



European Trade Union Confederation (ETUC)
Confédération européenne des syndicats (CES)

Brussels, 9 April 2010
JM/AB/TJ/sw

Mr Jean-Claude Juncker
Prime Minister
4, rue de la Congrégation
L-1352 Luxembourg

Letter sent by e-mail: ministere.etat@me.etat.lu

Ms Elena Salgado
Minister of Finance
Alcala 9 – Planta baja
E-28071 Madrid

*Letter sent by e-mail: informacion.alcala@meh.es
gabinete.vicepresidente@meh.es*

Financial Transaction / Robin Hood Taxes

Dear Prime Minister Juncker and Minister Salgado,

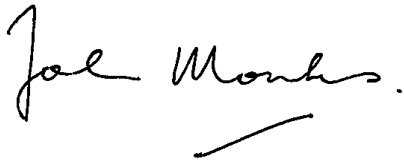
We understand that at the forthcoming informal ECOFIN meeting in Madrid on 15-17 April, ministers will be discussing, among other things, the reform of the international financial system and debate existing proposals emerging from international fora, such as US bank levy and the Swedish tax on equity securities, fixed income securities and financial derivatives.

On that occasion the ETUC urges you to also discuss the clear benefits of a financial transaction tax (FTT) as a separate and equally valuable tool aside from and additional to the various proposals emerging around bank levies and insurance funds for future crisis.

We are aware that the Commission has been working on a report on ‘Innovative financing at the global level’ (Commission staff working document SEC (2010) 409 final) as its contribution to the G20 debate on the issue. Contrary to the view outlined in the report, the ETUC believes that a FTT would be a progressive form of taxation as it need only affect those institutions that are engaged in purely speculative transactions. In fact, a FTT need not hit normal business transactions, government finances, lending and depositing, pension funds and buying insurance as the Commission report asserts. The tax should be set at a rate of 0,05 per cent and encompass all product segments in the various markets, including derivatives. The effective burden on the real economy would be negligible, because the time horizons (‘maturities’) of those transactions are so much longer than of technical and high speed trading transactions, in most cases by years. By discouraging socially useless very short term trading, the FTT would help bring the financial sector to a level more consonant with the real economy.. This would also minimise any distortion in the market (other arguments from the detractors of a FTT).

The ETUC believes that a FTT can contribute to re-pay the costs of the crisis and fund other public good objectives such as the fight against poverty and climate change. Campaigns for a FTT are gaining momentum in a number of countries and the ECOFIN should give a fair hearing to the proposal and not dismiss it at the outset because of alleged legal or practical impediments – I hope that you will make progress on this important question and report this letter to the ECOFIN meeting.

Yours sincerely

A handwritten signature in black ink that reads "John Monks." followed by a horizontal flourish line.

John Monks
General Secretary

Cc: Mr Michel Barnier, Commissioner for Internal Market and Services.