
Jeffrey Sachs: Obama, the G20, and the 99 Percent

On Thursday, President Obama will meet with leaders of the other G20 countries. On the table will be a proposal to introduce a Financial Transactions Tax (FTT). French President Sarkozy and German Chancellor Merkel will support the proposal. If President Obama is true to his recent words sympathizing with Occupy Wall Street, he will join Sarkozy and Merkel in supporting the FTT. More likely, though, he will oppose the proposal in order to protect Wall Street, thereby continuing his pattern of progressive rhetoric that masks conservative policies.

The Financial Transactions Tax is a solid idea that has been resisted by Wall Street for years. Each trade of a financial security like a stock, bond, or derivative would be taxed a tiny proportion of its value. Since the volume of trading is so high, even a tiny tax (say 5 cents per hundred-dollar transaction) would collect tens or hundreds of billions of dollars each year.

There are three goals of the FTT proposal that will be considered at the G20 meeting. The first is to dampen high-speed automated trading and other short-term financial trades that contribute to excessive financial volatility. The second is to raise government revenues, especially in view of the fact that the financial sector is under-taxed in the G20 countries (including the US). The third is to harmonize such a tax across the G20 countries to avoid the obvious problem that a tax in one country but not others would push at least some transactions to other countries.

While this problem should not be exaggerated, it is real nonetheless. It has led individual countries to support the FTT, but only if others will also adopt

it. The UK, for example, has said that it favors the tax, but only if the US joins.

The European Commission has already adopted the idea of the FTT for Europe, and is indeed requesting the US to join the EC in introducing the tax. The Commission has called on the European member states to introduce the tax on January 1, 2014. According to the Commission's calculations, a tax of 10 Eurocents per 100 Euros of securities will raise 73 billion Euros (around \$100 billion dollars) or even more each year within the European Union. The Commission has rightly emphasized that the tax burden will fall mainly on wealthy taxpayers, including the owners of the securities being traded as well as the shareholders of the financial institutions doing the trades.

If history is any guide, Obama will reject the European proposal later this week, while many other G20 countries will accept it. The White House has long been the protector of Wall Street. Treasury Secretary Geithner has recently spoken out against the tax, strongly signaling that Obama will oppose the proposal when the heads of government consider the proposal later this week.

It is not as if an FTT is in any way outlandish. It is only that Wall Street remains more powerful than the 99 percent, even after all the trouble it has caused and all of the nice words that have been said about OWS. In fact, there has long been a stock transfer tax in New York State, equal to a few cents for each share traded on Wall Street (with the exact amount depending on the share price). For a share worth \$20 or more, the transfer tax is 5 cents.

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The tax currently raises around \$16 billion per year. The joke, however, is that Wall Street is so powerful that it doesn't actually pay the tax even though it's on the books. Since 1979, New York State has collected the tax and then rebated the revenues back to the financial firms. There is no net tax collection. The UK, on the other hand, actually collects a stamp tax on trades in shares, equal to 0.5% of each transaction. The U.K. tax collects around \$5 billion dollars (3 billion pounds) per year.

Obama's supporters keep hoping that the President will finally start leading the change we voted for in 2008. We keep hoping that the President will realize that whatever he has gained from Wall Street in campaign contributions has been lost many times over in the public's frustration and unhappiness with the corruption of our democracy. We keep hoping that Wall Street impunity will finally be ended.

Mr. President, this week is your chance to make good on your word. Adopt the FTT at the G20 meeting and bring the fight back to Congress. The American people will support you in the fight to restore democracy for the 99 percent.

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Ed Miliband, Hakan Juholt and Sigmar Gabriel: G20 in Cannes Needs to Bring the World Leadership

The meeting in Cannes must send a message to the world that politicians have heard the concerns of their citizens and they understand the scale of the crisis. Living standards are being squeezed, unearned rewards at the top too often create greater inequality, and retrenchment of valued education spending risks undermining the knowledge

economies we need for the future. People across the world understand it was flaws in free-market capitalism that caused this crisis. They need to hear the positive case for responsible capitalism which will get us out of it. The role of political leaders is not to protest, it is to set out a different course for the future. Only by doing that will we begin to restore the confidence, the lack of which is holding back the recovery.



[Philip Jennings: The G20 Summit and Occupy Wall Street](#)

Eighty years ago, the Tin Pan Alley classic «Buddy, Have You Got a Dime?» was the crisis music of its time. Today the dollars have gone to the investment bankers who got off scot free, and there are no dimes for the 99 percent.