

# The Tobin Tax

## Activity report for the Funding Network for the period July 2003 – June 2004

The Tobin Tax Network (TTN) is pleased to report that the promotion of the Tobin Tax – a tax on the market in currencies - has expanded in various fruitful directions in the last year. The grant from the Funding Network of £4,635 has played an extremely useful part in that progress. The funding has supported our core work and helped pay for new campaign materials.

### Current situation

The TTN has now been in existence for two and a half years. The Tobin Tax proposition has been considerably refined over the past year in three distinct areas:

1. We are proposing, in normal market conditions, a very small currency transaction tax (CTT) of as little as one hundredth of 1% to generate billions of pounds worth of revenue to finance sustainable international development. At this rate it is feasible for the market to bear and politicians to accept.
2. We are linking the CTT to the achievement of the United Nations Millennium Development Goals (MDGs) to halve world poverty by 2015. By linking the Tobin Tax to the MDGs a sense of urgency around delivery by 2015 can be achieved.
3. We are proposing that the CTT is variable so that in volatile market conditions when a country's currency is being attacked by speculators, as happened in the UK on *Black Wednesday* in September 1992, the tax can be raised at the discretion of the central bank or government. This would stabilise the currency by making it unprofitable to continue to trade it. This ability to prevent currency crashes has a profound effect in stopping widespread unemployment and poverty from occurring in the first place.

Work to date has significantly developed the business case for the CTT. Specifically the stability created through a variable tax brings such immense benefits to business that the private sector has emerged as a potentially significant supporter, with considerable ramifications for influence on decision-makers.

### Winning the Argument

In the last half of 2003 the theme of creating a detailed 'business case' for the Tobin Tax emerged. The case being: a relatively small amount of financial players make massive profits out of currency crises whilst the vast majority of businesses lose out. Since governments usually listen more readily to business than campaign agencies, strategically it makes sense to establish these arguments. Working with a former derivatives trader, who is now policy adviser to the Network, we developed the parameters of the case to be made. In early 2004 our efforts paid off when the Cooperative Bank agreed to fund a report on the 'Advanced Case for the Tobin Tax' featuring both the business arguments and the positive impacts for developing countries both from increased aid revenue and greater economic stability. The report is due to be published in August. The fact that a bank is supporting our work is testament to how far into the mainstream the Tobin Tax idea is now travelling.

### High-level Advocacy

The principle aim of the campaign is to get the British government to commit to implementing a currency transaction tax on the pound. In this respect influencing the Chancellor, Gordon Brown, is the main objective. Building a relationship with Treasury officials, in particular relevant special advisors, is key to this.

Over the year the Network has developed a relationship with the Treasury, which started when the Tobin Tax film (produced in early 2003) was launched in Parliament. This helped put the campaign on the political map and led to a meeting with Treasury officials in Autumn 2003. As part of the Coop report initiative there will be a stakeholder roundtable, which will include representatives from DfID, the DTI and the Treasury. This progress has led to Gordon Brown's special advisor on development, Shriti Vadera, recently agreeing to a meeting with the Tobin Tax Network to discuss currency transaction taxation following this roundtable. Additional to this we have been working with the largest trade unions, who are TTN members, such as UNISON, the GMB, the CWU and the T&G, to influence Labour Party policy and include implementation of a CTT in the forthcoming manifesto.

## **Tobin Tax Day – 2 November 2003 - raising awareness, visibility, media profile**

Hundreds of thousands of radio listeners learnt about the Tobin Tax and a flood of signatures rained in to the website on a very successful Tobin Tax Day. The BBC broadcast a pre-recorded interview on many of its local stations and the coordinator did a number of live radio interviews before joining a publicity stunt at a church in Dulwich. Here the Tobin Tax *Street Petition* was officially launched. We arranged for an actor to dress up as *Robin Hood* to collect signatures to symbolise how the Tobin Tax would *give from the richest financial institutions to the world's poorest* people. To date many thousands of signatures have been sent in to the office. Each person who signs has become aware of the issue so, in the same way as the debt campaign grew, awareness of the Tobin Tax is growing through this initiative.

## **New Materials and new campaigning**

To accompany Tobin Tax Day we launched two important new materials:

- a very informative new leaflet with detachable postcard to Gordon Brown and
- an A2 poster, showing a pile of £50 notes stretching from the earth to the moon, illustrating the size of the money trade each year - a tiny tax on that huge amount would vastly benefit the poor

At the same time a website version of the petition was launched at [www.tobintax.org.uk/onlinepetition](http://www.tobintax.org.uk/onlinepetition)

## **Developing a coordinated European Tobin Tax campaign**

The TTN has taken a leading role in the creation of a coordinated European campaign to work for a Tobin Tax on the Euro. We co-hosted a seminar at the European Social Forum in Paris, in November, attended by 250 people, which led to a very successful action-oriented workshop two days later. At this meeting, Tobin Tax groups from Sweden, Norway, Germany, Austria, Belgium, France, Italy and the UK agreed on a joint campaign to target the Euro. This breakthrough meeting laid the foundation for ongoing work, which has been facilitated by telephone conferences, and materialised recently in the first in-common initiative around the European elections. Each country campaign has sent a declaration to their MEP candidates to sign indicating their support for a CTT on the Euro. This new impetus at a European level has led to the opportunity of quarterly meetings in the European Parliament.

## **Outreach and advocacy**

The TTN's coordinator has been invited to attend and speak at a wide-ranging series of meetings and events, some of which have been paid for by the Network, others by those hosting the events. These include: a United Nations conference on innovative ways to finance international development (Helsinki, September); the TUC conference (Brighton, September); the international committee of the Communication Workers' Union (London, September); the Labour Party conference (Blackpool, September); a symposium on alternatives to the current financial architecture (Tokyo, October); launching the Tobin Tax film at the European Parliament (Brussels, November); the Tobin Tax seminar at the European Social Forum (Paris, November); Tobin Tax and Tax Havens conference (Berlin, November); address a meeting of Norwegian parliamentarians (Oslo, December); give evidence to Jacques Chirac's special commission on financing development (the French Consulate, London, December); the Tobin Tax seminar at the World Social Forum (Mumbai, India, January 2004); the Liberal Democrat working group on trade and investment (House of Commons, February); launching the Tobin Tax film in the North of England (Leeds, February); address student conference (Cambridge University, February); talk to Fabians (Upminster, February); presentation at the London School of Economics (London, March); meet with head of policy at the GMB (London, April); address a meeting of Swedish parliamentarians (Stockholm, May).

## **Conclusion**

The TTN has helped develop and promote the cause of taxing the trade in currencies over the last year in ways that range from high level advocacy to grassroots campaigning. The momentum to win the argument and confront decision-makers is growing. The generous contribution to our funds by the Funding Network has helped us to solicit further grants and pay for materials and services helping us to maximise the potential of the campaign.