

INTERNATIONAL TRADE UNION CONFEDERATION (ITUC)

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\$605trillion of derivatives speculation in 2010 – it's time the finance markets paid their way in global economy, says international union body

Political support grows for Financial Transactions Tax

Brussels, 22 June 2011 (ITUC OnLine): Pressure is growing on global economic decision makers to make the financial markets pay their way in the global economy, as unemployment grows following the Global Financial Crisis and workers across the world reject cutbacks as the next stage of bailing out an increasing broken financial system.

Today, as unions and NGOs hold actions around the world in support of a Financial Transactions Tax, the ITUC called on decision makers in government to conclude on an agreement to implement the tax as soon as possible.

The tax is getting increasing political support, including a unanimous vote for the tax in Brazil's parliament and a call by European Commission President Manuel Barroso for the EU Summit on 23-24 June to put the issue on its agenda.

Speculative transactions, including financial derivatives, made the banks \$605 trillion in 2010 according to the OECD, or around 10 times the worlds GDP. It is largely untaxed. "It was this speculative money that was one of the major drivers in the financial collapse in 2008, but as an industry it continues to grow, without delivering anything back to the real economies of national governments," said General Secretary of the ITUC Sharan Burrow today.

"This industry must start paying its way, instead of just generating obscene profits for the worlds' bankers and financiers," Ms Burrow added.

"A simple tax on financial transactions would generate billions of dollars that could be used to create decent jobs, tackle global poverty and fund action on climate change. It's time the banks stopped getting a free ride on the backs of working people and start to pay for repairing the damage they have caused to the economy," said Ms Burrow.

The unions argue that the initiative, which would involve a tax of a fraction of a percent on transactions, would also dampen financial speculation, which was one of the main drivers of the recession that started in 2008.

"The argument for this tax is compelling and makes sound economic sense – the banks are using their formidable influence over politicians to try and stop the momentum, but governments need to stand up to the strong-arm tactics of the financial sector and govern in the interests of people," explained Ms Burrow.

Trade unions and civil society allies, backed by many economists and politicians, are today focusing public attention around the world on the demand for a financial transactions tax, and the issue will be at the top of the trade union demands for the this year's G20 Summit in

November, hosted by France. French President Nicolas Sarkozy has been a vocal supporter of the tax.

The ITUC represents 175 million workers in 151 countries and territories and has 305 national affiliates. Website: <http://www.ituc-csi.org> and <http://www.youtube.com/ITUCCSI>

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