



G-8 / EU: “A global financial transaction tax, a human rights imperative now more than ever”

GENEVA (14 May 2012) – As European Union Finance Ministers meet on 15 May to coincide with the G-8 Summit in Camp David, a group of United Nations independent experts urged the EU to take the lead in promoting the adoption of a global financial transaction tax to offset the costs of the enduring economic, financial, fuel, climate and food crises, and to protect basic human rights.

“Where the world financial crisis has brought about the loss of millions of jobs, socialized private debt burdens and now risks causing significant human rights regressions through wide-ranging austerity packages, a financial transaction tax (FTT) is a pragmatic tool for providing the means for governments to protect and fulfill the human rights of their people,” said the rights experts on extreme poverty, food, business, foreign debt and international solidarity.

“EU countries must take bold leadership now to pave the way towards what should eventually be a global FTT,” they urged, welcoming recent EU proposals to implement the financial transaction tax across the Eurozone.

For the UN Special Rapporteur on extreme poverty and human rights, Magdalena Sepúlveda, “the opportunity should not be wasted; it would fill government deficit holes, but should be channeled to fighting poverty, reversing growing inequality, and compensating those whose lives have been devastated by the enduring global economic crisis.”

“When the financial sector fails to pay its share, the rest of society must pick up the bill,” she said. “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.”

Estimates suggest that at its lowest rate the FTT would yield about \$48 billion across the G20, with higher rates offering up to \$250 billion dollars per year to offset the costs of the enduring economic, financial, fuel, climate and food crises. Countries such as South Korea have implemented such taxes in non-discriminatory ways to raise significant resources to provide the means to achieve the right to development. It would also help stabilize financial markets by discouraging speculation, mitigating the type of volatility which spawned the 2008 financial and food crises.

“Food prices have twice spiked dangerously over the past five years, and could easily do so again,” warned the UN Special Rapporteur on the right to food, Olivier De Schutter. “The FTT will likely reduce hot capital flows that fuel speculation, drive price instability and wreak havoc on the right to food worldwide.”

“Governments must act to prevent rights infringements by private financial institutions and build in systems of accountability,” said Margaret Jungk, who currently heads the UN Working Group on Business and Human Rights. “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.”

“A global FTT is not a silver bullet,” warned the UN Independent Expert on Foreign Debt and Human Rights, Cephias Lumina, “but it would help relieve sovereign debt load stemming from the financial crisis, shift the burden from ordinary citizens to the private sector which caused the crisis, and significantly enlarge government fiscal space for spending on desperately needed economic and social rights programmes.”

“The FTT is an opportunity for Governments to move beyond rhetoric in their commitments to sustainable development, and to give flesh to their noble pronouncements of solidarity,” said the UN Independent Expert on human rights and international solidarity, Virginia Dandan. “Governments can, and must rise to the occasion and work together to make a global FTT possible as a significant step towards reducing the asymmetries that hinder the realization of the right to development.”

“A global consensus on a financial transaction tax would represent an historic decision to prioritize the most disadvantaged and marginalized and be a valuable means of assisting developing countries to meet obligations to ensure the full realization of all economic, social and cultural rights,” concluded the UN Special Rapporteur on extreme poverty and human rights, Ms. Magdalena Sepúlveda.

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