

January 2010 action:

The Robin Hood Tax: revitalising global efforts towards the Millennium Development Goals

RESULTS
the power to end poverty

TAKE ACTION:

On the 25th January publish an opinion piece in your local newspaper about the Robin Hood Tax to coincide with the launch of the UK-wide campaign. See background sheet 2 for more details on opinion pieces

Introduction

At the start of this millennium world leaders gathered at the United Nations headquarters in New York to decide a set of goals for human development – the Millennium Development Goals – which would provide a joint blueprint for progress for the next decade and a half. A decade on some fantastic progress has been made, but there are still huge gaps and some of the goals are massively off-track.

Why are the MDGs important?

The MDGs were designed to create a global partnership for development, expressing the shared responsibilities of both developing and developed nations for improving the lives of the poorest people in the world. Crucially, the goals are timebound meaning that governments from around the world have committed to reach them by a certain deadline – in most cases 2015, which is now fast approaching.

The goals cover a vast span of issues, from hunger and malnutrition to health, education, the environment and global trade systems. You can find more information about them at the [UN's website](#).

On some goals great progress has been made; for example the number of children of primary school age who are missing out on school dropped from 96 million to 72 million between 1999 and 2005, despite an increase in the number of children in this age group. This leaves the goal within reach if there is a concerted effort between now and 2015,

although progress to date has still not been fast enough. On other goals progress is much further behind. The goal to halve the proportion of people without access to improved sanitation will not be met in Sub-Saharan Africa until 2076 – over 60 years too late – while the UN reports that barely any progress at all has been made toward some of the targets in MDG 8, such as improving the way that the international trade system works for developing countries.

Why have the MDGs been so difficult to achieve?

One major reason that the MDGs have been difficult to achieve is that developed countries have not kept their commitments. In 2005 the Make Poverty History campaign aimed to tackle this problem by pushing the G8 nations to reform the unfair trade system, cancel the unsustainable debts of poor countries and commit more and better aid. In response the G8 pledged to double aid to Africa by 2010, but by the end of 2008 the group as a whole had only delivered one-third of the increases in Official Development Assistance (ODA) that were promised. Estimates show that by the end of 2009 they will have delivered half, which means the other half must come in 2010 alone if the targets are going to be met.

The financial crisis has added another difficulty, as many developed nations are cutting their aid budgets in response to the economic challenges they face. Italy, which even before the crisis was the worst offender against its 2010 target, cut its aid budget by 56% in late 2008.

The UK has performed relatively well when compared with many other G8 nations and has so far resisted the temptation to cut the aid budget in response to the financial crisis. However, it is clear from the overall picture that donor aid as a mechanism for financing the MDGs is unreliable.

This has led to failures to scale up programmes in health and education, leading to huge numbers of unnecessary and preventable deaths, and grinding poverty for millions. In addition, it has made planning for developing country governments far more difficult, as they have been unable to predict how much funding will be coming in and are therefore reluctant to invest in long-term solutions such as employing more health workers and teachers.

What other avenues of funding are available for development?

As well as commitments on aid, the Gleneagles summit led to pledges to look into innovative sources of finance for development including an air ticket solidarity levy, which now raises \$251 million every year, after its adoption by 13 countries. Other proposals currently being put forward include a currency transaction levy (CTL), which we discussed on our conference call in [December](#). The advantage of these levies is that they provide reliable, sustained funding that is not dependent on political decisions, meaning more money for development and a better ability to plan for developing country governments.

The 'Robin Hood Tax': an idea whose time has come

A hugely exciting opportunity is currently on the horizon: there is a once in a generation opportunity to get the G20 to agree a broad Financial Transaction Tax (FTT) in the coming months. This tax would apply to currency transactions, but also to other types of financial trades including the various different derivatives and other vehicles that were at the heart of the credit crunch and the current

recession. The idea is being called the 'Robin Hood Tax', as it seeks to rebalance the relationship between money and people and address some of the appalling consequences for the poor that have emerged from the financial crisis.

This campaign is currently in its very early stages, so as yet many of the details have not been ironed out. Early estimates suggest that a global FTT at an average of 0.05% across all financial transactions could raise as much as \$400 billion dollars every year, which is nearly three and a half times the amount of money given in aid in 2008. See background sheet 1 for more details.

There are some serious issues with coordinating the adoption of these taxes. Compare the broader FTT to the CTL that we discussed in December, which would apply at a rate of 0.005% on currency trades only. The CTL could easily be adopted by one country unilaterally, as the impact on the market is so small and currency transactions are so tightly controlled by central banks that it would not be possible for banks to avoid the tax by moving operations elsewhere. However, any broader FTT would need to be applied at many centres simultaneously and in cooperation between the US, EU, Japan, and UK. This is not an insurmountable problem, however, as broad international support is growing for a Robin Hood style FTT.

What would we spend it on?

The tax could raise very substantial amounts of money, and it is unlikely that all of this will be able to be earmarked for spending on international development and the MDGs (see background sheet 1 for details). However, the proposed split of funds will still leave 'world changing' amounts of money for international development – tens of billions of dollars every year.

This could pay to get the world back on track to the MDGs: getting every child into school, stopping mothers and children dying, and fighting major

infectious diseases. It could also help the poorest adapt to climate change.

On the domestic front, it could help rich countries avoid damaging cuts to public services in their own countries and protect the poor there too. As we are talking about such large amounts of money there really is scope for including several different uses.

This is one reason why the Robin Hood Tax is appealing to a huge group of people, as it has potential to help with development, climate change, and to support those struggling at home. This will help us to secure enough supporters to make implementing this mechanism a political necessity for those in power.

What are we asking for in the UK?

The UK government have already expressed their support for an FTT to rebalance the relationship between the financial sector and ordinary people. We are now asking them to turn their words into actions and take two steps toward implementing the FTT:

- Work towards agreeing a multilateral FTT to provide additional resources for development at the G20 Finance Ministers meeting in April
- At the next UK Budget in April announce a unilateral CTL on Sterling, to serve as a clear sign of intent and proof of feasibility, and to be implemented at the earliest opportunity.

Taking action

To make this happen, we need a broad coalition of public support for the measure. RESULTS is working with a group of NGOs and other bodies to launch a public campaign calling for a 'Robin Hood Tax', which will be launched publicly around the country on the 25th January. It is crucial that the message reaches as many people as possible – and crucial that our activities are coordinated with others.

We are therefore asking RESULTS activists to work with local newspapers to get opinion pieces published about the campaign launch. You should do one (or both!) of the following two options: adapt the op-ed from RESULTS Executive Director

Aaron Oxley to your local area and pitch it to the local newspaper (this op-ed will be sent to you at least a week before the 25th January), or write a letter to the editor. For tips to help you with the action see Background sheet 2.