Financing Public Energy Pathways for Energy Transition and Climate Protection

A realistic but profound vision for financing a public pathway to an energy transition capable of addressing energy poverty and climate protection needs to be developed. What is clear and well elaborated in the framing document, is that a neoliberal approach to climate finance, based on loans, concessional and otherwise, and essentially reliant on development finance unlocking trillions from private investors has failed and will continue to fail.

Even though international climate agreements have acknowledged the ecological debt of the North to the Global South and pledged $100 billion per annum[1] to support the countries in the South deal with the climate crisis, the state of climate finance can be characterised as

- hopelessly inadequate,
- misconstrued and mis-conceptualised in terms of depending on private sector investment,
- debilitating, in that it is likely to increase the indebtedness of the South and through conditionalities further lock global South countries into disastrous neoliberal policies.

According to the most recent Needs Determination Report from the Standing Committee on Finance (SCF) of the UNFCCC and based on the assessment of just 78 Nationally Determined Contributions (NDCs), countries in the global south will require at least $5.8 trillion cumulatively to reach their individual NDC commitments for adaptation and mitigation by 2030.[2]

The prospects for trillions of dollars of private sector investment flowing into the so-called green economy in the South is poor, especially if not attached to generous public sector subsidies and guarantees such as 20 year power purchase agreements.

Moreover, research by Oxfam raises serious methodological concerns with the OECD's climate finance reporting which has been shown to be prone to overcounting. According to Oxfam, bilateral climate finance could be around two thirds **lower** than indicated. Due to the persistent failure to reach the yearly target, global north countries are responsible for withholding US$ 381.6

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[1] UNFCC, Report of the Conference of the Parties on its fifteenth session, held in Copenhagen from 7 to 19 December 2009, p7 (https://unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf#page=4)

[2] UNFCC Standing Committee on Finance, First report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement , https://unfccc.int/sites/default/files/resource/54307_2%20-%20UNFCCC%20First%20NDR%20summary%20-%20V6.pdf

billion, or 48% of pledges made, in bilateral and multilateral public climate finance between 2013 and 2020.[3]

Given this situation, the Framework document is correct in recognising “that a public pathway approach is inconceivable without radical political reform of the multilateral system and at the level of key nation states.”

It is this context, that we have to locate our approach to energy transition and climate protection in advancing new anti-systemic and anti-neoliberal, essentially anti-capitalist, feminist paradigms. It is in this sense the TUED’s framing document makes reference to the Green New Deal and a Marshall plan for mobilising the trillions of dollars required to address the social, economic, ecological and geo-political dimensions of the crises, which define our conjuncture.

Green New Deal

The idea of a Green New Deal has been promoted in several parts of the world, particularly in the North, where reference to Roosevelts’ New Deal and the Marshall Plan has an immediate reference. In the Global South, GND strikes much less of a chord, not just because of its global North history but because of its limitations in dealing with the colonial, neo-colonial legacies that have shaped underdevelopment, exclusion and left us with an extractivist mode of accumulation. Hence any credible transformation programme will require strategies that address, comprehensive land and agrarian reform, food, energy and economic sovereignty, a new system of social reproduction which re-centres care work, addresses the unpaid labour of women and most importantly reparations for the historic, social, economic and ecological debt that the North owes the ex-colonial world.

The point is not to quibble over wording but to make sure we are in agreement that the level of crisis we face requires a deep going systemic transformation. Such a transformation will not come in one big bang but will require approaches and systems of transition. It is in this context, that the notions of a comprehensive just transition centred on principles of equality, redistribution of wealth, social economic and ecological justice and sufficiency - that is living in harmony with nature and respecting the finite limits or planetary boundaries, becomes crucial.

Balance of forces between Capital and Labour

New Emancipatory visions of a Green New Deal or comprehensive Just Transition will not just result because we demand and advocate it. It will require a massive shift in power away from the

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[3] Oxfam, Climate Finance Shadow Report 2020: Assessing Progress Towards the $100 Billion Commitment. https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621066/bp-climate-finance-shadow-report-2020-201020-en.pdf)

predominance of transnational capital, particular the power of finance capital, responsible for the financialisation of the global economy and bringing into existence a balance of forces which has had such a devastating impact on the power of labour and the workers movement more broadly.

The unfavourable balance of forces can be read not just off the rapid and extensive growth of right-wing, neo-fascist forces but the power of capital to disrupt, paralyse and defeat progressive reforms.

Jerome Roos in his book, *Why not Default, the political economy of Sovereign Debt* asks "why do so many heavily indebted countries continue to service their external debts even in times of acute fiscal distress? "What moves them to assume the full burden of adjustment for recurring international crises, inflicting enormous damage on their own economies and untold suffering on their people, while letting their creditors off scot-free?"[4]

This is despite what, Max Winkler of the world's first sovereign debt scholars, wrote in the early 1930s, namely that "fiscal history . . . is replete with instances of governmental defaults. Borrowing and default follow each other with almost perfect regularity. When payment is resumed, the past is easily forgotten and a new borrowing orgy ensues."[5]

Roos, points out that despite the frequency and intensity of international financial crises in recent decades, the total amount of outstanding sovereign debt has actually skyrocketed to a record $60 trillion, or over 80 percent of global GDP. As a result of the rapid expansion of global finance and the widespread insistence on full repayment, recent decades have witnessed a vast and largely uninterrupted flow of capital "upstream": ***from public hands in the global periphery to private hands in the advanced capitalist core.*** In the years since 1982, developing countries have thus ended up transferring an estimated $4.2 trillion in interest payments to their creditors in Europe and North America, far outstripping the official-sector development aid these countries received during the same period.[6] (2019, Jerome Roos Why Not Default, the Political Economy of Sovereign Debt, Princeton University Press, p2.)

Globalisation and the financialisation of the global economy, particularly

- the growing concentration and centralisation of international credit markets;
- the effective integration of official-sector intervention and the IMF's lender-of-last-resort function into the global financial architecture; and
- the growing dependence of the capitalist state—and the capitalist economy more generally—on **private credit**,

[4] Jerome Roos Why Not Default, the Political Economy of Sovereign Debt, Princeton University Press, 2019. p2.

[5] Ibid, P5

[6] Ibid, P2

has tended to strengthen the position of financial elites in creditor and debtor countries alike. Thus, defaults come with a heavy price for the indebted country and account for not just the low number of defaults but the adherence to neoliberal policies.

"The spillover costs of default would initially spread through the transmission belt of the financial sector, with a default on foreign creditors likely to provoke capital flight, a stock market crash, and a collapse of domestic banks and pension funds. But given the centrality of finance to contemporary capitalism, the consequences would quickly ripple throughout the wider economy, risking massive social dislocation in the process. Exporters and importers would no longer be able to obtain trade credit, causing shortages of crucial consumables and industrial inputs; depositors would fear the safety and value of their savings and would likely instigate a bank run and mass capital flight, making the imposition of unpopular capital controls all but inevitable; producers would no longer be able to attract foreign or domestic investment and would start laying off workers in droves; households would see unemployment skyrocket while no longer being able to obtain credit for consumption, as a result of which aggregate demand would dry up—in sum, the bankruptcy of the state would risk provoking the bankruptcy of large parts of the domestic economy, with devastating social consequences (at least in the short term) and potentially grave implications for the government's capacity to legitimize itself in the eyes of its citizens. Given the ability of foreign lenders to inflict such debilitating spillover costs simply by withholding short-term credit lines, it is perhaps no surprise that many governments—including those of a leftist or even anticapitalist persuasion—are loath to defy their foreign lenders. Compliance becomes the rule."[7] (2019, Jerome Roos Why Not Default, the Political Economy of Sovereign Debt, Princeton University Press, p16.)

It is this power of the creditors, their acolytes in the big four credit rating agencies and the IFIs, which we have to take into account when fighting for a Just Transition or green new deal and a publicly driven "Marshall Plan" which can mobilise the trillions of dollars of investment needed to effectively drive the energy transition and climate protection.

If we wish to avoid being idealistic, utopian or rhetorical in our perspectives for financing a public goods approach to energy and climate protection, it is crucial that we have a very sober assessment of our current context.

Stagflation

The world is gripped in a cost of living crisis as part of a stagflation crisis, which is just a new stage in the enduring multi-dimensional crisis of the global capitalist system. This has led central banks around the world to dramatically rise interests rates in a turn from loose monetary policy, to something we can call sado-monetarism. Since the rise in food, energy and other prices are not a result of a massive surge in demand, but rather an outcome of bottlenecks disrupting global value chains, exacerbated but not caused by the war in Ukraine, the rise in interest rates will constrain investment in the real economy and most likely plunge the global economy into another recession.

[7] Ibid, P16

This comes on the back of the shocks of the financial crisis of 2007/8 and the Covid 19 economic seizure, which has set back many decades, economic development, overcoming inequality and poverty in the global South.

The accompanying food and energy crisis and shift of already low levels of productive investment into safe financial havens' will result in great impoverishment around the world and extenuate inequality within and between countries.

New Debt Crisis

The debt crisis affecting many countries in the global South, especially the most impoverished is a defining feature of our current situation. Countries in the global south have been facing increasingly unsustainable debt since the 2008 financial crisis, with debt payments increasing by 120% between 2010 and 2021, reaching their highest level since 2001.[8] An increasing proportion of global south debt is owed to private creditors , who tend to charge much higher interest rates than other lenders. Almost half of external debt and interest payments by low and lower middle income countries are to private lenders.[9]

Public debt has increased in 108 out of 116 global south countries. 54 countries are currently in a debt crisis and this number looks set to grow as countries are further impacted by the food and fuel crisis resulting from the Ukraine war and rising US interest rates.[10]

Rising bond yields and dollar appreciation since the beginning of this year, has created a situation where it has become impossible for countries to refinance their debt from private creditors and pushed them into new structural adjustment programmes with the IMF.

The role of private creditors needs to be emphasised. Private creditors hold more than 60 per cent of all claims on countries in the Global South. In order to reduce debt in critically indebted countries, their participation in debt restructuring is therefore crucial. However, during the Corona pandemic, private creditors successfully refused to participate in debt cancelation or restructuring programmes.

Between 2013 and 2021, the number of global south countries the IMF says are unable to pay their debts or at high risk of doing so has increased from 17 to 39. According to the Global Sovereign Debt Monitor 2022, 135 out of 148 countries in the Global South are critically indebted.[11]

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[8] Debt Justice, Growing Global Debt Crisis to worsen with interest rate rises, 23 January 2022, https://debtjustice.org.uk/press-release/growing-debt-crisis-to-worsen-with-interest-rate-rises
[9] Ibid.
[10] Eurodad, A Debt Pandemic, Dynamics and implications of the debt crisis of 2020, Briefing Paper March 2021. https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/2112/attachments/original/1622627378/debt-pandemic-FINAL.pdf?1622627378
[11] Erlassjahr, Global Sovereign Debt Monitor 2022. https://erlassjahr.de/wordpress/wp-content/uploads/2022/04/GSDM22-online.pdf

Several countries (Lebanon, Zambia, Sri Lanka, Russia and Surinam) have already had to default on the sovereign debt repayments and several others are at the point of default, (Pakistan, Argentina, Kenya, Egypt, Tunisia, Ghana and of course Ukraine). Moodys has pointed out the particular vulnerability of Kenya, Egypt, Tunisia and Ghana given the amount of debt coming due relative to reserves, and the fiscal challenges in terms of stabilising debt burdens.
In the case of Kenya, the country spends roughly 30% of revenues on interest payments. Its bonds have lost almost half their value and it currently has no access to capital markets. This poses a major problem since a $2 billion dollar bond will come due in 2024.[12]

The case of Zambia is instructive. Having defaulted on its debt the country was forced to go to the IMF for a bail out loan, with such harsh conditionalities that gives the lie to the idea of a new IMF sensitive to the needs of the poor and the global south. Zambia's bailout agreement is forcing the country to cut its budget deficit from from 6% of GDP in 2021 to a surplus of 3.2% of GDP by 2025.[13] This will be achieved by:

- Withdrawal of fuel subsidies;
- Increase in electricity tariffs;
- Massive cuts in the Farmer Input Support Programme for small scale farmers;
- Increase revenues through broadening VAT base.

This decade, Zambia is due to spend over four times more on debt payments than on addressing the impacts of the climate crisis.[14]

Even the IMF and World Bank themselves admit, the current situation will require debt restructuring and relief.

In 2020, the G20 introduced two 'debt relief' schemes for 73 of the world's poorest countries. The first was the Debt Service Suspension Initiative (DSSI) which ended in 2021 and aimed to suspend debt payments temporarily so countries could use resources to respond to the pandemic rather than on debt repayments.

The second initiative introduced by the G20 was the Common Framework for Debt Treatments Beyond the DSSI (Common Framework) which aims to provide wider debt relief to countries that request it across their external bilateral and private debt. To date three countries have applied (Chad, Ethiopia and Zambia) with no agreements having as yet been reached. A major problem with the Common Framework, is that it effectively gives private creditors a veto.

[12] Reuters, The big default? The dozen countries in the danger zone. https://www.reuters.com/markets/europe/big-default-dozen-countries-danger-zone-2022-07-15/
[13] IMF Country Report No. 22/292, August 9 2022.
[14] Tess Woolfenden and Dr Sindra Sharma KhushalThe debt and climate crises: Why climate justice must include debt justice. P6.

Given this situation, we have to ask and answer what are the prospects of indebted countries lead a publicly determined energy transition while mitigating and protecting their societies from the climate crisis.

In this regard, we in TUED South will have to support a much more radical version of debt cancelation / annulment / repudiation. Here we need to align ourselves with the foundations laid by, what should be our sister formation, Jubilee South, which demanded the cancellation of the illegitimate debts of the South and the full repayment of the historical, social and ecological debt owed by the North. Jubilee South rejected conditionalities which were attached to previous programmes of debt cancelation, such as the Heavily Indebted Poor Country and Multilateral Debt Relief initiatives. Through these programmes impoverished countries were locked into a neoliberal framework and ultimately broke their resistance to private sector dominated development path.

Debt cancelation / repudiation should be very much on the agenda of TUED South if we are going to remotely be able to realise a public pathway approach to energy transition and climate protection.

Austerity

Clearly, austerity and monetarism are going to be the twin pillars characterising the post Covid 19 “recovery’ and pose an existential crisis for public pathway approaches to the provision of essential services and the public sector in general. Sometimes imposed by the creditors but often willingly undertaken by the local political elites, austerity will paralyse all public approaches to the provision of basic services, not least electricity and speed up the push for privatisation of the remaining state owned enterprises and state driven development programmes.

A recent report estimates that 85% of the world population will be living under austerity measures by next year as tens of millions face hunger, homelessness, and health crises. In all, the report shows that 143 countries — 94 of which are developing nations — are pursuing austerity, often at the urging of the IFIs.[15]

Two immediate consequences flow from the debt crisis and the intensifying of austerity:
1) A new wave of privatisation to off-set fiscal and debt crisis;
2) Intensification of natural resource extraction as a way to generate resources to meet debt repayments with devastating human and environmental consequences, not least for countries being able to meet their NDC targets.

Trade liberalisation, intellectual property rights and patents

If overcoming the debt crisis in the Global South and ending austerity is key to realising a public pathway for energy transition and climate protection, then equally reversing the current

[15] Eurodad, Sept 2022. End Austerity: A Global Report on Budget Cuts and Harmful Social Reforms in 2022-25

international trade regime is of equal significance. Localisation of key inputs into the energy system, especially renewables and grid development will require, not just the waiver of intellectual property rights but getting IPS out of the WTO system and significantly reforming the General Agreement on Trade in Services, agreements on non -agricultural goods and investment agreements. Here, the Agreement on Trade Related Investment Agreements with its restrictions on local content regulations poses a major threat to localisation of low carbon technologies. It will also involve reversing bilateral and regional trade and investment agreements which prevent countries from protecting local industries through use of tariff and custom duties, especially since these are often linked to investor-state dispute settlement mechanism which enables foreign investors to sue sovereign state in forums outside that nation's domestic courts. The Energy Charter Agreement includes such an ISDS mechanism with profound implications for states wishing to re-nationalise their energy systems.

The recently concluded 12th Ministerial of the WTO provides a reality check and little cause for comfort in terms of rolling-back the WTO system of trade protection for the rich and liberalisation for the poor. For example, the demand by many countries in the Global South for an IP waiver on vaccines, treatments, and tests related to Covid-19 within the WTO's Trade-Related Aspects of Intellectual Property (TRIPS) was effectively rejected.

Other equally important demands coming from the global South such as the removal of fisheries subsidies and the right provide food subsidies to protect food production for the poor and to impose food export bans in times of crisis were rejected.

Of great importance and again of great significance for the programme of TUED South is the extension of the Moratorium on custom duties on electronic transmissions. This effects electronic imports of software, films, music, 3D printer design files, etc. A recent study estimated that in the period 2017-2020, developing countries and LDCs lost $56 billion of tariff revenue, of which $48 billion were lost by the developing countries and $8 billion by the least developed countries.[16] It is interesting to note that this loss of tariff revenue is from the imports of just 49 products. With no clarity on the definition of electronic transmissions (ET) and thereby on the scope of the moratorium, the continuation of the WTO moratorium on customs duties on ET can lead to substantive tariff revenue losses for developing and least developed countries in the future.

Illicit Financial Flows

The scale of illicit financial flows from developing and poor countries further exacerbates the fiscal crisis in many developing and least developed countries. By far the greatest component of illicit financial flows is the profit shifting operations of transnational corporations and not the proceeds of corruption by government officials or the result of criminal activities in trafficking drugs, contraband, counterfeit goods, etc.[17]

[16] South Centre, Research Paper 157, Rashmi Banga, WTO Moratorium on Customs Duties on Electronic Transmissions: How much tariff revenue have developing countries lost?
[17] Global Financial Integrity, Trade-Related Illicit Financial Flows in 134 Developing Countries 2009 - 2018 , GFI 2021.

One of the main instruments of corporate tax evasion is trade mis-invoicing. This occurs when importers and exporters deliberately falsify the declared value of goods on invoices submitted to customs authorities. This allows traders to illegally move money across international borders, evade tax and/or customs duties, launder the proceeds of criminal activity, circumvent currency controls, and hide profits in offshore bank accounts. A 2021 GFI report finds an estimated US$1.6 trillion in potential trade mis- invoicing among 134 developing countries, of which US$835 billion occurred between developing countries and 36 advanced economies, in 2018.[18] Using Kenya as an example, a 2017 report of Global Financial Integrity (GFI) estimates that in 2017 illicit outflows from trade mis-invoicing in Kenya totaled KES 95 billion (US$ 885million).[19]

The United Nations Economic Commission for Africa estimates that between 2000 and 2016 Africa had, on average, $83 billion a year in net outflows through trade mis-invoicing.[20] Cumulatively between 2000 and 2016, trade mis-invoicing was estimated at $1.4 trillion, equivalent to 11.4 per cent of the value of Africa's trade.[21]

To these losses one needs to add the result of the myriad of tax avoidance measures undertaken by TNCs. Many will be familiar with the cases of the big tech companies, Apple, Google, etc who pay little tax by registering their profits in tax havens like Ireland, Luxembourg, Cayman Islands etc. This phenomena is known as base erosion and profit shifting and takes many forms such as one subsidiary of a company charging management, marketing, legal and other fees to another subsidiary without any real activity taking place, people employed or offices existing. Annually estimated losses through these "aggressive tax planning methods has recently been calculated at $187 billion on an annual basis.[22]

A conservative estimate made in a Tax Justice Network report of 2012 indicates that the range of wealth accumulated over the years in tax havens, acting as tax-free investment, from these illicit financial flows is between US$21 trillion and US$32 trillion.[23]

TUED South needs to be aware this is an issue particularly relevant for the labour movement, since for every dollar that TNCs avoid in tax payment a much greater amount is lost to wage bargaining. For example, If a TNC shifts $100 million illicitly the tax authority loses $10 million if the corporate tax rate is 10%. However, workers of that company have lost the balance of the $100 million, I.e $90 million from the wage bargaining table.

LDCs and African countries have a much higher reliance on corporate income taxes and goods and service taxes as a share of their revenue with a lower ability to mobilize revenue from

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[18] Ibid, page1
[19] Global Financial Integrity, Illicit Financial Flows in Kenya, page 23
[20] United Nations UN Inter-agency Task Force on Financing for Development, Financing for Sustainable Development, Bridging the Finance Divide P48
[21] Ibid page 48
[22] The Missing Profits of Nations (No. 24701; NBER Working Paper Series) T Tørsløv, L Wier, G Zucman - 2018
[23] Tax Justice Network, Inequality You Don't Know Half of It

individual income taxes and social contributions because of high levels of informality and low wages, among other factors.

Systemic reforms

Thus it becomes very clear, given the hold of neoliberal policies over most government's macro-economic policies and taking into account, the impact that debt servicing, trade liberalisation and illicit financial flows have on public finance, that in the **short to medium term** the prospects for financing full publicly driven energy transitions do not look favourable.

However, there are several opportunities where policy reform at the global, regional and national levels can be the source of the scale of finances, that references to the Marshall Plan inspire.

1. In this regard it is essential for TUED South to join the fight for debt cancellation and that means linking up with formations like Jubilee South that focus on the illegitimacy of debt and reject conditionalities linked to the limited debt relief programmes of the IFI such as the Common Framework for Debt Treatments Beyond the DSSI (Common Framework).

2. We must join the struggle to combat illicit financial flows undertaken by transnational corporations to evade and avoid taxes and wages.

3. As part of fighting the unjust trade system of the WTO and similar regional and bilateral trade agreements we urgently have to fight to end the WTO moratorium on custom duties on electronic transmissions.

4. We need to renew the struggle for a financial transaction tax, so-called Tobin or robin hood tax. If the tax were put on every financial transaction taking place globally, it could raise billions in revenue and help contain financial speculation.

Public Banks

A recent book, Public Banks and Covid 19, Combating the Pandemic with Public Finance goes some ways in indicating the potential role public banks can play in financing an energy transition consistent with social and climate protection goals.[24] As the book points out

"Governments have been on the frontline of this economic defence, as have public banks. Nobody expected the private sector to take the lead. Corporate shareholders took no proactive stance towards bailing out struggling businesses, households or governments. Rather, governments and public banks have charted the path to recovery. There are good reasons for this,

[24] Public Banks and Covid-19 Combatting the Pandemic with Public Finance, David A. McDonald, Thomas Marois and Diana Barrowclough (eds), MSP, UNCTAD, Eurodad, 2020.

and the future of stable, sustainable and equitable societies will depend on building on the lessons now being learned."[25]

Because Public Banks exist within the public sphere, they do not need to function according to market-based and profit-maximizing imperatives. This has contributed to rapid and directed interventions at times of crisis, such as with Covid-19. The same can be true for financing a genuine low carbon energy transition.

In terms which have great relevance for responding to the climate crisis and advancing a public pathway approach, the editors, summarise:

"Public banks have not stood idle in response to the economic and social damage wrought by the onset of the Covid-19 pandemic. Rather, public banks have emerged as dynamic financial institutions capable of responding to the needs of their societies. Five overarching and promising lessons stand out: public banks have the potential to respond rapidly; to fulfill their public purpose mandates; to act boldly; to mobilize their existing institutional capacity; and to build on 'public-public' solidarity. In short, public banks are helping us navigate the tidal wave of Covid-19 at the same time as private lenders are turning away."[26]

As of mid-2020, there were 910 public development, commercial/retail and universal banks worldwide with nearly US$49 trillion in combined assets. If we include public central banks and multilateral banks, then institutional numbers reach 1,160 and combined assets exceed $66 trillion.[27]

Taxation

What is also evident, successful campaigns for debt cancellation, curbing of illicit financial flows hold the promise of liberating billions of dollars for advancing a public pathway for energy transition, climate protection and ensuring the universal provision of essential services and social welfare but will be dependent on high levels of solidarity and capacity for co-ordinating global campaigning.

Progressive and innovative reform of the tax system towards rebuilding the health of public finance holds great possibilities for raising the resources capable of reclaiming effective power utilities and the state itself for a different publicly driven development path.

At a national level the capacity of governments to implement a progressive tax policy is crucial for advancing public ownership, overcoming inequality and reversing the current trend for wealth to be redistributed from the poor to the rich.

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[25] Ibid, p1.
[26] Ibid, p5.
[27] Ibid, p11.

The space for domestic tax reform can be seen from the following table in relation to tax to GDP ratios. Bear in mind a benchmark of 33% tax to GDP ratio is considered appropriate and responsive to needs for domestic resource mobilisation.

Tax to GDP Ratio for selected countries in the global South 2019[28]	
South Africa	23,8
Kenya	17,3
Nigeria	6
Egypt	14,2
Senegal	16,6
Ghana	13,5
Mauritius	21,1
Algeria	6
Rwanda	17,7
Tanzania	14,7
Brazil	32,5
Argentina	28,2
Mexico	16,3
Columbia	19,7
Peru	16,6
Chile	20,9
Korea (S)	27,3
Philippines	18,1
India	7,3

Further research would have to be undertaken to understand why Nigeria, Algeria, India have such low tax to GDP ratios but what this table should indicate is the great room for tax reform, which if applied progressively could generate billions of dollars for development and for financing the growth of the public sector, especially in the areas of energy and transport, key sectors necessary for address the climate emergency. A focus on tax reform has the advantage of reinforcing economic sovereignty and decreasing dependency on foreign creditors and investors.

In this regard we can draw inspiration and lessons from initiatives and movements fighting for universal health care. Using longitudinal data from 89 low-income and middle-income countries from 1995 to 2011, they show that increasing general taxation financing was associated with increased health service coverage and improved financial protection. These associations were

[28] Table derived from World Bank data.

particularly pronounced in countries with low tax revenues (less than $1000 per capita per year). Here “an additional $100 tax revenue per year substantially increased the proportion of births with a skilled attendant present by 6·74 percentage points (and the extent of financial coverage by 11·4 percentage points.”[29]

Here is not the space to enumerate the host of reforms which can be considered but can include Income tax reform that targets the high -net worth individuals who, through aggressive tax planning, the use of off-shore accounts, etc. pay very little tax.

The UN’s 2022 Financing for Sustainable Development suggests that countries “can institute solidarity taxes or other measures aimed at appropriately taxing high-net-worth individuals, who have a lower propensity for spending marginal income, either as temporary crisis response measures or more permanent policies, with appropriate measures to counter tax evasion. Strengthening property and capital gains taxation can also generate new revenue.”[30]

Building Alliances for a Public Pathway Approach

All this points to the need for the urgency of a change in paradigm and as the framing document suggests we need a powerful global campaign for a global Green New Deal and the marshalling of the trillions of dollars locked in the financial speculation and especially the $32 trillion parked in tax and secrecy havens by TNCs and high wealth individuals.

This will require the creation of spaces and alliances like the World Social Forum underpinned by the slogan “Another World is Possible, - or rephrased for our purposes “Another Energy transition is both possible and necessary - where thousands of social movements, trade unions, popular organisations and other civil society formations are drawn together to constitute a counter-power to that of the elites. Perhaps the growing depth of the climate crisis will provoke such a global movement to come into existence, which can use its collective power to mobilise as powerfully as was done in 2002 against the imperialist war in Iraq.

[29] Rottingen JA Ottersen T Ablo A et al.Shared responsibilities for health—a coherent global framework for health financing. Final report of the Centre on Global Health Security Working Group on Health Financing. Chatham House, London2014.

[30] United Nations, Inter-agency Task Force on Financing for Development, Financing for Sustainable Development Report 2022. (New York: United Nations, 2022), available from: https://developmentfinance.un.org/fsdr2022. P31