

# NEWSLETTER FROM THE PARLIAMENTARIAN WORLD APPEAL FOR THE TOBIN TAX

<http://tobintaxcall.free.fr>

Welcome to the October 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](mailto:tobintaxcall@free.fr)

Yours sincerely,

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"Capital Tax, Fiscal Systems and Globalisation" Intergroup

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## **1 – Editorial: Against Barbarism, The Urgency of finding an Alternative Global Project**

On the 11th of September, the new century opened with the most blind and murderous terrorism. In the condemnation of terrorism there are no "buts". Nothing could justify such acts. Fanaticism and fundamentalism do not bring liberty to anyone. In those places where they rule, there is nothing but obscurantism, negation of civil rights, oppression of women, arbitrary laws and the repression of all liberty. The exploitation of this frustration and misery does not legitimise terrorist activities of today any more than it legitimised Fascist regimes of yesterday. **We will reiterate here, as we have done to them directly after these events, our solidarity with our American friends. We are thinking particularly of our colleagues with whom we have fought for two years for the Tobin tax and for a fairer world: our colleagues in Congress such as Peter de Fazio and Dennis Kucinich, the AFL-CIO trade unionists, the NGO militants and the American citizen's movements.**

In the rifts of an ever more unequal world, in the ravages of fanaticism, poisoned by the shock of civilisations, now more than ever we must put forward a vision of peace, of a new economic order

based on the equal distribution of wealth, of a fair and safe world for everybody. Democracy, recognition of human rights and their universality all over the world need to be at the centre of this campaign. The cynical policy of complacency regarding corrupt and dictatorial regimes presented as "moderate" which end up making fundamentalists the only alternative must stop. It is not true that certain people have no need of democracy. To deny it to them, not to support the democrats, the defenders of liberty, the women's rights movements in the Arab and Muslim world, even though we pretend that these values are most important to us, is to push these people into the arms of fanatics.

This vigilant defence of democratic principles must obviously apply to our own societies. We must carry on the fight for democracy, against terrorism and for peace, by renouncing any war of civilisations or any stigmatisation against Muslims or Arab peoples. For Members of the European Parliament such as ourselves, the declarations of Silvio Berlusconi on the so-called superiority of Western Christian culture are disrespectful, stupid, and also dangerous. Is it not exactly this sort of thing that the terrorists are looking for?: to impose their disruption on international relations, to provoke splits which permit the transformation of every part of the world, every society, into a battlefield in a war of civilisations.

In the aftermath of September the 11th, many revisions have started to come into force: the role of states in economic regulation, the necessity of regulating international networks, and the fight against tax havens. For that we are grateful. We would add that this return to primacy of the politics of globalisation is necessary to fight against the misery and inequality of development which ravages the planet, and is also a breeding ground for the expansion of fanaticism. That is why it is important to make people aware of the whole picture, not just of one question or at one sudden moment. It would be absurd not to take exceptional measures to put the world back on track after the event of the 11th of September. To this end, everyone is working so that nothing changes. If we wish to respond to these provocations, we must now do so by way of an alternative globalisation, because not only it is possible - it is urgent.

Harlem Désir & Glyn Ford

## **2 –Liège ECOFIN Council: a feasibility study and a report on the "Tobin Tax" for the end of the year**

For the first time on 22 and 23 September, the ECOFIN Council of Liege debated the "Tobin Tax". Coming at a crucial moment, only days after the terrorists attacks in the United States, the debate on taxation of the currency market did not reach the level many associations and parliamentarians had wished, having battled for month to keep the issue on the agenda. The EU's Finance Ministers ended up pushing the debate proposed by the Belgian Presidency on the volatility of capital and development aid in to the background. The EU did, however instruct the Economic and Financial Committee to outline terms of reference for the European Commission so that it can prepare a report on globalisation issues. The guidelines will be examined by the next ECOFIN Council on 16 October and the report itself should be presented to the ECOFIN Council on 14 December.

At a press conference, the French Finance Minister, Laurent Fabius, said that the study would "describe the positive aspects and the potential abuses of globalisation in order to be able to examine ways (including the famous Tobin Tax) of dealing with abuse, and defining ways of funding development".

*The Commission has been asked to prepare a report in four parts:*

- *an analysis of the benefits of globalisation*
- *an analysis of the impact of financial integration on volatility and the increase in the frequency of financial crises*
- *an assessment of the initiatives already launched by the international community to mitigate volatility in financial markets and reduce speculation*
- *an assessment of the initiatives launched by the international community to fight the potential drawbacks of globalisation*

*The report should propose additional initiatives related to the fight against the financing of terrorism. The Presidency recommends that the Commission "analyse the advantages and disadvantages of the creation of a tax on financial transactions, including an analysis of the Tobin Tax as well as alternative proposals pursuing the same endeavour".*

*In terms of development issues, the Commission is invited to:*

- *examine the technical feasibility of different international means to finance development. This report should address the proposals made by the Zedillo Report and other proposals" such as the "De-Tax" and the tax on arms exports (suggested by Mr Fabius)*
- *look at ways of improving the effectiveness of European budget development aid*
- *fulfil the 0.7% GDP overseas development aid objective (only respected by Ireland, Luxembourg, Sweden and the Netherlands)*

The commissioning of such a study, whilst not sufficient in itself is, however, a first step. The deadlines to which the Commission has to work to in producing the report will allow the "Tobin type taxes" to be back on the agenda very shortly. The campaign around the issue will intensify from now until the end of the year. Leaders of ATTAC at their conference in Liège pledged to step up their campaigning, notably at the Laeken Brussels Summit in December.

Nota bene :

Ahead of the ECOFIN Summit, a group of approximately forty MEPs and national deputies from the 15 EU Member States have signed a joint statement on the Tobin Tax in which they raise questions about what the fifteen Finance Ministers will decide "in their meetings behind closed doors". They ask whether the Council will decide to immobilise the proposal by handing the issue over to the IMF, or conveniently share roles and hide behind the politicians that have already announced they would be opposing it.

To get round the problems that would be faced in actually implementing the Tax (currency movements moving to off-shore tax havens or the Tax being set at too low a level to deter large-scale speculation against a currency), they recommend that the EU examine options and accompanying measures such as the suggestion by a former IMF consultant, Professor Spahn, that the Tax be set at two levels. The deputies reminded those who criticise the Tax that taxes are already levied on a number of the world's financial markets, particularly on stockmarkets: 0.2% in Singapore; 0.4% in Hong Kong; 0.0034% in the US; and 0.6% to 0.3% in France

*The joint statement can be found on the website of the World Appeal for Parliamentarians for the 'Tobin Tax': <http://tobintaxcall.free.fr>*

### **3. The French Socialist Party supports the Tobin Tax on a European Scale: towards the adoption of an amendment by the National Assembly**

At the time when this project was being prepared, the Socialist party held a national debate on international and European issues on the 6th of October, 2001. The adopted text, which will ultimately be submitted to a members vote, included an amendment which was proposed and defended by Harlem Désir which stated that: "France must adopt the principle of a Tobin type tax and must campaign, at the heart of the European institutions, so that the Union will be the first Tobin Zone".

It's more than a clarification, it's a veritable change in the Socialist party's position which shows just how far they are interested in the tax. The following week 9th of October, the president of the majority Socialist group in the National Assembly, Jean Marc Ayrault, declared that his group will propose an amendment to the Finance law for 2002 (to be voted on in December 2001). This amendment will be of the same sort which has been proposed by the deputies of the ATTAC group last year; it poses the principle of the Tobin tax as Canada has adopted it, with a fixed rate of 0%. We are still waiting for a sufficient number of countries to adopt the tax so that it will be effective.

**This could become the starting point of a new dynamic in the campaign for similar amendments in other national parliaments within the EU** and could considerably alter the terms of debate in each country and in the heart of the EU. We will return to this in the next item.

#### **4. Spain: full speed for the debate on 'Tobin Tax'**

*From Carlos Carnero Gonzalez, Spanish Member of the European Parliament:*

« Spain is entering the debate: government and parliamentarians discuss the 'Tobin Tax'

The President of the Spanish government finally replied to the 'Tobin Tax' with a categorical 'no', just as the idea is getting increasing support of important political and social representatives, similarly to a previous request of raising the level of development cooperation to 0.7% of GDP.

From Cernobbio in Italy on 9 September, José Maria Aznar stated his opposition to the 'Tobin Tax' because he believes – as the media have portrayed it - that the idea is simply making use of a "supposed academic legitimacy for mistaken purposes".

In doing so, the Spanish right was opposing the Spanish Socialist Party (PSOE) who supported the 'Tobin Tax' at its Conference in July. The PSOE had already done so on 7 March, as we stated in our Newsletter, through the Socialist Parliamentary Group, when it presented to the Congress of Deputies a legislative proposal drawn up by J.M. Eguiagaray asking their government to act in favour of the 'Tobin Tax' within the EU.

At almost the exact moment the President was opposing the idea, the newspaper El País and the TV Channel Tele5 were discussing the World Parliamentary Appeal for the 'Tobin Tax', underlining its content and the presence of Spanish signatories including members of the socialist group in the European Parliament Francisca Sauquillo and Carlos Carnero as well as national parliamentarians Eguiagaray, Lamazares (IU) et Labordeta (CHA).

During the last few days, new Spanish Parliamentarians joined the appeal. Amongst them are members of the European parliament Carlos Westendorp (former Foreign Affairs Minister and current President of the Industry Committee) and Miguel Angel Martínez (former President of the Interparliamentary Union and Vice-President of the ACP-UE Joint Assembly) and also the socialist national parliamentarian Ramón Jáuregui, Javier García Brea and Diego López Garrido.

Harlem Desir, President of the Intergroup is planning a visit to Spain in the near future to meet with a group of MPs and senators.

Additionally, the plenary session of the Andalucian Parliament (Autonomous community governed by the Socialist Manuel Chaves) voted in favour of a 'Tobin Tax' thanks to the left vote.»

## **5. Halifax Initiative Conference in Vancouver**

Glyn Ford represented the Intergroup at the Conference organised by Halifax Initiative in Vancouver on "Taxing Currency Transactions: from Feasibility to Implementation". The upcoming report by the Commission was discussed and there was a general consensus that:

- we should lobby the Commission in order for the report to include not only the feasibility study for a currency transaction tax but also to include a study on how to implement it. Examples of options that should be addressed are the possibility of implementing the tax in Europe only and linking the redistribution of the revenues with the ACP Assembly.

## **6. UK slowly moving in the right direction**

Labour Annual Conference was a subdued affair but at a couple of fringe meetings there was mention of the "Tobin Tax" and some evidence that the government response has shifted in a more positive direction. The UK government was supporting the idea of a study into how a Tobin style tax might be implemented and it was clear that they were increasingly in step with their French and German counterparts.

## **7. ATTAC Association soon to be present in UK**

Currently present in 25 countries, the ATTAC association which originated in France in 1997 is now ready to establish itself in the UK. On the 17th November 2001, a conference will be held in London under the initiative of the Friends of Le Monde Diplomatique to install ATTAC in the countries where the fight for the Tobin Tax and an alternative globalisation is already present thanks to the action of the NGO War on Want. The agenda for this initiative will be:

- Morning:

"Why ATTAC?" Speakers: Bernard Cassen (Founder and President of ATTAC France - Director of Le Monde Diplomatique) ; Ciaran McKenna (ATTAC Ireland) ; America Vera-Zavala (ATTAC Sweden)

- Afternoon

Workshops on: the Tobin tax, pension funds, tax havens, debt, OMC and GATS with various NGO participants and parliamentarians.

## **8. First ATTAC conference in Germany**

The First conference of ATTAC in Germany is to be held in Berlin on Saturday the 20th of October. The association, which had started out with 400 members in January 2000, has brought together more than 4000 people for this conference. Representatives of I.G. Metall and Verdi (services) unions, associations such as Weed (ecological) and Kairos (North-South solidarity) will be present, along with personalities such as Oskar Lafontaine, Daniel Cohn-Bendit and Bernard

Cassen, the president of ATTAC-France. The movement's charter is notably focussed on several key demands: the Tobin tax, suppression of tax havens, cancellation of debt of poor countries etc.

## **9. A Belgian mayor wishes to introduce a local Tobin Tax**

Steve Stevaert, Vice minister-President of the Flemish regional government and mayor of Hasselt (Belgium) wishes to introduce a Tobin tax at a local level and suggests that his town returns a percentage of the benefits of its investments to development aid. A symbolic act to keep the discussion alive on the 'Tobin Tax'.

## **10. The Clearstream Affair will not be hushed up**

At the very same time the French Parliamentary Mission on money laundering was receiving a key witness in the Clearstream case. On Wednesday 19 September the Luxembourg police turned up at the house of Ernest Backes for a vast and spectacular search. This was no coincidence.

Since the publication of *Révélation*§ by Ernest Backes and Denis Robert, the murky functioning of Clearstream has been regularly criticised by high political and judicial European authorities. Under pressure, a judicial enquiry was opened that led to the dismissal of the whole of Clearstream's directors but the lid was straight away put back on the secrets hidden by this tentacular firm. What the judges of the Geneva Appeal, Bernard Bertossa, Renaud Van Ruymbeke, Eva Joly and Benoît Dejemeppe called "the black box of financial globalisation" will not be open by the country that harbours it.

The message is clear: the inquiry will not go any further. Each constructive step has been systematically followed by threats against Ernest Backes and those who have dared to speak in Luxembourg.

The financial inquiry into the 11 September terrorist attacks has, however, been a tragical proof to what Denis Robert and Ernest Backes have been denouncing: the opacity of the financial markets combined with the complicity of bankers states protect the worst movements. It is known that the financial interests of Bin Laden can be linked to Luxembourg and that Clearstream's computers can trace any movement of the initiated speculator. The justice of M. Junker however prefers to search the archives of Ernest Backes...

For our part, the access to Clearstream archives which we have had since the spring has never ceased to amaze us, and the result of our investigation will be available to the public at the beginning of next year. The Clearstream affair will not be hushed up.

*The newsletter n° 6 of the Parliamentarians for the Tobin Tax has been prepared by Elsa Jacquemin, Elodie Sellar and Philippe Burguière.*