

February 28, 2013

The Honorable Tom Harkin
731 Hart Senate Office Building
Washington, DC 20510

The Honorable Peter DeFazio
2134 Rayburn House Office Building
Washington, DC 20515

Dear Senator Harkin and Representative DeFazio:

We, the undersigned organizations, are writing in support of your bill, "The Wall Street Trading and Speculators Tax Act," which would assess a tiny tax of 0.03% percent on trades of stocks, bonds, futures, options, swaps, and credit default swaps. This very low rate of taxation was estimated by the non-partisan Joint Committee on Taxation to generate \$352 billion over 10 years. Simultaneously, these proposals would discourage reckless short-term speculative trading that threatens our financial stability.

A Wall Street trading tax is not a new idea. From 1914 to 1966, the U.S. levied a 0.02% tax on all sales or transfers of stock. In 1932, Congress more than doubled it to help financial recovery and job creation during the Great Depression. At least 30 countries – including Australia, Hong Kong, Switzerland and the U.K. – currently tax certain financial transactions. Last month, the European Union passed new legislation to implement a transaction tax, which will be put in place in at least 11 European nations, likely in the coming year.

Importantly, your bills would curb dangerous Wall Street gambling. Since the tax would hit high-volume, high-speed trading the hardest, it would discourage short-term financial speculation and encourage longer-term productive investments. It would have little impact on the average investor or pension fund because they hold their investments for the long-term. John Bogle, founder of the Vanguard group of mutual funds, is a strong supporter of this concept for these reasons. The extremely low tax rate proposed here means that this tax would have an absolutely minimal impact on middle class savers; the amounts involved are far smaller than the ordinary fees charged by mutual funds in connection with 401(k) accounts.

In addition, in order to protect middle-class families saving for college and retirement, your bills would provide a tax credit equal to cost of the tax levied on the initial purchase of securities in tax-preferred accounts like 401(k)s, certain Individual Retirement Accounts (IRAs), and 529 college savings accounts.

Over 1,000 economists signed an open letter characterizing a financial transaction tax as "technically feasible" and "morally right." Nobel Laureates Paul Krugman and Joseph Stiglitz have endorsed the tax, along with a wide range of leaders and

experts, including Sheila Bair, former Chair of the Federal Deposit Insurance Corporation; Bill Gates, Chairman of Microsoft; Jeffrey Sachs, economist and Director of the Earth Institute at Columbia University; Paul Volcker, U.S. Federal Reserve Chair during Carter and Reagan administrations; Richard Trumka, President of the AFL-CIO, and the Pontifical Council for Justice and Peace.

Today the stock market is again reaching record highs, while millions of American families are still struggling to make ends meet. Funds are urgently needed, and your bills would provide a significant and reliable revenue stream. For these reasons, we strongly support a Wall Street transaction tax and these bills.

Sincerely,

A New Way Forward

AFL-CIO

Alliance for a Just Society

American Family Voices

American Federation of Government Employees

American Federation of State, County and Municipal Employees (AFSCME)

American Federation of Teachers

Americans for Financial Reform

Americans for Tax Fairness

Birmingham Faith in Action (Birmingham, AL)

Campaign for a Fair Settlement

Campaign for America's Future.

Capital Institute

Catholics United

Center for Effective Government (formerly OMB Watch)

Center for Media and Democracy

Center of Concern

Chicago Political Economy Group

Communications Workers of America

Community Action Partnership

Conference of Major Superiors of Men

Consumer Action

Consumers Union

CREDO

CtW Investment Group

Demos

Friends of the Earth

Health Care for America Now

International Brotherhood of the Teamsters

International Union, United Automobile, Aerospace and Agricultural Implement

Workers of America, UAW

Jobs First 2012

Jobs with Justice

Leadership Center for the Common Good
Liberty Tree
Main Street Alliance
Margert Community Corporation
Maryknoll Office for Global Concerns
MFY Legal Services
MoveOn
National Education Association
National Women's Law Center
Oil Change International
PICO National Network
Public Citizen
Rebuild the Dream
Responsible Wealth
Service Employees International Union (SEIU)
Task Force on Jobs Creation
Tax Justice Network USA
The Center for Economic Integrity, Tucson AZ
The Center for Media and Democracy
The Coalition of Religious Communities in Salt Lake City, Utah
The Government Accountability Project
The Institute for College Access & Success and its Project on Student Debt
The Leadership Conference on Civil and Human Rights
U.S. Economy/Smart Globalization Initiative at the New America Foundation
U.S. PIRG
United for a Fair Economy
United Steelworkers
USAction
Wealth for the Common Good
Working America

