

NEWSLETTER FROM THE PARLIAMENTARIAN WORLD

APPEAL FOR THE TOBIN TAX

Washington Call

<http://tobintaxcall.free.fr>

Welcome to the November 2001 Newsletter from "World Parliamentarians for the 'Tobin Tax'". If you would like to have this newsletter sent to other Parliamentarians, NGOs or other people, or to obtain further information, you can contact us by e-mail: tobintaxcall@free.fr

Yours sincerely,

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"Capital Tax, Fiscal Systems and Globalisation" Intergroup

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1 – French Parliament adopts Tobin tax amendment

By Yann Galut, Member of the French Parliament and member of the Parliamentary ATTAC Committee.

In the evening of Monday 19th November 2001, the French National Assembly adopted the principle of a Tobin tax up to a maximum amount of 0.1% on international speculative financial transactions. This tax will enter into force after its adoption by the other European parliaments.

It is, thus, a symbolic and political victory that has been obtained by the French Members of Parliament, in particular by those in the ATTAC group of the national assembly. Now the same vote must be replicated in the other European Parliaments in order for the tax to enter into force. The French Parliament is the second Parliament in the world, after our Canadian friends in 1999, to have voted on the principle of a Tobin tax.

We must now continue to build on this symbolic victory in the different parliaments in the world. On one hand, this vote shows that numerous parliamentarians are not satisfied with the financial globalisation that is imposed on us. The taxation of financial transactions must be top of the agenda at the next World Social Forum in Porto Alegre, which takes place at the end of January 2002 in Brazil ».

For several years now, members of the ATTAC Group in the National Assembly have been introducing an amendment during the vote on the Finance Law seeking the establishment of a Tobin type tax. Their perseverance has not been in vain. This victory, even though symbolic for now, may be the catalyst for the political battle which will take place in other countries and at the heart of Europe. The victory will be, without doubt, a persuasive reference point for future debates in the other European Parliaments.

And as **Gérard Fuchs**, French Member of Parliament, recalled during the debate in the Assembly :
« *When we first talked about banning child labour, it was a utopia. When we first talked about not working on Sundays, it was a utopia. When we first talked about paid holidays, some of us declared that they would not pay employees for doing nothing. It is true, to talk of taxing financial transactions is a utopia. But we believe that this utopia must become reality. We need political regulation of financial globalisation (...) This evening, our aim is to launch an appeal, first of all to the other European Parliaments, for them to follow us, and then to our other colleagues in the OECD. But let us not hide behind the need for the universality of this proposal before taking it. Let's say to the other European parliaments « Follow us ! » and in a few years' time, we will be proud of what we did this evening.* »

The text of the amendment adopted is particularly interesting for the evaluation undertaken by the administrative services of the National Assembly. Thus, at a rate of 0.1% (maximum hypothesis), taking into account the current volume of monetary transactions at the Paris stock exchange, the return would be 50m Euros per day, or 12.5 billion Euros per year if the volume of transactions remained the same. Even if the tax was only 0.01%, the return would still be, despite the foreseen exclusions, 1.25 billion Euros per year for this stock exchange alone where only 4% of exchange operations in the world are carried out (according to the Bank of International Settlements).

The amendment and the debate (French only) in the Parliament can be found on our website:
<http://tobintaxcall.free.fr>

2. Mexico: Parliamentarians push for Tobin tax

As mentioned in our August/September newsletter, the debate on a Tobin type tax is moving forward in the Chamber of Deputies in Mexico.

On the 8 of November, **Rafael Hernandez Estrada, Member of Parliament in Mexico for the PRD**, with 84 of his colleagues have tabled a motion for a resolution on the issue of taxation of financial flows and the implementation of a Tobin tax, which text follows. The motion for a resolution has also been passed on to the Foreign Affairs Committee of the Congress.

" Motion for a resolution

The chamber of deputies of the Congress of the United States of Mexico wishes:

Firstly

To support the world campaign for a Tobin tax

Secondly,

To call for the federal executive power to convey to the Economic and Social Council of the United Nations, the international financial organisations, the World Trade Organisation

(WTO), the Organisation for Economic Cooperation and Development (OECD) among others, the support of our country for the establishment of multilateral cooperation tools to control and tax international financial speculation.

Thirdly,

To call on the parliaments around the world to act together in facing the national governments and international financial organisations, in order to start in a coordinated manner an international process leading to the implementation of a Tobin tax and to explore the different ways to reform the international financial and monetary transfer.

Mexico – 8 November 2001 Rafael Hernandez Estrada MP and 84 colleagues''

The 85 deputies, representing 5 different political groups (PRI, PVEM, PT, PAN et PRD) have also joined the World Parliamentarian Appeal for a Tobin Tax.

The list of the new Mexican signatories as well as the debate in the Mexican chamber of deputies can be found on: <http://tobintaxcall.free.fr>

3. Brown's big boost for global aid and Tobin tax campaigns

Gordon Brown, the British Chancellor of the Exchequer, speaking at the New York Federal Reserve on 16 November 2001, appealed for the fight against poverty to be made a priority in:

- creating a new global fund for development that would add an extra \$50 billion a year, amount needed to fill the gap according to a UN report on finance for development. This report, prepared by Ernesto Zedillo, former president of Mexico, estimates that if we are to succeed in achieving the 2015 millennium development goals - namely primary education for all, halving poverty and the decrease of child mortality by two thirds - an extra \$50 billion a year will be required each year until 2015.
- Pursuing the debate on the possibility of implementation of a tax on currency transactions whose revenues could be allocated to development.

In a Press Release, **Steve Tibbett**, **War on Want's** Senior Campaigner welcomed this decision: "this is bold and historic move by a Chancellor who is clearly committed to increasing aid flows. We will be watching for further increases in the UK aid budget, which has increased significantly but not nearly quickly enough." Mr Tibbett continued, "without some innovative ways of raising development funds it is difficult to see where the extra money will come from. The change in tone on the Tobin tax is palpable and refreshing. It's good to see Mr Brown responding to increasing European enthusiasm for the idea."

4. Madrid regional parliament calls on the Spanish government to support Tobin tax

The Socialists of Madrid have tabled to the Madrid regional parliament a proposal for legislation in which they included a Tobin tax, a highly necessary tax supported by the left. Last year, the proposal had been rejected by the right-wing majority of the regional parliament. However, this

year on 22 November 2001, all parties agreed on the basis of the proposal of the socialist Maria Luisa Alvarez Durante, to ask the Spanish government to promote this tax.

The adopted text "presses the national government to demand to the European Commission to support a debate on Europe's responses to the globalisation challenge in promoting the adoption of a tax to reduce speculative effects on international financial transactions and to be used for the creation of a fund aimed at the reduction of world inequalities between developed and developing countries as well as for the establishment of a code of good conduct for European companies operating in these countries".

The proposal of the Spanish Socialist Workers' Party has obtained the support of Izquierda Unida (IU) and of the People's Party (PP). It is a surprising contradiction with the right-wing parties who reject the Tobin tax at the national level but approved it in the regional Parliament in Madrid.

5. European Commission Report on the 'Tobin Tax' due for December 2001 or February 2002

Following the debate on the Tobin Tax on the occasion of the ECOFIN Meeting (Meeting of the Finance Ministers of the Member States) in Liège last September, the economic and financial committee of the European Union approved the terms of reference for a Commission report on the Responses to the Challenges of Globalisation that includes a study of the 'Tobin Tax'.

The ECOFIN meeting of the 16 October 2001 examined the mandate and invited the Commission to prepare a first **interim report** in time for its meeting on 14 December 2001, to be held in parallel to the Laeken Summit.

This interim report could already include responses to the "benefits and drawbacks" question of a 'Tobin type tax'. However the Commission could also decide to wait for the final report to address the questions on globalisation and development that should be submitted at the end of February 2001 in preparation for the European Council in Barcelona.

The report on the ECOFIN Council of 16 October 2001 can be found on the World Appeal for Parliamentarians website: <http://tobintaxcall.free.fr>