

STATEMENTS OF SUPPORT FOR A FINANCIAL TRANSACTION TAX (FTT)
Updated January 2012

Religious and Opinion Leaders

***Boston Globe* editorial board**

As Obama and other policymakers contemplate far-reaching changes to entitlements such as Medicare and Social Security, a financial transaction tax — which would simultaneously raise money and deter another crisis — has to be part of the discussion.¹

Al Gore, former U.S. Vice President

We need policy changes, we need a tax on carbon and we need a tax on global transactions.²

Bob Herbert, former columnist at *The New York Times*

While the fees would be a trivial expense for what the general public tends to think of as ordinary traders — people investing in stocks, bonds or other assets for some reasonable period of time — they would amount to a much heavier lift for speculators, the folks who bring a manic quality to the markets, who treat it like a casino.³

Van Jones, author and President of Rebuild the Dream

The Wall Street Tax... is common sense... Congress is about to face a telling choice. Will they vote to tax Wall Street gamblers in the 1%, or cut the Social Security checks of senior citizens in the 99%?⁴

Nicholas Kristof, columnist at *The New York Times*

Impose a financial transactions tax. This would be a modest tax on financial trades, modeled on the suggestions of James Tobin, an American economist who won a Nobel Prize. The aim is in part to dampen speculative trading that creates dangerous volatility.⁵

Ralph Nader, author and consumer advocate

A good start would be a tax on financial speculation... It has the potential to curb risky speculative trading that contributes little real economic value.⁶

***New York Times* editorial board**

Further, near-term stimulus must be paired with a credible plan to reduce deficits as the economy recovers — including tax reform that raises revenue through various changes, like a simplified income tax, a new value added tax and a financial transactions tax.⁷

¹ *Boston Globe*: http://articles.boston.com/2011-01-29/bostonglobe/29347079_1_transaction-tax-stamp-tax-financial-innovation

² Environmental Finance: <http://www.environmental-finance.com/news/view/2099>

³ *New York Times*: <http://www.nytimes.com/2009/01/13/opinion/13herbert.html>

⁴ *Huffington Post*: http://www.huffingtonpost.com/van-jones/tax-the-one-percent-make- b_1071258.html

⁵ *New York Times*: <http://www.nytimes.com/2011/10/02/opinion/sunday/kristof-the-bankers-and-the-revolutionaries.html>

⁶ *Wall Street Journal*: <http://online.wsj.com/article/SB10001424052970204394804577009823316771852.html>

⁷ *New York Times*: <http://www.nytimes.com/2010/12/19/opinion/19sun1.html>

Steven Pearlstein, business columnist at *The Washington Post*

*With most industrial countries now willing to act in concert, a transaction tax could have been a viable option... Obama could ask the Group of 20 to put the transaction tax back on the agenda.*⁸

Pontifical Council for Justice and Peace

*[T]axation measures on financial transactions... would be very useful in promoting global development and sustainability according to the principles of social justice and solidarity.*⁹

Eliot Spitzer, former Governor of the State of New York

*It used to exist in New York, and it used to be a significant source of revenue source for the state of New York... Could it be put back in place without having a huge impact on where capital flows? The answer is yes. Should it be done? Yes, at a very low level... it could be a very good revenue source.*¹⁰

David Stockman, Director of Office of Management and Budget during the Reagan administration

*[F]rankly we should put a transaction tax on Wall Street as well.*¹¹

Rowan Williams, Archbishop of Canterbury

*The objections made by some [to the financial transaction tax]... seem to rest on exaggerated and sharply challenged projections – and, more important, ignore the potential of such a tax to stabilise currency markets in a way to boost rather than damage the real economy.*¹²

Economists and Business Leaders

Dean Baker, Co-Director of the Center for Economic and Policy Research

*We have a historic opportunity to correct one of the major distortions to the U.S. economy if we move now. There is no way to reverse the growth in inequality over the last three decades without attacking the elite Wall Street crowd. Those folks who back away from this task simply are not serious about addressing inequality. They have our money. It's that simple.*¹³

John Bogle, founder of the Vanguard Group

*I love it. The financial institutions that control 75 percent of all stocks are tax free. Pension funds are tax free. Mutual funds are about half tax-deferred, but the other half is run by managers who pay no attention to taxes. So we've got these two giant industries basically operating without any frictional costs when they trade stocks back and forth... and that helps explain why we've had this orgy of speculation. No question about that. So I like the idea of a transaction cost.*¹⁴

Warren Buffett and other business leaders*

In a position paper published by the Aspen Institute, the group put forth several recommendations to encourage long-term focus among investors, including the proposal to “*revise capital gains tax provisions or implement an excise tax in ways that are designed to discourage excessive share trading*”

⁸ *Washington Post*: <http://www.washingtonpost.com/wp-dyn/content/article/2009/11/24/AR2009112404014.html>

⁹ Vatican news service: <http://www.news.va/en/news/full-text-note-on-financial-reform-from-the-pontif>

¹⁰ MSNBC: <http://www.msnbc.msn.com/id/21134540/vp/45087377#45087377>

¹¹ National Public Radio: <http://www.npr.org/2010/12/18/132167168/beyond-the-tax-deal-targeting-the-code-itself>

¹² *Financial Times*: <http://www.ft.com/intl/cms/s/0/a561a4f6-0485-11e1-ac2a-00144feabdc0.html#axzz1jIUTOFmt>

¹³ *Talking Points Memo*: http://tpmcafe.talkingpointsmemo.com/2008/09/16/medicine_for_wall_street_a_fin/

¹⁴ *Multinational Monitor*: <http://www.multinationalmonitor.org/mm2009/052009/interview-bogle.html>

*and encourage longer-term share ownership.*¹⁵

*Co-signers of this paper include **John Bogle** (Vanguard Group), Warren Buffet (Berkshire Hathaway), **James Crown** (Henry Crown & co.), **Lester Crown** (Henry Crown & co.), **Steven Denning** (General Atlantic), **Jack Ehnes** (CalSTRS), **J. Michael Farren** (Xerox), **Barbara Franklin** (former Secretary of Commerce), **Bill George** (Harvard Business School), **Louis Gerstner, Jr.** (IBM), **David Langstaff** (Veridian), **Martin Lipton** (Wachtell, Lipton, Rosen & Katz), **Jay Lorsch** (Harvard Business School), **Ira Millstein** (Yale School of Management), **John Olson** (Gibson, Dunn & Crutcher), **Peter Peterson** (Peter G. Peterson Foundation), **James Rogers** (Duke Energy), **Felix Rohatyn** (former US Ambassador to France), **Charles Rossotti** (former Commissioner of Internal Revenue), **Judith Samuelson** (The Aspen Institute), **Henry Schacht** (Cummins Inc. and Lucent Technologies), **Lynn Stout** (UCLA School of Law), **Richard Trumka** (AFL-CIO), **John Whitehead** (Goldman Sachs), **John Wilcox** (TIAA-CREF), **Ash Williams** (Florida State Board of Administration), **James Wolfensohn** (World Bank Group).

Center for American Progress economists

*Specifically, we suggest that Congress... Tax the U.S. financial services industry to raise an additional \$150 billion a year.*¹⁶

Mark Cuban, U.S. business magnate

*We need to figure out a way to revert the Stock and Bond Markets, and the derivative instruments created from these equities, back to their original purpose, a place to raise capital for growing business... The simplest way to change this is to place a very simple per share tax on every transaction... The market thrived when spreads and transaction costs were much higher just a few short years ago. It will survive now.*¹⁷

Bill Gates, Chairman of Microsoft

*It is very plausible that certain kinds of FTTs could work. I am lending some credibility to that. This money could be well spent and make a difference.*¹⁸

Simon Johnson, economist and former Chief Economist of the IMF

*Bigger banks pose more system risk, mega-banks pose the most risk, and all bubbles can quickly go bad in the presence of such gigantic institutions. They must face appropriately higher taxes – in fact, so high that the biggest voluntarily break-up in anticipation.*¹⁹

Paul Krugman, economist and Nobel Laureate

*And then there's the idea of taxing financial transactions, which have exploded in recent decades. The economic value of all this trading is dubious at best. In fact, there's considerable evidence suggesting that too much trading is going on... But wouldn't such a tax hurt economic growth? As I said, the evidence suggests not — if anything, it suggests that to the extent that taxing financial transactions reduces the volume of wheeling and dealing, that would be a good thing.*²⁰

¹⁵ *Overcoming Short-termism: A Call for a More Responsible Approach to Investment and Business Management:* <http://www.aspeninstitute.org/policy-work/business-society/corporate-programs/cvsg/public-policy>

¹⁶ Center for American Progress: http://www.americanprogress.org/issues/2009/12/jobs_challenge.html

¹⁷ *Blog Maverick:* <http://blogmaverick.com/2011/10/14/my-soapbox-advice-to-the-ows-movement-and-then-some/>

¹⁸ *The Guardian:* <http://www.guardian.co.uk/business/2011/nov/03/gates-urges-g20-to-introduce-tobin-tax>

¹⁹ *Baseline Scenario:* <http://baselinescenario.com/2009/11/10/global-bubbles-the-geithner-brown-split/>

²⁰ *New York Times:* <http://www.nytimes.com/2011/11/28/opinion/krugman-things-to-tax.html>

Thea Lee, economist and Deputy Chief of Staff of the AFL-CIO

*It would have two benefits, raise a lot of revenue and discourage speculative financial activity. The big disadvantage of most taxes is that they discourage some really productive activity. This would discourage numerous financial transactions. People flip their assets several times in an hour or a day. They make money but does it really add to the productive base of the United States?*²¹

Lawrence Mishel, President of the Economic Policy Institute

*It's not only poetic justice -- it's good economics and has great political appeal.*²²

Avinash Persaud, Chairman of Intelligence Capital Limited

*In truth, this tax is more feasible than many would have us think, and like all taxes can be set well or badly and if set well, could bring several benefits... The principal victim of transaction taxes are those engaged in very high-frequency trading, as opposed to traditional pension funds, insurance companies and individual investors who turn over their portfolios less frequently... If a transaction tax limits high-frequency trading it may even provide a bonus in improving systemic resilience.*²³

Jeffrey Sachs, economist and Director of the Earth Institute at Columbia University

*The Financial Transactions Tax is a solid idea that has been resisted by Wall Street for years.*²⁴

George Soros, Soros Fund Management and Open Society Institute

*The globalization of financial markets has given financial capital an unfair advantage over other sources of taxation. A tax on financial transactions would redress the balance.*²⁵

Joseph Stiglitz, economist and Nobel Laureate

*The financial sector polluted the global economy with toxic assets and now they ought to clean it out.*²⁶

Lawrence Summers, former Director of the National Economic Council

*Some form of securities transactions tax would have the desirable economic effects of curbing speculation and of raising a significant amount of revenue.*²⁷

Paul Volcker, former U.S. Federal Reserve Chair

*[M]aybe the best reform we could make is have a big tax on financial engineers so that they can't make up all these new things quite so rapidly; because it is this highly complex, opaque financial engineering which gave a false sense of confidence, which broke down.*²⁸

²¹ *The Hill*: <http://thehill.com/homenews/house/56789-afl-cio-dems-push-new-wall-street-tax>

²² *Politics Daily*: <http://www.politicsdaily.com/2009/11/19/with-16-million-jobless-should-the-feds-pay-people-to-work/>

²³ VOX EU: <http://www.voxeu.org/index.php?q=node/7046>

²⁴ Huffington Post: http://www.huffingtonpost.com/jeffrey-sachs/obama-the-g20-and-the-99_b_1069030.html

²⁵ Asia Society speech: <http://asiasociety.org/business/development/george-soros-open-societies-sovereignty-and-international-terrorism>

²⁶ *Telegraph*: <http://www.telegraph.co.uk/finance/financetopics/financialcrisis/6262242/Joseph-Stiglitz-calls-for-Tobin-tax-on-all-financial-trading-transactions.html>

²⁷ *Journal of Financial Services Research*:

http://stevereads.com/papers_to_read/when_financial_markets_work_too_well.pdf

²⁸ House Financial Services Committee: <http://www.gpo.gov/fdsys/pkg/CHRG-111hrg54869/pdf/CHRG-111hrg54869.pdf>

Political and Government Leaders

José Manuel Barroso, President of the European Commission

*It's a question of fairness... It is time for the financial sector to make a contribution back to society.*²⁹

Christine Lagarde, Managing Director of the International Monetary Fund

*I persist in thinking we should explore this idea and examine how realistic and how feasible it is and do this on an international basis.*³⁰

Angela Merkel, Chancellor of Germany

*We all agree that a financial transaction tax would be the right signal to show that we have understood that financial markets have to contribute their share to the recovery of economies.*³¹

Mario Monti, Prime Minister of Italy

*We are open to supporting this initiative [the financial transaction tax] at the EU level.*³²

Nancy Pelosi, Minority Leader of the U.S. House of Representatives

*I believe the transaction tax still has a great deal of merit... [It would have] really minimal impact on the transaction, but a tremendous impact on helping us meet our needs.*³³

Mariano Rajoy, Prime Minister of Spain

*I'm in favour of the tax on financial transactions.*³⁴

Nicolas Sarkozy, President of France

*At a time when states are making remarkable efforts to restore their public finances... how can the financial sector triumphantly continue to march, indifferent to the world around it, carelessly and without a care for the disorder it has more than its share in causing.*³⁵

Wolfgang Schäuble, Finance Minister of Germany

*The markets are a bit too preoccupied with themselves these days rather than supporting the real economy... That's why I'm fighting with such determination for a financial transaction tax. It might not be able to stop the ludicrous developments in financial markets but it would at least brake them a bit.*³⁶

Adair Turner, Chairman of Britain's Financial Services Authority

*If you want to stop excessive pay in a swollen financial sector you have to reduce the size of that sector or apply special taxes to its pre-remuneration profit.*³⁷

²⁹ *Financial Times*: <http://www.ft.com/intl/cms/s/0/19c46aca-e9ad-11e0-adbf-00144feab49a.html#axzz1c1pJ3ZIG>

³⁰ Reuters: <http://blogs.reuters.com/financial-regulatory-forum/2009/11/10/france-backs-idea-of-international-tax-on-financial-transactions/>

³¹ *New York Times*: <http://www.nytimes.com/2011/12/07/business/global/micro-tax-on-financial-trades-gains-advocates.html>

³² *New York Times*: <http://www.nytimes.com/2012/01/12/business/global/italy-backs-financial-tax.html>

³³ Reuters: <http://www.reuters.com/article/idUSTRE5B24J520091203>

³⁴ *Financial Times*: <http://www.ft.com/intl/cms/s/0/f709f160-4066-11e1-8fcd-00144feab49a.html#axzz1jLUTOFmt>

³⁵ *Wall Street Journal*: <http://online.wsj.com/article/BT-CO-20111021-703136.html>

³⁶ Reuters: <http://uk.reuters.com/article/2011/12/25/uk-eurozone-germany-schaeuble-idUKTRE7BO08P20111225>

³⁷ *Financial Times*: http://www.ft.com/cms/s/0/08943b5a-926a-11de-b63b-00144feabdc0.html?nclink_check=1

Brief Background on the FTT

John Maynard Keynes wrote in his *General Theory of Employment, Interest and Money* (1936):

If I may be allowed to appropriate the term ‘speculation’ for the activity of forecasting the psychology of the market, and the term ‘enterprise’ for the activity of forecasting the prospective yield of assets over their whole life, it is by no means always the case that speculation predominates over enterprise... Speculators may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a whirlpool of speculation. When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done...

It is usually agreed that casinos should, in the public interest, be inaccessible and expensive. And perhaps the same is true of Stock Exchanges... The introduction of a substantial Government transfer tax on all transactions might prove the most serviceable reform available, with a view to mitigating the predominance of speculation over enterprise in the United States.

Between 1914 and 1966, a securities transfer tax did exist in the United States, with different effective rates for equities and debt, as well as for original issuance and subsequent trading.³⁸

In 1987, **Jim Wright**, the Speaker of the House and a Texas Democrat, proposed a fee of 0.25% to 1% on both the buyer and the seller of each securities transaction. He favored the transaction tax because the financial burden would fall on the wealthy who trade in stocks and was quoted in *The New York Times* as saying, “*My philosophy is that taxes should be based on ability to pay.*”³⁹

Currently at least **29 countries** – including Australia, Brazil, China, France, Hong Kong, India, Ireland, Japan, Russia, South Korea, Switzerland, Taiwan and the United Kingdom – have some form of financial transactions tax.⁴⁰

³⁸ *Tax Analysts* summary: <http://spanishtaxes.blogspot.com/2009/09/mas-debate-sobre-la-tobin-tax.html>

³⁹ *New York Times*: <http://www.nytimes.com/1987/03/04/business/wright-proposes-a-tax-on-sales-of-securities.html>

⁴⁰ Institute of Development Studies: <http://www.ids.ac.uk/files/dmfile/rr68.pdf>