

NEWSLETTER OF THE PARLIAMENTARIAN WORLD APPEAL FOR THE TOBIN TAX

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Summary:

1. Great-Britain: Cross-party motion on the Tobin Tax tabled at the House of Commons
2. Argentina: draft resolution tabled in Parliament
3. The Turkish Minister for Economy calls on the international community to fight against financial speculation
4. The Group of European Socialists adopts an amendment on Tobin Tax
5. At the dawn of the Belgium Presidency of the European Union, Trade Unions ask for a study on Tobin Tax
6. Economist Hearing on Tobin Tax to be held in the European Parliament on 27 June 2001
7. Miscellaneous:
 - Position of the Finnish Government on the Tobin Tax (erratum)
 - ATTAC soon to be in Japan ?
 - Jersey : ATTAC surrounds fiscal paradises
 - Canada : Conference on the Tobin Tax from 4 to 6 October 2001

1. Great-Britain: Cross-party motion on the Tobin Tax tabled at the House of Commons

Harry Barnes, Labour Member of the House of Commons, on 25 April 2001 tabled a cross-party Commons motion on the Tobin Tax.. The motion had the support of 131 Members of Parliament from across the political spectrum, including several former Ministers.

Text of the Commons motion:

That this House notes that international currency speculation currently stands at about \$1.5 trillion a day and that the vast majority of this is unrelated to trade in real goods and services; further notes that such enormous speculative flows substantially undermine the powers of national governments and regional blocs; believes that a small levy on such speculation, known as the Tobin Tax after the name of the Nobel Laureate who originated the concept, could both help to dampen down the scale and scope of speculation and raise substantial revenues, raising as much as \$250 billion each year for good causes such as development and environmental protection; recognises that such levy would have to be universal or as near to that as possible and contain safeguards to minimise and eliminate tax evasion; notes that the Tobin Tax has the backing of the Canadian Parliament, the Belgian Parliament, the Finnish Government and campaign groups such as War on Want; and urges the Government to discuss the concept with its partners in international organisations such as the World Trade Organisation, the IMF, G8 and the European Union with a view to drawing up an internationally co-ordinated and feasible tax regime for currency speculation.

(The top 6 signatories are: Harry Barnes, Fraser Kemp (Lab), Peter Bottomley (Con), Nigel Jones (LibDem), Bob Russell (Lib Dem) and Tony Worthington (Lab))

Following the tabling of the motion, Clare Short, the Secretary of State for International Development expressed her support in front of the International Development Committee in saying: "On the Tobin tax, the idea that there should be a very tiny charge on hot money moving around the world which would go into a big global development pool is a very attractive idea."

She very quickly came under attack from the Conservative opposition. Gary Streeter, the shadow International Development Secretary, claimed Ms Short's remarks proved she was out of step with the rest of the Cabinet. He said: "[She] is advocating a policy that her own colleagues predict could threaten thousands of British jobs and jeopardise London's place as the world's financial centre."

Glyn Ford and Harlem Desir, in the name of the European Parliament Intergroup, replied to Gary Streeter via the Independent paper where his paper was published to support Clare Short's stance. The debate carries on.

2. Argentina : draft resolution tabled in Parliament

In Argentina, 15 Members of Parliament from different political parties have tabled a project for a resolution asking for the installation of the Tobin tax to fight against the financial instability under which the country currently suffers. The view of the authors of this resolution is that the fund raised by this tax should be used in priority to reduce the external debt of the poorest countries.

The text of the draft resolution is published on the website of the World Parliamentarians Call for the Tobin Tax: <http://tobintaxcall.free.fr>

3. The Turkish Minister for Economy calls on the international community to fight against financial speculation

M. Kemal Dervis, recently named Minister for Economy in Turkey and former Vice-President of the World Bank in charge of the fight against poverty programme, explained in an interview to the French newspaper Liberation the economic and social consequences for his country of international financial deregulation. At a time when Turkey faces a serious financial and monetary crisis, the Minister calls on the international community to fight against financial speculation.

Extract of the interview published by Libération on 23 April 2001 :

« Does Turkey pay the cost of international financial deregulation? »

Yes. Turkey, as many other emerging countries do, bears the social and economical cost of uncontrolled deregulation. I wish the international community would realise the urgent need for the installation of rules on greater transparency and of stricter rules of caution for banks as well as for speculative capitals. These initiatives would facilitate the control of such a crisis. It

is always the same story that repeats itself. As soon as they a declining return on investment is feared, speculative capitals are withdrawn. It only makes things worse and causes further devaluation. The weight of the crisis is mainly borne by the population who, by comparison to capital, is not mobile.

No sector is spared but the most vulnerable are the ones to suffer from this crisis. The burden is never equally shared by the population and capital holders. There is something deeply unfair: we can ask workers to lower their wages but we can't ask capital holders to lower the return rate. But everybody knows this can only be solved at an international level.»

We unfortunately doubt M. Dervis will be heard by the IMF who until now has advocated the free movement of capital, even of the most speculative nature, and has recommended it to emerging countries. During the last few days, pressure was on lowering the aid from the IMF to Turkey in order to solve the crisis. The American Administration warned the IMF against too high an aid and sent slight threats of disengagement whereas the Vice-President of the German Central Bank, Juergen Stark, declared the IMF had gone over the limit of its mandate in accepting a \$8 million aid.

Would it not be time for the IMF to study this low rate tax that would slow down speculation, reduce capital volatility and raise money which could be used for development aid rather than Member States complaining about the financial cost of speculation in emerging countries? But it seems it would not please the markets so we will carry on while complaining about having to fund Turkey and Argentina to avoid a chain crash of the world financial system, at the expense of efforts we ought to make to fight against AIDS, to give access to medicines and sanitary water to countries so poor that their crash would not even create an international crisis.

4. The Group of European Socialists adopts an amendment on Tobin Tax

Proinsias De Rossa, Member of the European Parliament and member of the Intergroup on "Capital Tax, Fiscal Systems and Globalisation" had tabled an amendment to the draft statement of the bureau of the Party of European Socialists, asking for the installation of a Tobin tax. This amendment has been maintained in the final version of the text that was adopted during the PES Congress. It reads "we need to use fiscal means to control international financial markets".

5. At the dawn of the Belgium Presidency of the European Union, Trade Unions ask for a study on Tobin Tax

The European Confederation of Trade Unions (or CES -Confédération européenne des syndicats) and the two main Trade Unions asked the Belgian government to study the Tobin Tax during its Presidency of the European Union in the second half of 2001.

The CES, FGTB (socialist) and the CSC (Christian) have officially presented to the government on 20 April 2001 a document asking for "the launch of a serious study on the feasibility of the implementation of a Tobin Tax" during the Belgian Presidency. The Trade Unions take a similar position to that of the Chamber of Representatives and the Senate which at the end of 2000 adopted a resolution on the installation of a small levy on currency speculative transactions and asked the government to take the opportunity of the Belgian Presidency « *to take initiatives leading to better control of international financial movements* ».

6. Economist Hearing on Tobin Tax to be held in the European Parliament on 27 June 2001

Next month, on 27 June, the "Capital Tax, Fiscal Systems and Globalisation" Intergroup will welcome Professors Paul Bernd Spahn and Anthony Clunies-Ross and a Member of ATTAC Scientific Council for a special hearing.

The hearing, held only a few days before the Belgian Presidency, will focus on the conditions of installation within the European Union of a tax on international currency transactions. The technical and political aspects of the installation and the collection of the tax as well as the problems of tax evasion will be discussed. Professor Spahn will present his version of the Tobin Tax that he proposed to counter situations of sudden currency crashes.

In parallel to this hearing, the Belgian umbrella NGO 11.11.11 is preparing a meeting between economists and the Belgian Ministry of Finance which is claiming that it needs more expertise before placing the issue on the agenda of their Presidency. A delegation of members of the Intergroup and of NGOs will participate in this meeting.

This hearing will be held a year after the First Interparliamentary Meeting on the Tobin Tax that took place on 28 June 2000 and will be used to put the issue back onto the European Parliament's agenda.

7. Miscellaneous:

- Position of the Finnish Government on the Tobin Tax (erratum)

In our first newsletter we wrote that the Finnish government took a position in favour of the Tobin Tax and that Mr Erkki TUOMIOJA, Minister for Foreign Affairs, confirmed his country's support during the First Interparliamentary Meeting on the Tobin Tax held in the European Parliament on 28 June 2001.

A member of ATTAC Finland wrote to us to correct this information saying that, unfortunately, his government would not support a Tobin Tax and that the support we may have had was expressed on an individual basis. We take good note of this but would like to add here an extract of the speech Mr Erkki TUOMIOJA gave. He himself said that there is no doubt of the support even if the words are diplomatic.

« ... Governments have been more circumspect, but I presumably would not be here today had not the Finnish Government included in its Government Declaration last April the following paragraph: "Transparency in international organisations must be increased and their ability to respond to the instability arising from free movement of capital and the challenges of globalisation must be strengthened. In this connection, the introduction of comprehensive international systems aimed at countering disturbances caused, for example, by short-term speculative capital movements, must be addressed and clarified." (...)

I think the time has come to seek more clarification and authoritative analysis on currency transaction taxes. To this effect the efforts underway in the preparatory process for the UN Social Summit + 5 - which convenes this week in Geneva - to get a study launched on the idea of a Currency Transaction Tax and its potential advantages and disadvantages should be supported. We hope that other governments will join Canada and Finland in supporting the proposal for such a study and hope you can mobilise parliamentary support to that end.

Another UN process, which we should also make full use of, is the UN Conference on Development Finance to be held next year. The currency transaction tax should be promoted in that context and in the preparatory process for the conference.»

The full text of speech can be found on the website of the World Parliamentarians Call for the Tobin Tax: <http://tobintaxcall.free.fr>

- ATTAC soon to be in Japan ?

Bernard Cassen, founding President of ATTAC France, was in Japan on the 10 and 11 May to participate in a debate on « Resistance to globalisation » organised by the France-Japan institute of Tokyo. He will meet with singer Shoukichi Kina, a leader of the pacifist movement in the island of Okinawa and who took an active part in the counter summit the G8 Okinawa Summit of July 2000. Glyn Ford and Harlem Désir met him in Okinawa and the singer had expressed his wish to be in contact with ATTAC in order to launch a campaign on the Tobin Tax in Japan.

- Jersey : ATTAC surrounds fiscal paradises

On 9 June 2001, ATTAC is organising a special event in Saint Malô (France) and Saint Hélier (Jersey) to protest against the protection of fiscal paradises by the Member States of the European Union. Fiscal paradises play an important role in the globalisation of criminal financial activities in the fiscal advantages they provide to customers, as well as the secrecy and the judicial immunity they offer.

The ATTAC associations from different European countries and numerous trade unions will participate in the event during which they will meet with the Governor of the island and the bankers association.

For further information on this event, you can look up the ATTAC Website: <http://www.attac.org>

- Canada : Conference on the Tobin Tax from 4 to 6 October 2001

Halifax Initiative is organising a conference from 4 to 6 October in Vancouver on the theme: "Tobin Tax: from feasibility to installation". Members of Parliament from Canada, Europe and Latin America will participate in this event along with economists (including Rodney Schmidt and Paul Bernd Spahn), NGOs and trade unions.

For detailed information on the conference: <http://www.web.net/halifax>