We propose that the outcomes of the Doha meeting should include the creation of a Global Tax on Currency Transactions (CTT for FfD) as an additional, predictable, stable and sustainable source of Financing for Development, the funds from it being channelled into multilateral funds run by the United Nations for use, initially, in achieving the MDGs by 2015.

To achieve the MDGs, to tackle today’s crises (food, the climate...):

LET US CREATE A CURRENCY TRANSACTION TAX FOR FINANCING FOR DEVELOPMENT (CTT for FfD)*

* “CTT for FfD” - “Currency Transaction Tax for Financing Development”. The proposal refers to the application of a tiny levy (in the region of 0.005%) on international currency movements. Given the huge amount of money involved in currency exchanges, applying this tax would enable a very significant amount of resources for development to be collected.
To achieve the MDGs, to tackle today’s crises (food, the climate...):

24 September 2008

LET US CREATE A CURRENCY TRANSACTION TAX FOR FINANCING FOR DEVELOPMENT (CTT for FfD)\textsuperscript{i}

A great gathering of Heads of State and Government will take place in New York during the week of 22-26 September for the High Level Meeting on the Millennium Development Goals, as part of the opening of the new session of the United Nations’ General Assembly (the 63rd session). Later on, from 29 November to 2 December, the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus will be held in Doha, the capital city of Qatar.

Article 2 of the Monterrey Consensus on Financing for Development (March 2002) records this assertion: “We note with concern current estimates of dramatic shortfalls in resources required to achieve the internationally agreed development goals, including those contained in the United Nations Millennium Declaration – the MDGs”.

It is now acknowledged by all that it is practically impossible to achieve the MDGs by the deadline set, mainly because, even at this late stage, we are not seeing any change in the funding trends for Financing Development, and that change is essential for achieving those goals. We thus find ourselves facing an international political situation that is at once paradoxical and unjustifiable: a) on the one hand, renewed support for the MDGs at the highest level will probably be aired in New York, with a flurry of fine words but a complete absence of effective commitments for achieving them; b) on the other hand, the Monterrey Consensus will be reviewed in Doha, and it too will probably be endorsed again in virtually the same terms as 6 years ago, but once again with no measures being taken to assure that the resources needed for its implementation will be available.

Hence nothing will be done to resolve the predicament so clearly enunciated in that second article quoted above, particularly now when crises in food, the climate and other areas are posing a challenge for humanity as a whole.

We, the undersigned people and organizations from civil society, at the initiative of the World Forum of Civil Society Networks – UBUNTU, wish to call for NO MORE empty words, NO MORE sterile statements, and NO MORE inefficacy and apathy.

However, we also wish to say that there ARE workable solutions, solutions that we present and propose, demanding that they be discussed and approved, and in particular that they be implemented immediately afterwards, in the period between the New York meeting and the Doha meeting.

In this communiqué, which cannot be exhaustive, we focus on one particular measure we regard as essential, and it is one that, in addition to providing very tangible specific solutions, will also take us into a scenario of international work and implementation efforts. It is now essential for us – humanity as a whole – to tackle the problems we are facing from that scenario: through a reformed and reinforced United Nations.

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\textsuperscript{i} “CTT for FfD” - “Currency Transaction Tax for Financing Development”. The proposal refers to the application of a tiny levy (in the region of 0.005%) on international currency movements. Given the huge amount of money involved in currency exchanges, applying this tax would enable a very significant amount of resources for development to be collected.
SPECIFICALLY, WE PROPOSE THAT THE OUTCOMES OF THE DOHA MEETING SHOULD INCLUDE THE CREATION OF a Global Tax on Currency Transactions (CTT for FfD) as an additional, predictable, stable and sustainable source of Financing for Development, the funds from it being channelled into multilateral funds run by the United Nations for use, initially, in achieving the MDGs by 2015. This would have several effects:

a) This CTT for FfD would lead to the collection of “a significant amount of resources for development while not interfering with the normal functioning of the market”, since the levy involved would be tiny according to studies by the Technical Groups of Action against Hunger and Poverty (led by Brazil, France, Chile, South Africa, Spain, Germany...).

According to leaders from some of the countries mentioned above, global levies should be regarded as a “normal” counterpart provided in return for the profits that the great transnational financial corporations obtain from globalization. We fully embrace that idea!

b) This CTT for FfD would respond to the United Nations’ General Secretary’s concerns when he noted “renewed international interest in a possible currency-transaction ‘development levy’ of 0.005%, a minuscule tax [...] having the potential to generate billions of dollars that can be allocated for development. [...] Currency transaction taxes involve more than one country [...] and are best implemented in a cooperative manner among countries.”

In short, we propose that Financing for Development be based not only on Official Development Assistance (which must of course now be raised without further delays of any kind to 0.7% of the GDP of the rich and powerful countries), but also on the indispensable and just redistribution of the economic wealth generated in the world.

Such redistribution can only be assured by a reformed system of international institutions, one that must evolve, as we always say in the context of the “WORLD CAMPAIGN FOR IN-DEPTH REFORM OF THE SYSTEM OF INTERNATIONAL INSTITUTIONS”, towards a new system of Democratic World Governance capable of collecting and managing those global levies, among other things.

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* With the tax rate mentioned by the UN Secretary General, the amount collected would add up to just over 50% of total Official Development Assistance (ODA) from the world in 2007, according to all the estimates made. Those two sources together (funds collected from the CTT + ODA) would cover the resources needed to achieve the MDGs, according to the appraisal made by Jeffrey Sachs in 2005.

** The global currency-exchange market or Forex (Foreign Exchange Market) is the largest financial market in existence. In general, this market is not subject to any tax regulations, since its technological nature (whose development was backed by the world’s Central Banks) makes it virtually a globalized market. Money flows in that market are eminently speculative, the aim always being to boost the profits of transnational financial corporations.

Applying the CTT we are proposing would be the first experiment in redistributing the wealth generated in that market.
List of initial signatories to the statement:

IF YOU WISH TO SUPPORT THIS STATEMENT, PLEASE SIGN THROUGH OUR WEBSITE: http://www.ubuntu.upc.edu

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