United Nations E/2010/NGO/9

Economic and Social Council

Distr.: General
26 April 2010

Original: English

Substantive session of 2010
New York, 28 June-22 July 2010
Item 2 (b) of the provisional agenda*
Development Cooperation Forum

Statement submitted by Salesian Missions, a non-governmental organization in consultative status with the Economic and Social Council

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 30 and 31 of Economic and Social Council resolution 1996/31.

* E/2010/100.

10-32819 (E) 110510

Statement

Financial transaction tax: development cooperation in times of crises

We have all witnessed the collapse of commonly accepted principles for the governance and implementation of a financial system that has become increasingly interdependent and susceptible to uncontrolled risk-taking and speculation. As institutions were deemed too big to fail, measures were enacted to prevent the collapse of the financial markets, but often at the expense of struggling people who suffered the ill effects of the crisis. However, with modifications, the financial system that is at the core of the present financial crisis can become the means for solving/addressing the issues it created. This can happen if those who manage the financial system internalize the social costs of their decisions and activities.

We believe that innovative sources of raising public finance are necessary to respond to the global fiscal challenges we face. These new innovative sources of funding must be in addition to and complementary to traditional forms of international assistance for development. As one response to the urgent need for additional resources for development, we support the financial transaction tax. Using the small tax (0.01 per cent to 0.1 per cent) that has been proposed could provide substantial, predictable and sustainable funds for development. Projected revenue from a 0.1 per cent tax rate is $735 billion, and the leading group indicates that a very small levy of 0.005 per cent would generate approximately $33 billion for development. It is essential that these funds by the financial transaction tax be designated exclusively for development.

Recent research and the experience of some countries with transaction taxes have clearly demonstrated that the implementation of this tax is feasible. The development and use of standardized electronic settlement systems has made intra- and inter-national taxation much simpler and more secure than previously. According to recent research by the International Cooperation for Development and Solidarity circumvention of electronic platforms would be costly and highly unlikely. It has also been noted that the administrative costs of collecting a financial transaction tax could be relatively low, given the existing interlinkages of financial systems worldwide. Of course, careful regulation and coordination will be necessary to prevent the repetition of past mistakes and unwarranted speculation in the market. Agreement among nations for a coordinated centralized trading system, which addresses the general scope and specific purpose of the funds, the collection and administrations of the funds, eligibility requirements, transparency and accountability, is needed. A centralized trading system would facilitate this. Representative, democratic governance would ensure implementation.

While acknowledging the need to respect and comply with the legal requirements of treaties that have been already enacted and agreed upon, we recommend reviewing the existing statutes to be certain that they take present realities into consideration. We strongly support and join our voices to those of the increasing number of countries that accept the feasibility of this tax and promote the enactment of the financial transaction tax.