Securities Speculation Tax

H.R. 1068 - Let Wall Street Pay for Wall Street's Bailout Act of 2009

The purpose of a Securities Speculation Tax would be to **raise the costs of short-term speculative trading** with the purpose of **discouraging excessive speculation and channeling funds towards productive investment**. The tax would be on all financial-market transactions and would be comparable to a sales tax.

Such a tax on financial speculation would also **raise a significant amount of revenue for the government**. It has been estimated that a set of scaled transactions taxes could generate **$150 billion in revenue per year**.

The tax would have a **negligible impact on long-term investors and people who trade infrequently**, specifically middle-class families investing to save for retirement or education expenses. **However, the tax would significantly reduce the profit for short-term speculators** who buy large blocks of financial products, hold them for a day or a few hours, and then resell them for a small gain.

The tax would help reduce the size of the financial sector by making speculation significantly less profitable.

The tax would be modest:
Economists have proposed financial transaction taxes ranging from 0.25% to 0.5% on the purchase or sale of stocks, and comparable fees on a sliding scale for other assets such as bonds, futures, options, and foreign currency.

The United Kingdom currently has a modest transaction tax of 0.5%.

1. Approximately forty other countries, including the Japan, Germany, Italy, France, China, Brazil, India, South Africa, and Chile currently employ or have used in the past such a tax.

- More Information About The Securities Speculation Tax
- FAQ
- Link to Legislation
- Links to Other Resources

Proposals for financial transaction taxes have been made or supported by:

1. **John Maynard Keynes** (1936)
2. Head of the White House National Economic Council, **Lawrence Summers** (1989)
3. Nobel Prize Winning Economists **James Tobin** (The Tobin Tax) and **Joseph Stiglitz** (1989)
4. Economists **Robert Pollin** and **Dean Baker** (2002)
5. Economist **Dean Baker** (2000, 2008)

There is precedent for such a tax in the Unites States:

1. The US had a securities transfer tax from 1914 to 1966. The Revenue act of 1914 levied a 0.2% tax on all sales or transfers of stock. **In 1932, Congress more than doubled the tax to help overcome the budgetary challenges during the Great Depression**.
2. The US currently employs a very small transaction tax that pays for the operations of the Securities and Exchange Commission; therefore **an additional transaction tax is easy to implement and would require little additional administrative apparatus**.

Relevant legislation:

1. **Congressman Peter DeFazio** (D-OR) **introduced H.R. 1068** in 2009. This bill, called the "Let Wall Street Pay for Wall Street's Bailout Act of 2009," proposed a securities transfer tax of up to .25 percent on the purchase and sale of financial instruments such as stock, options, and futures.
2. **Cosponsors include**: Representatives Capuano (MA), DeLauro (CT), Edwards (MD), Stark (CA), Sutton (OH), Welch (VT), and Wu (OR).
3. **Status of H.R. 1068**: Referred to the House Committee on Ways and Means.

Securities Speculation Tax

An Overblown Financial Sector

Today's financial crisis has reminded us that markets are often treated like a casino for excessive risk-taking and speculation. Securities speculation—the purchase and quick sale (days or even hours later) of securities and other financial instruments as a means to profit from rapid price fluctuations—is not new. It has repeatedly led to the creation and later bursting of speculative asset bubbles—the most recent being the housing bubble—which inevitably wreak havoc on the economy, often leaving taxpayers to clean up the mess. This speculation has almost nothing to do with productive investment and has proven to be destabilizing to our financial system and our entire economy. It is time not only to diminish this sort of gambling, but also to bring our bloated financial sector down to a more manageable size.

Today, our economy is overwhelmingly dominated by a type of finance that has less to do with financing corporate production, and more to do with shuffling money around the market to make a profit. George Washington University Professor Lawrence Mitchell said during an interview published by the Multinational Monitor, that "Finance and especially hedge funds are becoming completely removed from production and are engaged in this almost circular financial game where they are moving money around from one pocket to the other, but it's got very little to do with increasing or stimulating production in any way, or producing anything meaningful."[1]

In fact, economist Robert Pollin recently pointed out in an article published by the Boston Review, that as of 2007, "players in the market traded roughly $300 worth of stocks and bonds for every dollar that nonfinancial corporations raise for new investments in plant and equipment."[2] This ratio is a threefold increase from what it was during the height of the dot-com bubble only a decade ago.

Moreover, economist Dean Baker showed that in 2004, the financial sector accounted for more than 30 percent of corporate profits; up from the 10 percent it accounted for during our country's most rapid growth period in the 1950s and 1960s.[3] This explosion has also encouraged the proliferation of complex new financial instruments like credit default swaps and collateralized debt obligations that contributed to the current financial crisis. These are sure signs of an overblown financial sector. It is time to stop financial gambling, rein in our financial sector, and return it to its proper role as an intermediary between borrowers and lenders.

A Practical Solution to Gambling in the Financial Sector

Markets serve a very important purpose in raising capital for the investment in and development of productive enterprise. But John Maynard Keynes, in his *General Theory* (1936), says this job will be "ill-done" when "the capital development of a country becomes the by-product of the activities of a casino." He acknowledges the dangerous tendency of markets towards speculation and notes that "casinos should, in the public interest, be inaccessible and expensive. And perhaps the same is true of Stock Exchanges." As a remedy for this tendency of markets towards speculation, Keynes suggests that 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."[4]

Similarly, Mitchell says the financial sector can be controlled, by changing investors' incentives. One way to do this would be to make speculation unprofitable. We need to redirect resources from risky and purely profit-seeking speculative activities towards productive and socially beneficial investments. Mitchell recommends a tax on stock profits, with a punitive tax on short-term trading, similar to the tax on currency trades proposed by Nobel Prize winning economist James Tobin (The Tobin Tax).[5]

A small Securities Speculation Tax (STT) on all financial-market transactions, while having

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[1] Mitchell, Lawrence E. Interview by Multinational Monitor. "Origins of the Speculation Economy." *Multinational Monitor*, May/June 2007, 40.

[2] Pollin, R., "Tools for a New Economy," *Boston Review*, January/February 2009, [available at http://bostonreview.net/BR34.1/pollin.php].

[3] Baker, D. "Progressive Conditions for a Bailout." *TPMCafe*, [available at http://tpmcafe.talkingpointsmemo.com/2008/09/20/progressive_conditions_for_a_b/].

[4] Keynes, J. M., *The General Theory of Employment, Interest and Money*. New Delhi: Atlantic Publishers and Distributors, 2006.

[5] Mitchell, Lawrence E. Interview by Multinational Monitor. "Origins of the Speculation Economy." *Multinational Monitor*, May/June 2007, 40.

almost no impact on the average investor, would discourage speculation by raising the costs of short-term speculative trading, making such activity less profitable.

Benefits of a Securities Speculation Tax

Baker adds that a small SST would be extremely progressive considering the vast majority of trading is done by the wealthiest people. Although middle-class families would see some of this tax, the burden for the typical family saving for retirement or their children's education would be almost unnoticeable.[6] These investors are not the speculators who buy large amounts of stock at 11:00 A.M. only to sell it at 1:00 P.M. in an effort to make an enormous profit on small differences in price; rather they are investors who buy stock and hold it, expecting its value to increase over time. This type of healthy investment actually stabilizes markets and leads to greater wealth over time.

Furthermore, Baker says that a set of scaled SSTs could reduce not only speculation, but also the volume of trading in financial markets. When financial gamblers find that risky speculation is less profitable, many will refrain from the practice and thereby diminish the volume of trading. This volume will not be missed, because as Baker has pointed out, "much of the economic activity that will be lost has the character of gambling."[7] It is just this sort of gambling on Wall Street that can lead to the destabilization of financial markets and the greater economy that we are currently experiencing.

Another significant argument for a modest SST is that it could serve as an enormous source of government revenue. Using 2007 figures, economist Robert Pollin estimates that a 0.5 percent tax on stock trades, and a sliding scale for bonds and derivatives, would generate nearly $175 billion per year even assuming the tax led to a 50 percent decline in trading.[8]

Feasibility of a Securities Speculation Tax

As for effectively implementing a SST, such taxes have proven to be both enforceable and collectible. A much smaller transactions tax is currently employed to pay for the operations of the Securities and Exchange Commission.[9] Similarly, the collection of the tax would require minimal government oversight, since the IRS already imposes trade-reporting requirements. Baker points to the stamp tax in the UK to show that a modest financial transactions tax is not at odds with maintaining a vibrant stock exchange. He says that the other benefits of the London exchange, one of the largest stock exchanges in the world, obviously outweigh the burden of the stamp tax employed there. There should be no difference in the United States.[10]

Similarly, a 2002 study published by the Political Economy Research Institute at the University of Massachusetts-Amherst, concludes that instituting a financial transactions tax that is larger and broader than what is currently in place to finance SEC operations is both a workable and desirable policy measure in the U.S.[11] Given the context of today's financial crisis, this conclusion is even more pertinent.

An Opportunity to Act: H.R. 1068

With Congressman Peter DeFazio's recent introduction of H.R. 1068 "Let Wall Street Pay for Wall Street's Bailout Act of 2009," Congress now has an opportunity to implement a securities speculation tax. This bill proposes a securities transfer tax of up to .25 percent on the purchase and sale of financial instruments such as stock, options, and futures. This tax is estimated to raise $150 billion in government revenue. This bill is a solution to the exploitation of our financial sector. Congress should pass this legislation to put an end to excessive and unproductive speculation.

Instead of forcing American taxpayers to clean up after Wall Street's speculative excess, it is appropriate and necessary to require Wall Street to pay for the bailouts. The employment of a small SST is one measure that will do just that. Congress should listen to Main Street's demands for reform and implement a securities speculation tax.

By Anniki Laine
Citizen Works, Corporate Reform Project Manager

[6] Baker, Dean. 2008. "Let's Get Down to a Gas Tax." *guardian.co.uk,* August 11, 2008, [available at http://www.guardian.co.uk/commentisfree/2008/aug/11/oil.commodities?gusrc=rss&feed=global].

[7] Baker, D, 2008. "The Benefits of a Financial Transactions Tax,". Washington: DC: Center for Economic and Policy Research, [available at http://www.cepr.net/documents/publications/financial-transactions-tax-2008-12.pdf].

[8] Pollin, R. "Tools for a New Economy," *Boston Review*, January/February 2009, [available at http://bostonreview.net/BR34.1/pollin.php].

[9] "Fee Rate Advisory #3 for Fiscal Year 2009: Press Release 2009-41."SEC Official Website. 2009. Securities and Exchange Commission. Web. 4 Mar. 2009. [available at http://www.sec.gov/news/press/2009/2009-41.htm].

[10] Baker, D, 2008. "The Benefits of a Financial Transactions Tax,". Washington: DC: Center for Economic and Policy Research, [available at http://www.cepr.net/documents/publications/financial-transactions-tax-2008-12.pdf].

[11] Pollin, R., D. Baker, and M. Schaberg, 2002. "Financial Transactions Taxes for the U.S. Economy," Amherst: MA: Political Exonomy Research Institute, [available at http://www.peri.umass.edu/236/hash/aef97d8d65/publication/172/].

CITIZEN WORKS

Securities Speculation Tax

FAQs

What is a securities speculation tax?

It is a small tax on financial transactions such as the purchase and sale of financial instruments like stock, options, and futures. Intended as a deterrent against short-term speculative trading, it would help raise revenues to repay taxpayers for the money used to bail out Wall Street banks.

Why do we need a securities speculation tax?

One of the main arguments for the tax is its ability to dampen rampant speculation in the financial markets. Speculation—the purchase and quick sale (days or hours later) of securities and other financial products as a means to profit from rapid price fluctuations—by those on Wall Street who contributed to the current crisis without providing any tangible benefit to the broader economy. A tax that raises the transaction cost of speculation would make this speculation less profitable and thereby lessen the incentive to speculate.

Another argument for the tax is its revenue-generating capabilities. It has been estimated that a tax of .25 percent could raise $150 billion per year in government revenue. Speculators make a profit by shuffling money without making any actual investment in goods and services. The revenues raised by the tax would be removed from the Wall Street merry go round and used to reimburse taxpayers, help fund government agencies responsible for regulating the market, and help pay for stimulus programs and other productive investments.

Aren't there better ways to generate revenue like closing tax loopholes or getting rid of offshore tax havens?

There are other important ways to raise government revenue and they should be pursued, however a financial transactions tax is both easy to implement quickly and has the added benefit of helping to prevent future abuse of our financial markets by greedy speculators.

Who supports the tax?

John Maynard Keynes, in his *General Theory* said that such a tax would have the positive effect of mitigating speculation over enterprise in the United States. In the 1970s, Nobel Prize winning economist James Tobin argued for a levy on speculative currency trading, which became knows as the Tobin tax (explained below). In 1987, Lawrence Summers, who later became President Clinton's Treasury Secretary, supported such a tax in his paper "When Financial Markets Work Too Well: a Cautious Case for a Securities Transactions Tax." Joseph Stiglitz, another Nobel Prize winning economist supported a financial transaction tax in 1989, saying that it would increase the efficiency of the stock market and reduce price volatility. More recently, economists Robert Pollin and Dean Baker have made arguments for such a tax.

Wouldn't this tax affect everyone? Why punish middle-class investors who never engaged in risky speculation?

The tax would fall on those whose behaviors create stress on the financial system—day traders and the speculators who trade huge amounts of stocks. The tax would have virtually no impact on Americans who invest to save for retirement or other long-term purposes. Just as a gas tax makes those who drive more pay more at the pump for highway repairs, a financial transactions tax would make those who trade more pay more for the stress they cause to the financial system.

Isn't a securities transaction tax is too difficult to implement?

Not at all. The United States currently employs a small financial transactions tax to pay for the Securities and Exchange Commission. The US also levied a 0.2% tax on all sales or transfers on stock from 1914 to 1966. In 1932, Congress more than doubled this tax to help raise revenue during the Great Depression. Today, the United Kingdom effectively employs a modest financial transaction tax as well.

Won't it stifle innovation and efficiency in the financial sector?

This "innovation" and "efficiency" is what led to Wall Street's creation of complex new financial products that have turned out to be more damaging to our financial system than good. It appears that the inventors of these products didn't fully understand the risks associated with them. Just as we encourage innovation in the medical field, but restrict experimentation of complex new medical and drug products on patients, we should limit what types of financial innovations can be used in capital markets.

Won't it create distortions in global capital markets?

The benefits of trading in the United States vastly outweigh the negative effects of a securities speculation tax and it is therefore unlikely that traders will flee US capital markets. More importantly, the US has significant influence in international negotiations and could work with other powers to create uniform taxes intended to prevent distortion. The likelihood of this collaboration is greatly enhanced today as nations across the globe look to strengthen regulation to prevent future financial crises.

Wouldn't such a tax reduce liquidity?

The tax will reduce trading volume and therefore also liquidity, however, economist Dean Baker says it is "not clear that the impact will have much consequence. For example, if trading in liquid assets, like government bonds, were cut by 50 percent, or even 75 percent, these assets would still have enormous markets." The volume of trading may reduce to levels of 20-25 years ago, but Baker says that, in the 1980s, these markets were already highly liquid.[1]

What is the Tobin tax mentioned above?

Proposed in the 1970s by Nobel Prize winning economist James Tobin, the Tobin tax is a small (less than half of one percent) worldwide tax on foreign exchange transactions intended to lessen speculative currency trading.

In the foreign exchange market, speculators seek to profit from minute-to-minute, hourly, or even daily, fluctuations in prices. When a tax is imposed on these currency transactions, in order for this speculation to be profitable, the value of the currency being traded must be greater than the proposed tax. Because speculative currency trades occur on small margins, any tax on such trades will reduce and even eliminate profits. This would greatly lessen the incentive to speculate.

Additionally, the Tobin tax would benefit people by helping to avoid the social devastation caused by financial crises. It would do this by reducing speculation, which causes the instability of financial markets that leads to financial crises. Furthermore, the revenue generated by the tax could also be used to benefit the public good.

There has been long-standing support for the Tobin tax since James Tobin introduced it in the 1970s.

[1] Baker, D, 2008. "The Benefits of a Financial Transactions Tax,". Washington: DC: Center for Economic and Policy Research, [available at http://www.cepr.net/documents/publications/financial-transactions-tax-2008-12.pdf].

HR 1068 IH

111th CONGRESS
1st Session
H. R. 1068

To amend the Internal Revenue Code of 1986 to impose a tax on certain securities transactions to the extent required to recoup the net cost of the Troubled Asset Relief Program.

IN THE HOUSE OF REPRESENTATIVES

February 13, 2009

Mr. DEFAZIO (for himself, Mr. WELCH, Ms. SUTTON, Mr. CAPUANO, Mr. WU, Mr. STARK, Ms. DELAURO, and Ms. EDWARDS of Maryland) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to impose a tax on certain securities transactions to the extent required to recoup the net cost of the Troubled Asset Relief Program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the `Let Wall Street Pay for Wall Street's Bailout Act of 2009'.

SEC. 2. FINDINGS.

Congress finds the following:

(1) The Bush Administration allocated the first $350 billion of TARP funds in a manner that has outraged the Nation by failing to provide the most basic oversight of the funds.

(2) Congress has declined to block the remaining $350 billion of TARP funds despite the lack of oversight and the record fiscal year 2009 budget deficit estimated at $1.2 trillion.

(3) The Board of Governors of the Federal Reserve System has committed more than a trillion dollars to stabilize the economy by bailing out various banks deemed `too big to fail'.

(4) The $700 billion TARP fund and the new Federal Reserve lending facilities were created to protect Wall Street investors; therefore, the same Wall Street investors should pay for this infusion of taxpayer money.

(5) The easiest method to raise the money from Wall Street is a securities transfer tax, a tax that has a negligible impact on the average investor.

(6) This transfer tax would be 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.

(7) The United States had a transfer tax from 1914 to 1966. The Revenue Act of 1914 (Act of Oct. 22, 1914 (ch. 331, 38 Stat. 745)) levied a 0.2 percent tax on all sales or transfers of stock. In 1932, Congress more than doubled the tax to help overcome the budgetary challenges during the Great Depression.

(8) All revenue generated by this transfer tax should be deposited in the general fund of the Treasury of the United States, scaled to meet the net cost of these bailouts, and phase out when the cost of the bailouts are repaid.

SEC. 3. RECOUPMENT OF DEFICIT ARISING FROM FEDERAL BAILOUT.

(a) In General- Chapter 36 of the Internal Revenue Code of 1986 is amended by inserting after subchapter B the following new subchapter:

`Subchapter C--Tax on Securities Transactions

`Sec. 4475. Tax on securities transactions.

`SEC. 4475. TAX ON SECURITIES TRANSACTIONS.

`(a) Imposition of Tax- There is hereby imposed a tax on each covered securities transaction an amount equal to the applicable percentage of the value of the security involved in such transaction.

`(b) By Whom Paid- The tax imposed by this section shall be paid by the trading facility on which the transaction occurs.

`(c) Applicable Percentage- For purposes of this section--

`(1) IN GENERAL- The term `applicable percentage' means the lesser of--

`(A) the specified percentage, or

`(B) 0.25 percent.

`(2) SPECIFIED PERCENTAGE-

`(A) IN GENERAL- The term `specified percentage' means, with respect to any taxable year beginning in a calendar year, the percentage that the Secretary estimates would result in the aggregate revenue to the Treasury under this section for such taxable year and all prior taxable years to equal the Secretary's estimate of the net cost (if any) to the Federal Government of--

`(i) carrying out the Troubled Asset Relief Program established under title 1 of the Emergency Economic Stabilization Act of 2008, and `(ii) the exercise of authority by the Board of Governors of the Federal Reserve System under the third undesignated paragraph of section 13 of the Federal Reserve Act (12 U.S.C. 343).

`(B) DETERMINATION OF PERCENTAGE- Such percentage shall be determined by the Secretary not later than 30 days after the date of the enactment of this section, and redetermined for taxable years beginning in each calendar year thereafter. Such percentage shall take into account the Secretary's most recent estimation of such net cost. Any specified percentage determined under this paragraph which is not a multiple of 1/100th of a percentage point shall be rounded to the nearest 1/100th of a percentage point.

`(d) Covered Securities Transaction- The term `covered securities transaction' means--

`(1) any transaction to which subsection (b), (c), or (d) of section 31 of the Securities Exchange Act of 1934 applies, and

`(2) any transaction subject to the exclusive jurisdiction of the Commodity Futures Trading Commission.

`(e) Administration- The Secretary shall carry out this section in consultation with the Securities and Exchange Commission and the Commodity Futures Trading Commission.'.

(b) Clerical Amendment- The table of subchapters for chapter 36 of such Code is amended by inserting after the item relating to subchapter B the following new item:

`subchapter c. tax on securities transactions'.

(c) Effective Date- The amendments made by this section shall apply to sales occurring more than 30 days after the date of the enactment of this Act.

END

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 discuses 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
January14, 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/