



Securities Speculation Tax

Featured Reform Legislation:

Let Wall Street Pay for Wall Street's Bailout Act of 2009

Introduced by Representative Peter DeFazio (D-OR) in 2009, this bill would impose a transfer tax on the sale and purchase of financial instruments such as stock, options, and futures. A quarter percent (0.25 percent) tax on financial transactions could raise approximately \$150 billion a year.

<http://thomas.loc.gov/cgi-bin/query/C?c111:./temp/~c111BHq8VB>

Support for a Speculation Tax:

Economist Robert Pollin puts forth a series of proposals to guide the structuring of a new financial regulatory framework. His proposals consist of, among others, the establishment a small financial transactions tax, the democratization of the Federal Reserve, and the formation of a public credit-rating agency.

Tools for a New Economy: Proposals for a Financial Regulatory System

Robert Pollin - Boston Review - January/February 2009

<http://bostonreview.net/BR34.1/pollin.php>

NYTimes Op-Ed Columnist Bob Herbert suggests using a securities speculation tax as a means to raise revenue.

Where the Money Is

By Bob Herbert - Published: January 12, 2009

http://www.nytimes.com/2009/01/13/opinion/13herbert.html?_r=2

A set of ten proposals, equaling up to \$900 billion in government revenue, are suggested as a means to pay for economic recovery. The proposals include a securities transaction tax, the elimination of the tax preference for capital gains, the elimination of subsidies for excessive CEO pay, and an end to overseas corporate tax havens.

10 Ways to Bail Out Wall Street (and Main Street) Without Soaking Taxpayers in Debt

By Chuck Collins and Dedrick Muhammad - AlterNet.org - September 25, 2008

<http://www.alternet.org/workplace/100223/>

Economist Dean Baker suggests some basic principles that should guide the financial restructuring after the bailout. One of these principles is that Congress should reduce excessive trading and downsize the financial sector by imposing a modest financial transactions tax.

Progressive Conditions for a Bailout

By Dean Baker - September 20, 2008

http://tpmcafe.talkingpointsmemo.com/2008/09/20/progressive_conditions_for_a_b/

Economist Dean Baker proposes a financial transactions tax as a means to reduce the size of the financial sector.

Medicine for Wall Street: A Financial Transactions Tax

By Dean Baker - September 16, 2008

http://tpmcafe.talkingpointsmemo.com/2008/09/16/medicine_for_wall_street_a_fin/

Economist Dean Baker links large movements in commodity prices with speculation and says that a modest financial transactions tax would impose a serious cost on those who speculate in commodities while having almost no impact on those who use these markets for hedging.

Let's get down to gas tax

By Dean Baker – Published: August 11, 2008

<http://www.guardian.co.uk/commentisfree/2008/aug/11/oil.commodities/print>

AirAmerica radio host Thom Hartmann recommends a securities turnover excise tax as a means for Wall Street to pay the U.S. Treasury back for the recent bailout. He also discusses the historical use of such taxes as a means to raise revenue and explains the additional benefits of the tax.

How Wall Street Can Bail Itself Out without Destroying the Dollar

By Thom Hartmann

http://www.thomhartmann.com/index.php?option=com_content&task=view&id=998&Itemid=1

In an interview with *Multinational Monitor*, Robert Kuttner, co-founder and co-editor of *The American Prospect*, discusses the path to the recent financial meltdown and points a finger at destructive speculation.

Financialization and Its Discontents: How Wall Street's Political Triumph Led to Economic Crisis

<http://www.multinationalmonitor.org/mm2007/112007/interview-kuttner.html>

Reports:

In this 2008 report, economist Dean Baker explains the benefits of a financial transactions tax including its attractiveness as a mechanism for raising revenue.

The Benefits of a Financial Transactions Tax

December 2008, Dean Baker

<http://www.cepr.net/index.php/publications/reports/the-benefits-of-a-financial-transactions-tax/>

In this report, the Institute for Policy Studies urges Congress to make Wall Street pay for the bailout. In addition to calling for a financial transaction tax, the plan recommends recovery of bonuses paid to Wall Street CEOs responsible for the crisis, the elimination of the tax preference for capital gains and dividends, and an end to corporate tax havens.

Second Chance: A Sensible Plan for Getting the Recovery Right

The Institute of Policy Studies

January 14, 2009

<http://www.ips-dc.org/reports/#752>

In this report, economists Robert Pollin, Dean Baker, and Marc Schaberg examine the feasibility of using security transaction excise taxes (STET) in the U.S. and conclude that such a tax would not only generate substantial new government revenues, but could also be designed to not create large distortions between segments of the financial market.

Financial Transactions Taxes for the U.S. Economy

By Robert Pollin, Dean Baker, and Marc Schaberg

2001 (Revised in 2002)

Political Economy Research Institute, Amherst, MA

<http://www.peri.umass.edu/236/hash/aef97d8d65/publication/172/>

In this 2000 report, economist Dean Baker defines speculation in the financial markets as gambling and proposes a modest tax on such transactions.

Taxing Financial Speculation: Shifting the Tax Burden From Wages to Wagers

February 2000, Dean Baker

<http://www.cepr.net/index.php/publications/reports/taxing-financial-speculation:-shifting-the-tax-burden-from-wages-to-wagers/>