

STATEMENTS OF SUPPORT FOR A FINANCIAL TRANSACTION TAX (FTT)

Updated July 2013

Religious and Opinion Leaders

Kofi Annan, former Secretary-General of the United Nations

I support innovative financing solutions, such as a fair maritime bunker fuel tax, a levy on airline tickets, or the Financial Transaction Tax.¹

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.²

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.³

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.⁴

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%?⁵

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.⁶

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.⁷

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.⁸

¹ *Daily Monitor*: <http://www.monitor.co.ug/OpEd/Commentary/-/689364/1281646/-/item/0/-/ftj7f4/-/index.html>

² *Boston Globe*: http://www.boston.com/bostonglobe/editorial_opinion/editorials/articles/2011/01/29/transaction_tax_works_against_deficits_financial_recklessness/

³ *Environmental Finance*: <http://www.environmental-finance.com/news/view/2099>

⁴ *New York Times*: <http://www.nytimes.com/2009/01/13/opinion/13herbert.html>

⁵ *Huffington Post*: http://www.huffingtonpost.com/van-jones/tax-the-one-percent-make- b_1071258.html

⁶ *New York Times*: <http://www.nytimes.com/2011/10/02/opinion/sunday/kristof-the-bankers-and-the-revolutionaries.html>

⁷ *Wall Street Journal*: <http://online.wsj.com/article/SB10001424052970204394804577009823316771852.html>

⁸ *New York Times*: <http://www.nytimes.com/2010/12/19/opinion/19sun1.html>

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

Richard Trumka, President of the AFL-CIO

Reckless Wall Street gambling has cost Americans trillions in lost wages, savings and household wealth. It is time to put Wall Street to work rebuilding Main Street with a financial speculation tax to create jobs, rein in speculation and lay the groundwork for long-term economic prosperity.¹¹

Desmond Tutu, Archbishop Emeritus of Cape Town

I urge G20 leaders... to introduce a tax on financial transactions to help low-income countries hit by the economic crisis and to protect poor people from climate change.¹²

USA Today editorial board

Slap a small transaction tax on rapid trades, impeding the practice and returning markets to their core purpose. That would be a big win for small investors, and the only people harmed would be those now putting everyone else at risk.¹³

Economists, Financial Experts and Business Leaders**Sheila Bair**, former Chair of the Federal Deposit Insurance Corporation

Impose a Financial Transaction Tax: Developed nations in Europe and elsewhere are moving forward with fees on financial transactions. Instead of resisting these efforts, the U.S. should lead the way.¹⁴

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

[A] financial speculation tax is a great way to raise lots of government revenue by making financial markets better serve their purpose of transferring capital from savers to investors.¹⁵

Jared Bernstein, former Chief Economist and Economic Adviser to Vice President Joe Biden

It's actually a good, old-fashioned economic solution: internalize the negative externalities of bad risk pricing and volatility but making it more expensive to lurch... It would also raise some much needed revenue which, if I'm right, we're going to need the next time the herd runs off the cliff...together.¹⁶

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

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 AFL-CIO: <http://www.aflcio.org/Blog/Economy/Robin-Hood-Tax-Bill-Introduced-in-Congress>

¹² The Guardian: <http://www.guardian.co.uk/business/2011/oct/14/tutu-challenge-to-g20-leaders>

¹³ USA Today: <http://www.usatoday.com/news/opinion/editorials/story/2012-09-26/high-frequency-trading-crash/57846524/1>

¹⁴ Fortune: <http://finance.fortune.cnn.com/2012/11/19/bair-wall-street-deficit/>

¹⁵ New York Times: <http://www.nytimes.com/roomfordebate/2012/08/06/how-to-regulate-high-frequency-trading/high-frequency-trading-edges-out-normal-investors>

¹⁶ Forbes.com: <http://www.forbes.com/sites/jaredbernstein/2012/01/17/correlation-and-information-a-problem-thats-probably-here-to-stay/2/>

*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.... So I like the idea of a transaction cost.*¹⁷

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 and encourage longer-term share ownership.*”¹⁸

*Co-signers of this paper include **John Bogle** (Vanguard Group), Warren Buffet (Berkshire Hathaway), **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), **Jay Lorsch** (Harvard Business School), **Ira Millstein** (Yale School of Management), **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

*As 11 countries in the European Union move forward with a financial transaction tax, the United States should move forward with its own plan. We propose a tax applied at a very low rate... which would raise an estimated \$50 billion a year in revenues and, critically, would remove a source of instability in the market by eliminating front running that serves no useful economic function.*¹⁹

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.*²⁰

Financial industry professionals

*New FTTs, whether agreed by the G20, EU, or by individual countries, offer a real opportunity to help restore the financial sector to its proper role, while raising massive revenues for people in urgent need at home and in the world's poorest countries. We believe this is an opportunity that should not be missed.*²¹

James Galbraith, Chair in Government/Business Relations at The University of Texas at Austin

*The purpose of a financial transactions tax is part of a reform package aimed at the hypergrowth of Wall Street and the enormous weight of the financial sector in the economy... This would be a useful way of... getting the country's economy back to where it was 15 or 20 years ago with a much greater emphasis on other sectors.*²²

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.*²³

¹⁷ *Multinational Monitor*: <http://www.multinationalmonitor.org/mm2009/052009/interview-bogle.html>

¹⁸ *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>

¹⁹ Center for American Progress: <http://www.americanprogress.org/wp-content/uploads/2013/06/ProgressiveGrowthSECTION2CHAPTER7.pdf>

²⁰ *Blog Maverick*: <http://blogmaverick.com/2011/10/14/my-soapbox-advice-to-the-ows-movement-and-then-some/>

²¹ An open letter by over 50 financial professionals from the United States, Europe and Australia:

<http://ourfinancialsecurity.org/2012/06/financial-professionals-call-for-speculation-taxes-on-financial-transactions/>

²² CNBC: <http://www.nbcnews.com/video/cnbc/34275952#34275952>

²³ *The Guardian*: <http://www.guardian.co.uk/business/2011/nov/03/gates-urges-g20-to-introduce-tobin-tax>

Stephany Griffith-Jones, Director of Financial Markets Program at Columbia University

*But above all, it is economically and morally the right thing to do: the international financial transactions tax is clearly an idea whose time has come.*²⁴

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... it suggests that to the extent that taxing financial transactions reduces the volume of wheeling and dealing, that would be a good thing.*²⁵

Lawrence Mishel, President of the Economic Policy Institute

*It's not only poetic justice -- it's good economics and has great political appeal.*²⁶

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.*²⁷

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.*²⁸

Robert Pollin, Co-director of the Political Economy Research Institute at the University of Massachusetts-Amherst

*The financial transaction tax can make major positive contributions toward forcing the financial markets away from the logic of the casino, thereby reordering the market's priorities on behalf of long-term productive investments and job creation.*²⁹

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.*³⁰

Felix Salmon, financial journalist and blogging editor for Reuters

*Back in 2007, I wasn't a fan of a financial-transactions tax; today, I am.... The stock market is clearly more dangerous than it was in 2007, with much greater tail risk; meanwhile, in return for facing that danger, society as a whole has received precious little utility.*³¹

Lee Sheppard, tax commentator and contributing editor at *Tax Notes*

*The United States should adopt a financial transactions tax (FTT) to kill high frequency trading (HFT) by removing the juice from this pernicious practice. A tax would be a simpler, more direct approach than entrusting the SEC to make effective rules.*³²

²⁴ *The Guardian*: <http://www.guardian.co.uk/commentisfree/2009/dec/07/tobin-tax-climate-change-investment>

²⁵ *New York Times*: <http://www.nytimes.com/2011/11/28/opinion/krugman-things-to-tax.html>

²⁶ *Politics Daily*: <http://www.politicsdaily.com/2009/11/19/with-16-million-jobless-should-the-feds-pay-people-to-work/>

²⁷ *Washington Post*: <http://www.washingtonpost.com/wp-dyn/content/article/2009/11/24/AR2009112404014.html>

²⁸ VOX EU: <http://www.voxeu.org/index.php?q=node/7046>

²⁹ *New Labor Forum*: <http://newlaborforum.cuny.edu/Archives/2012/spring/Abstracts.aspx?id=12>

³⁰ *Huffington Post*: http://www.huffingtonpost.com/jeffrey-sachs/obama-the-g20-and-the-99_b_1069030.html

³¹ *Reuters*: <http://blogs.reuters.com/felix-salmon/2012/08/06/chart-of-the-day-hft-edition/>

³² *Forbes*: <http://www.forbes.com/sites/leesheppard/2012/10/16/a-tax-to-kill-high-frequency-trading/>

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.*³³

Joseph Stiglitz, economist and Nobel Laureate

*What's needed is a comprehensive response that should include, at least, significant investments in education, a more progressive tax system and a tax on financial speculation.*³⁴

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.*³⁵

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.*³⁶

Paul Volcker, U.S. Federal Reserve Chair during Carter and Reagan administrations

*[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.*³⁷

David Weidner, *Wall Street Journal* columnist

*[A] minimal transactions tax would create new forms of revenue for cash-strapped regulators and gently apply the brakes to trading run amok in the markets.... Rather than begrudge the banks their earnings, let them keep the money with one condition: They should pay for markets that are truly fair, open and transparent, the kind that used to be the envy of the world.*³⁸

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.*³⁹

François Hollande, President of France

*Today we need to take a second step and introduce a tax on financial transactions – that has already been agreed to by several European states – so that the capital movements that profit from globalization can contribute to international development and the fight against pandemics.*⁴⁰

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.*⁴¹

³³ Asia Society speech: <http://asiasociety.org/business/development/george-soros-open-societies-sovereignty-and-international-terrorism>

³⁴ *New York Times*: <http://opinionator.blogs.nytimes.com/2013/01/19/inequality-is-holding-back-the-recovery/>

³⁵ National Public Radio: <http://www.npr.org/2010/12/18/132167168/beyond-the-tax-deal-targeting-the-code-itself>

³⁶ *Journal of Financial Services Research*: <http://stevereads.com/papers-to-read/when-financial-markets-work-too-well.pdf>

³⁷ House Financial Services Committee: <http://www.gpo.gov/fdsys/pkg/CHRG-111hhr54869/pdf/CHRG-111hhr54869.pdf>

³⁸ *Wall Street Journal*: <http://online.wsj.com/article/SB10001424052970204331304577141121954479422.html>

³⁹ *Financial Times*: <http://www.ft.com/intl/cms/s/0/19c46aca-e9ad-11e0-adbf-00144feab49a.html#axzz1c1pI3ZIG>

⁴⁰ Unitaid: <http://www.unitaid.eu/component/content/article?id=1001>

⁴¹ Reuters: <http://blogs.reuters.com/financial-regulatory-forum/2009/11/10/france-backs-idea-of-international-tax-on-financial-transactions/>

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.*⁴²

Mario Monti, Prime Minister of Italy

*We are open to supporting this initiative [the financial transaction tax] at the EU level.*⁴³

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.*⁴⁴

Mariano Rajoy, Prime Minister of Spain

*I'm in favour of the tax on financial transactions.*⁴⁵

Wolfgang Schaeuble, 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.*⁴⁶

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.*⁴⁷

Brief Background on the FTT

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

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 issuances and subsequent trading.⁴⁸ In fact, **the U.S. still has a very small FTT in place now**, which is used to fund the Securities and Exchange Commission.

In 1987, **Jim Wright**, then-Speaker of the House, proposed a fee securities transactions. He quoted in reference to this tax in *The New York Times* as saying, "My philosophy is that taxes should be based on ability to pay."⁴⁹ The concept was also endorsed by Senator **Bob Dole** and the **first President Bush**.

Currently **over 30 countries** – including Australia, Brazil, China, Hong Kong, India, Singapore, South Korea, Switzerland, and the United Kingdom – have some form of a financial transaction tax.⁵⁰ Of the **G20 nations, 16** have an FTT.

⁴² *New York Times*: <http://www.nytimes.com/2011/12/07/business/global/micro-tax-on-financial-trades-gains-advocates.html>

⁴³ *New York Times*: <http://www.nytimes.com/2012/01/12/business/global/italy-backs-financial-tax.html>

⁴⁴ Reuters: <http://www.reuters.com/article/idUSTRE5B24J520091203>

⁴⁵ *Financial Times*: <http://www.ft.com/intl/cms/s/0/f709f160-4066-11e1-8fcd-00144feab49a.html#axzz1jIUTOFmt>

⁴⁶ Reuters: <http://uk.reuters.com/article/2011/12/25/uk-eurozone-germany-schaeuble-idUKTRE7B008P20111225>

⁴⁷ *Financial Times*: http://www.ft.com/cms/s/0/08943b5a-926a-11de-b63b-00144feabdc0.html?nclick_check=1

⁴⁸ *Tax Analysts* summary: <http://spanishtaxes.blogspot.com/2009/09/mas-debate-sobre-la-tobin-tax.html>

⁴⁹ *New York Times*: <http://www.nytimes.com/1987/03/04/business/wright-proposes-a-tax-on-sales-of-securities.html>

⁵⁰ Stamp Out Poverty: <http://www.stampoutpoverty.org/wp-content/uploads/2012/10/FTT-Myth-busting-FINAL.pdf>