

TO: European Heads of State
[...]

20 June, 2012

RE: Joint Open Letter on the Human Rights Imperative of a Financial Transaction Tax (FTT)

Your Excellency,

On the occasion of the forthcoming European Finance Ministers Meeting on 22 June and Heads of State meetings on 28-29 June, we write to urge your government—as one step towards protecting and fulfilling your human rights duties under international law—to continue to take bold leadership now on the implementation of what should eventually be a G20-wide Financial Transaction Tax (FTT).

As civil society organizations the world over working to prevent the occurrence of human rights abuses and to advocate for justice for victims, we have witnessed first-hand the very real human consequences of the successive waves of financial and economic crises. From rising hunger and homelessness, growing xenophobia and discrimination against migrants, increased suicide rates, to vicious cutbacks to basic social protections and massive setbacks in the enjoyment of decent work, we can confirm that the enduring economic crisis poses generational threats to the realization of human rights worldwide.

We welcome your recent letter to the Danish Presidency of the European Union (7th February) calling for fast-tracked implementation of a Financial Transaction Tax (FTT). As one way of addressing this crisis, an FTT by this coalition alone would raise almost €40 billion a year of badly needed revenue to help remedy the human rights impacts of the crisis, while also stabilizing financial markets by discouraging speculation (especially in high-frequency trades) and mitigating price volatility. The FTT has been proven through IMF, European Commission and independent studies to be a credible, effective and growth-friendly tax that makes sound economic sense. Further, transaction taxes have already been introduced in more than 40 countries – not only 10 European Member States, such as the UK and France, but also the world's fastest growing economies like Brazil, India and South Africa, demonstrating that an FTT in Europe would not necessarily result in any significant relocation of financial activity.

An FTT would represent an important step for European governments to meet their international human rights obligations, as [confirmed last month by several UN independent human rights experts](#). First, human rights law obliges governments to cooperate in the mobilization of the maximum of available resources required to provide social services, battle widening income inequality and otherwise realize economic and social rights progressively and without discrimination. Taxation on income and consumption are widely understood as essential tools in doing so. Taxes on financial products are equally justifiable from a human rights perspective. Financial transaction taxes are a mechanism for reintroducing a measure of equality and progressivity in taxation systems, helping governments like yours thereby to meet their legal commitments to make substantial resources available to respect, protect and fulfill people's rights. In keeping with the human rights principles of

accountability, non-discrimination and equality, a human rights-centered FTT would place those most affected by the crisis (in the North and South) at the center of decisions about who would benefit from the proceeds of the tax, through a transparent and participatory mechanism to distribute funds.

Second, governments are required to protect against, and prevent, human rights abuses by third-parties, including the very private financial actors whose conduct spawned the global economic crisis. A financial transaction tax is a tool to discourage excessive risk-taking or speculation, reduce the financial incentive for fast, high risk-taking transactions. FTTs can aid governments to better manage risks in the financial sector to mitigate the effects of financial sector collapse, or reduce their likelihood of happening all together. As attested to by Ms. Margaret Jungk, head of the UN Working Group on Business and Human Rights, “Governments must act to prevent rights infringements by private financial institutions and build in systems of accountability. At a global level, the FTT can discourage excessive risk-taking and speculation, a significant factor in the financial crisis which itself created vast harm to the enjoyment of human rights worldwide.”

Finally, human rights entail remedies. People whose economic and social rights are infringed by crisis-related economic policies have the right to obtain appropriate, effective and proportional remedy. To be effective, remedies must lead to an end to any ongoing violations, and ensure adequate reparation, including, as necessary, restitution, compensation, satisfaction, rehabilitation and guarantees of non-repetition. Meaningful regulation of the financial sector in systemically important countries would be one structural step towards guaranteeing non-repetition. Redressing the costs of the crisis by making fiscal policy more progressive and redistributive nationally and globally would also reflect governments’ legal commitment to fulfill economic and social rights in non-discriminatory ways. The FTT is one such way of exacting accountability from those responsible for the 2008 financial crisis, raising revenue to contribute to effective remedies for the consequent human rights impacts, and establishing transparent mechanisms to mitigate the type of financial vulnerability which led to the crisis to begin with. “When the financial sector fails to pay its share, the rest of society must pick up the bill,” the UN Special Rapporteur on extreme poverty and human rights, Ms. Magdalena Sepúlveda stated last month. “It is high-time that governments re-examine the basic redistributive role of taxation to ensure that wealthier individuals and the financial sector contribute their fair share of the tax burden.”

Where the global financial crisis has brought about the loss of millions of jobs, socialized debt accrued by financial corporations and now risks significant human rights harm through wide-ranging austerity packages, financial transaction taxes are essential tools to providing the means for governments to protect and fulfill the human rights of their people. In so doing, the FTT is one step toward addressing the structural causes of this Great Recession and preventing a sequel to the 2008 global financial calamity. In living up to your human rights obligations, we urge you to continue to move your government’s significant economic and political weight behind a Financial Transaction Tax.

Signatory organizations and networks:

Association for Women's Rights in Development (AWID)
ATTAC Spain
ATTAC Switzerland
Center for Economic and Social Rights (CESR)

Center of Concern (USA)
CIVICUS
CNCD-11.11.11 (Belgium)
Development Alternatives with Women for a New Era (DAWN)
ESCR-Net *Economic Policy & Human Rights Working Group*
Friends of the Earth USA
Global Social Justice (Belgium)
Institute for Policy Studies –Global Economy Project (USA)
International Cooperation for Development and Solidarity (CIDSE)
IBASE (Brazil)
L'Espace Associatif (Morocco)
Oxfam International
Philippine Rural Reconstruction Movement (PRRM)
Social Agenda Working Group (Thailand)
Social Watch
UBUNTU – World Forum of Civil Society Networks
Voices of Community Activists & Leaders (VOCAL-NY)