DEBATES

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THE NEVERENDING STORY OF THE FAILURE TO INTRODUCE A FINANCIAL TRANSACTION TAX

by Lisa Mittendrein

For more than four years, finance ministers from 10 EU countries have been negotiating the introduction of the financial transaction tax. Today, agreement on this important tax seems to be further off than ever.

TOBIN TAX -Will a financial transaction tax ever come ?

Nineteen years ago, in the summer of 1998, an association was established in France for the taxation of financial transactions in favour of the citizens - Attac was born. As a result of the Asian crisis, the anti-globalisation movement increasingly addressed the demand for strict regulation of the financial markets. Since then the demand for a financial transaction tax has been a key building block towards making our economy and society more stable and secure.

What is a financial transaction tax?

A financial transaction tax is a very low tax of, for example, 0.01 per cent, on each financial transaction. Any purchase or sale of shares and bonds, any trading in a derivative or currency should be taxed at this low rate. Thus the financial transaction tax is a deterrent to highly speculative transactions, with very rapid trading and only minimal profits. This speculation would be less attrac-tive with such a tax. In order to effectively regulate financial markets, however, further measures such as the restructuring of the banking sector and the prohibition of speculative products are needed. At the same time, however, a financial transaction tax also strengthens tax records. Employees and the general public are still contributing more to tax revenues than the wealthy, corporations or financial firms. With the financial transaction tax, major revenues could be generated to combat climate change and global poverty.

The financial transaction tax in the EU

The debate about the tax in the EU is an unending story. When Attac, social movements and civil society began to call for the tax, the political establishment declared us as being "crazy". With the financial crisis in 2008, the need to regulate the financial markets finally became clear again and public pressure increased. The European Commission supported a financial transaction tax, and in 2012 some Member States decided to work together to introduce it. Since then, Belgium, Germany, France, Greece, Italy, Slovakia, Slovenia, Spain, Austria and Portugal have been negotiating under the so-called "enhanced cooperation procedure". But while this was a reason for joy in the early stages, now, after four years without results, there is only bitterness.

What is the obstacle?

Although the ten governments have extensive support from the population, the negotiations have stagnated for years. From the very beginning, the financial sector was lobbying heavily to prevent the tax at any cost. They painted shock scenarios about the future of banks and pension funds on the line and threatened emigration. They also put pressure on the individual governments to implement at least an exemption for their own important financial institutions. The governments of the Member States succumb to this, and soon a financial transaction tax looked as perforated as an Emmental cheese. Since the Brexit vote, several countries had been trying to attract financial companies from London to relocate to their countries.

It is now clear that accommodating the financial sector is more important for the European elites than making them safer and ensuring fiscal justice. In order to prove the contrary, the European financial transaction tax has to be finally introduced, and the overdue regulation of the financial markets must be tackled ...

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