debate since 2010 when the financial crisis began turning into sovereign debt crises in European countries, and the need to service these debts became evident. There is a need to re-shift the focus of resource mobilization for allocation to core development, while prioritizing national development strategies incorporating decent work, social protection, and measures to address the youth unemployment crisis, and underpinned by a human rights-based, gender sensitive approach.