

NEWSLETTER FROM THE PARLIAMENTARIAN WORLD APPEAL FOR THE “TOBIN TAX” *Washington Call*

<http://tobintaxcall.free.fr>

You will find attached the March 2002 Newsletter from « World Parliamentarians for the “Tobin Tax” ». To obtain further information or if you would like to have this newsletter sent to other Parliamentarians, NGOs or other interested parties, you may contact us by e-mail at: tobintaxcall@free.fr

Yours sincerely,

Harlem Désir, Glyn Ford and Carlos Carnero Gonzalez

«Capital Tax, Fiscal Systems and Globalisation» Intergroup of the European Parliament

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1 –Johannesburg Conference : Parliamentarian call to save the Earth Summit

The International Parliamentary network created in Porto Alegre, has launched an initiative, “Save the Earth Summit”, in view of the upcoming summit. They highlight 10 priorities that would help the Johannesburg Conference produce concrete results for sustainable development, including the installation of a Tobin type tax.

Below is a campaign for signatories along with the full text of the declaration. The aim of this initiative is to gather as many signatures as possible from world parliamentarians and to present the text to the media at the beginning of the summit in Johannesburg.

Strasbourg, 2 July 2002

Dear colleagues,

In a few weeks, the "Rio + 10" conference is going to take place in Johannesburg/South Africa. After the recent fourth PrepCom in Bali this conference risks to fail, or will have very a very low profile outcome. A new hope is vanishing, if, especially in the industrialised countries, awareness is not risen of what is at stake.

In this context, we, as members of the European Branch of the World Parliamentary Forum WPF), would like to contribute to the necessary mobilisation to achieve this awareness. Therefore we want

to collect the biggest number possible of signatures under the Declaration in annex called "Save the Earth Summit!"

We kindly ask you to confirm us that you agree with the text, if possible until June 30, 2002, replying to the e-mail addresses indicated below. Please don't forget to mention the parliament and the party you belong to.

We intend to present the Declaration to the press during the July 2002 session of the European Parliament (from 1 to 4 July 2002) in Strasbourg/France with a maximum of signatures from parliamentarians throughout the world. In Johannesburg the Declaration will be presented to the international press again. If you plan to be in Johannesburg during the summit, please get in touch with us as soon as possible, so that we can prepare our initiatives over there together.

Yours,

Danielle Auroi
MEP

Harlem Désir
MEP

Francis Wurtz
MEP

Declaration:

World Parliamentary Forum

SAVE THE EARTH SUMMIT

A sustainable world is possible, necessary and urgent

*Declaration on the Rio + 10 Summit
Johannesburg, 26 August- 4 September 2002*

In 1992, the first Earth Summit In Rio de Janeiro/Brasil raised international awareness for the need to reverse the unsustainable patterns of production and consumption in the world. 10 years later, Rio the second Earth Summit in Johannesburg is supposed to review the progress made towards this aim and to agree on new initiatives to tackle the world's major problems. In fact, the UNEP Global Environmental Outlook N° 3 catalogues rather disastrous results: the state of the world is worse then ever. More people than ever are suffering from poverty, hunger, environmental devastation, war and repression.

In Johannesburg, the Earth Summit will bring together political leaders and representatives from citizen groups, business and other sectors of society from all over the world.

Much is at stake. There is a risk that because of the lack of government commitments, in particular from industrialised countries, the concrete results of the Summit will be as weak as the Monterrey and the Bali Conferences on financing development and that the trade agenda takes the lead over the development and environment agenda. Multinational corporations are making major efforts to ensure that the proposals for action to be decided in Johannesburg mainly reflect their own

economic interests. Once again, corporate power intends to overthrow democratic decision making and control. We firmly reject the attempts to make sustainability a business issue. We do not want Rio + 10 to result in a Rio – 10. A failure in Johannesburg will also be a failure in the battle for a safe and fair world for all. The world will also win the battle for peace by winning the fight for sustainable development, health and a decent future for all. That is another reason why the results in Johannesburg will be so decisive.

Therefore we, members of the World Parliamentary Forum, propose

10 demands for Rio + 10

which we will defend and support in our parliamentary work. The aim of sustainable development is not economic growth as such although it can contribute to achieve such a goal. The aim is human progress, human dignity, the improvement of the quality of life for all, social inclusion and the protection of the environment. Therefore, we need a clear vision and clear objectives, targets and timetables In order to reach this aim it is necessary to

1. Stop the causes of impoverishment

The improvement of the conditions of life for all people in the world must be the overall aim of political and economic activities. As a full part of that aim, the right to education must be enhanced. In our parliaments, we oppose any initiative to privatise the commons. Free access to public goods must be guaranteed. Public services are not for sale and should be protected and promoted alongside social rights. Food security, which is incompatible with the privatisation of property rights for seeds, is a human right. A Tobin type tax on international transactions and other international taxes (the carbon tax on gas emissions, etc) must be implemented to raise funds to eradicate the most extreme forms of poverty and to allow access to public goods for all in a sustainable way in developing countries. There will be no sustainable globalisation without redistribution of wealth on a world scale.

2. Stop the causes of environmental devastation - Ratify and implement all international environmental and development agreements and commitments concluded since Rio

The growth logic, starting with irresponsible (ab)use of land and energy_which has led to ever more man-made disasters must end. Uncontrolled logging, pesticide use and construction of houses and roads have put the survival of the planet at risk. The polluter pays principle and the precautionary principle must be the basis of all regulations. It is high time that the treaties on climate change (Kyoto), biological diversity, biosafety and fisheries become effective. Therefore, we will contribute to put pressure on those governments which are reluctant to sign or withdraw their signature, such as the US. The Johannesburg summit must adopt the UN target of 0.7 % GDP for Official Development assistance (ODA) including a timetable for implementation.

3. End debt, undermine financial speculation

The yearly debt service of developing countries amounts to 200 billion US\$. This is almost four times the official development aid. Thus, in reality, the South is financing the North. The present system of involving whole countries into a debt trap, with its totally perverse effects, has to be stopped, starting with debt cancellation for poor countries. Additionally, instruments like the Tobin tax and the suppression of tax heavens will also help to stop speculative capital flows.

4. Make companies accountable

We support the call for a legally binding international framework on corporate accountability and liability requiring private investors to comply with core labour and environmental standards defined in national legislation and international law and including independent verification mechanisms. A first step towards this should be mandatory reporting on social and environmental performance and the strengthening of existing guidelines for multi-national enterprises. Furthermore, all Multilateral Environmental Agreements should include provisions relating to natural resource use and investment controls. Voluntary codes are not enough to guarantee rights of citizens and communities and duties of corporations. Johannesburg should be the place to launch the negotiations of such an international framework agreement.

5. Shrink the WTO

Instead of giving new competences to the World Trade Organisation (WTO), its functioning needs an in-depth review and reform. The WTO should not be given the authority over new areas such as investment, government procurement, competition and public services, particularly health and education. The far too powerful Dispute Settlement Mechanism of the WTO should be subordinated to the decisions of other multilateral organisations in charge of social, environmental and human rights. There is a need for a new international framework and for the recognition of a new hierarchy of international rules under the control of the United Nations organisation, so that the WTO cannot override regulations of MEAs. Trade should serve social aims and respect environmental and health priorities of the international Community, and not the other way around. In no case living material should become a commodity.

6. Engender gender equality and minority rights

Equality among men and women is still far from being recognised. There is also a need for improvement of ethnic minority rights, this must be a full part of development policies. Gender impact assessments have to become mandatory in all international agreements in order to make sure that development contributes to close the gender gap.

7. End war and militarisation

The terrorist threat is a real one and must be fought. But the answer is not more militarisation and reduction of democratic liberties in the name of antiterrorism. There can only be sustainable development in regions torn by violent conflicts, if the conditions are put into place for sustainable peace, if inequalities are combated and democratic rights are strengthened. The logic of a "military globalisation" is not the adequate response to these essential aims. The international community has to give preference to the political resolution of conflicts, under the lead of the United Nations and respecting the resolutions of the Security Council. The right of interference to defend oppressed people should be limited and regulated by the International Criminal Court. The trade of weapons and military assistance should be limited as well.

8. Guarantee the right to culture and language

There is no access to self-development without the respect for all peoples to their own heritage and human respectability. As well as biodiversity, cultural and linguistic diversity must be preserved at planetary level. Today, about half of the 6,000 or so languages spoken in the world are under threat. Over the past three centuries, languages have died out and disappeared at a dramatic and steadily increasing pace, especially in the Americas and Australia. At least 3,000 tongues are seriously endangered or dying in many parts of the world.

9. Guarantee of free access to water

Access to fresh water is one of most basic human needs. However, this access is getting more and more precarious or expensive, not only in the South, where climatic conditions may be adverse, but also in the North, where the pollution of subterranean water reserves and rivers is increasing. Under

these conditions, privatisation of water or water distribution has particularly damaging consequences for the peoples. Fresh water is a basic need and not a commercial value. Therefore it cannot be sold for profit. We oppose privatisation of water and water services.

10. Sustainable development cannot be privatised

The Public Private Partnerships or so called “Type II proposals” are not a solution to the problems of sustainable development. The Rio + 10 Summit should end with the firm commitment to political agreements with timetables and action plans amongst governments. This is the only way to guarantee our future. We need sustainable communities, not sustainable profits for corporations.

To sign this call initiated by the European group of the International Parliamentarian Network created in Porto Alegre, you can send your signature along with the name of the parliament you belong to and the name of your party to Harlem Désir (hdesir@europarl.eu.int). For further information you may also contact the following members of the European Parliament:

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2 –New ‘Tobin Tax’ bill before Belgian Senate

The Belgian senate will be voting shortly on a bill that aims to introduce a Tobin type tax.

By Anne Van Lancker, Member of the European Parliament for Belgium

“TOBIN TURNS INTO LAW !

It took three years of thorough research and at times lively discussions to bring to fruition the work of the ‘Tobin parliamentary group’. It has now taken shape in a bill calling for the installation of a tax on currency transactions.

After having reviewed the different proposals for a ‘Tobin tax’ and all its variations, the Belgian senate organised two years ago a public hearing where professors Rodney Schmidt, Paul Bernd Spahn and Lieven Denys presented their conclusions. Following this hearing, the senate and the chamber of representatives both passed resolutions asking the government to present the Tobin file to the European institutions during the Belgian presidency of the European Union in the second half of 2001.

The Finance Minister, Didier Reynders, consulted with the High Council of Finance. However the file was handed to the Fiscal section rather than the financial markets section. The Spahn variation of the ‘Tobin tax’ was not systematically taken into consideration. The report can be disputed on several points, as there is sometimes a lack of scientific arguments sometimes lack. Answers to the findings of the senate committee are not always convincing. Nevertheless, the opinion confirms the theory that the installation of a tax on currency transactions is not inconsistent with the European Treaties.

All of these results have been included in the bill that is now being submitted to the senate. The bill allows for a tax on currency transaction following the Spahn variant: a low-rate tax that would not disrupt financial markets but would create a source for revenues (up to five times the current amount of public aid to development), and a high-rate tax (to be applied only at times of exchange rate turbulence) in order to reduce as much as possible the extreme volatility of capital movements. The structure of the proposal is based on the sixth European directive on VAT in order to facilitate the collection of such a tax. Following the French example, the tax would only come into existence at the earliest on 1 January 2003 and only once all the member states of the European Union have adopted it into their respective legislation.

The bill can be found on the website of the Parliamentarians World Appeal for a ‘Tobin Tax’:
<http://tobintaxcall.free.fr>

3 – Germany : The Bundestag inquiry on globalisation committee in favour of a Tobin type tax

Previously we brought to your attention, in February 2002, a study commissioned by M. Wieczorek-Zeul, German Minister for Development and written by Paul Bernd Spahn, that demonstrated the importance and feasibility of the introduction of a Tobin type tax¹.

This time, an ad-hoc committee created by the Bundestag on “World economy globalisation –challenges and answers” has come out in favour of a ‘Tobin Tax’ in a report on globalisation.

This committee was set up by the Bundestag in December 1999 in order to analyse the growing importance of globalisation and its consequences on the development of economies and societies. This committee, composed of 13 members of the Bundestag and 13 experts divided into six working groups, finally adopted more than 200 recommendations for action. Among those recommendations to the Bundestag are the introduction of a ‘Tobin Tax’ that could first be implemented in Europe and the fight against tax havens.

Below, you will find an article, which appeared on 25th June in the German newspaper " Der Spiegel". It summed up the main recommendations for action of the Bundestag :

" We must reinvent democracy" declared Ernst-Ulrich von Weizsacker, President of the Committee of Inquiry, when the 600-page report was presented to Wolfgang Thierse, President of the Bundestag. The market alone shouldn't lead globalisation, it should be corrected by human beings. "One mustn't unconditionally rely on the market when it comes to leading world affairs. ; The people and democracy should be able to influence it too" The Report noted that globalisation has been characterised until now by the transfer of money, vigilance, and capacity of the public sector towards the private sector. A balance between the public and private sector must be found. Amongst concrete action taken is a more efficient fight against money laundering. Tax havens that do not fight efficiently enough should be sanctioned. A tax on currency transactions (the Tobin Tax), should be put in place, firstly at a European level, then at an international level. Furthermore, states that have been weakened should be protected more efficiently against large currency speculations. The Committee (of enquiry) also asks for the adoption of environmental, work and social standards at an international level, as well as the creation of an international environmental organisation.
(free translation - original German)

You can also look at the report by the committee for inquiry, in German, and obtain information on the committee (the Bundestag's decision to create it) in German, English and French at the following address: <http://www.bundestag.de/gremien/welt/index.html>

¹ Voir Newsletter n° 9.