



RESOLUTION No. 14) THE GLOBAL FIGHT-BACK AGAINST AUSTERITY

**The 29th World Congress of Public Services International (PSI),
meeting in Durban, South Africa, on 27-30 November 2012**

NOTES the following:

Around the world, many governments are seeking to address the on-going economic crisis and the profound shortfalls in national revenues caused by it, affecting their most basic public services. Some governments are imposing harsh austerity programs and other governments understand that such programs are not only cruel and unjust; they simply do not work as a long-term solution to the financial crisis. One solution for this crisis is the institution of a ROBIN HOOD TAX on speculative trading. This tax could be the source of hundreds of billions of dollars (US) in total revenue annually, a critical counterforce to austerity budgets implemented in the name of fiscal crisis.

The crisis has had dire consequences, with no end in sight.

In Athens, where shuttered shops today form a literal backdrop to the growing population of homeless, to Spain's unemployed youth whose numbers have swelled to nearly half that demographic, to the United States of America where public infrastructure efforts have ground to a virtual halt, to mass layoffs in the ranks of public service employees across the board - in education, health care and transportation, amongst others - in scores of countries. No nation has been spared. Lay-offs in jobs, cuts in retirement plans, radically reduced social services and declining educational opportunities for children and young people combine in a spectre of real and impending demise on a monumental scale.

The Robin Hood Tax has the opportunity to turn the tide in a century whose first decade has witnessed an appalling assault on equality and community. Many now see that countering policies of low revenue and decline with austerity lead to deprivation and greater decline, with precarious political consequences.

The call for a global Robin Hood Tax comes at a time when critical resources are being withheld - the profits of financial and non-financial companies, alike, side-lined in corporate coffers. In the USA alone, this amount totals \$3.6 trillion — 23% of the country's GDP. Despite this unprecedented accumulation of cash, investment in society lags, with rates of growth ranging from low to flat.

Growth in the financial sector of our nations continues apace, as "financialization" takes on a larger share of GDP. Conspicuously absent from the growth of finance is the growth of jobs that sector offers. Nor does that sector provide adequate tax revenue to government, as it is exempt – all or in part – from sales tax.

The time for the financial sector to pay a fair sales tax on its trading is long past due. The argument has been made – and resounds - that working people pay sales tax on shoes, school supplies and personal computers, while financial speculators do not pay tax on the trading of stocks, bonds, derivatives or currency. Speculation is accompanied by no meaningful sales tax, at the very time growth in speculative trading is undergoing rapid expansion. While its share of economic activity in the world economy grows, its contribution to the societies in which it operates ranges from negligible to nil.

The Robin Hood Tax seeks to include in our respective national tax schemes the trading of stocks, bonds, derivatives and currency, with the specific intention to tax High Frequency Trading. In 2010 High Frequency Trading accounted for over 70% of equity trades in the USA and was rapidly growing in Europe and Asia, as well.

The Robin Hood Tax is to be paid, first and foremost, by the principal buyers/sellers of financial assets. An estimated 85% of taxable trades are carried out by banks and other financial institutions, such as hedge funds.

The effects are several:

1. The immediate injection of substantial tax revenue into national economies to meet the agendas of working people in reinforcing the public sector with job protection, employment creation, pension protections, social service stability and overall growth. We recognize that the purpose of Robin Hood Tax revenue – to revitalize communities – would be undercut if such funds were directed to national debt reduction, in the short run.

With public payrolls intact, job creation a priority, schools, health care, transportation and other public services vital to social welfare reaffirmed and in place, the call to private capital to invest the trillions of dollars now being withheld will be loud and clear. Those trillions, sparked by the Robin Hood tax's annual revenue raise, are essential to real growth and to the sustained health and welfare of communities around the world.

2. A sales tax on speculative trading will reduce overall speculation, the costs of which are added to the prices of such essentials as fuel and food. A large and growing sector of the populations around the world, and many others, are unable to meet their basic needs as prices outstrip the real wages of the majority. Eliminating costs attributable to trading is a key component of any plan to bring expeditious and enduring relief to communities under extreme economic duress.
3. Many economists contend that High Frequency Trading is disruptive and risky, undercutting liquidity rather than enhancing it when needed. They argue that regulation and reduction of these trades are key to economic stability and growth.
4. A Robin Hood Tax could to some degree offset regressive taxation (such as Value Added Tax), freeing up a greater portion of household income and allowing aggregate demand to rise.

A Robin Hood Tax, coordinated among many nations, assists in the standardization of trading, its appropriate taxation and moves the nations of the world towards a goal of greater economic collaboration overall. It would serve as a flash point in an era otherwise characterized by hyper-competition and the depletion of public service funding — such funding constituting the very backbone of decent living standards for the vast majority of societies around the world.

Congress therefore **REITERATES** its firm support for the Robin Hood Tax Campaign and will commit the necessary resources to seek its adoption around the world.

See all [Congress resolutions](#) including the Program of Action and the Constitution.