



Unite the Union response to the IMF consultation on a Financial Transaction Tax

This response is submitted by Unite the Union. Unite is the UK's largest trade union over 1.5 million members across the private and public sectors. The union's members work in a range of industries including financial services, manufacturing, print, media, construction, transport, local government, education, health and not for profit sectors.

Unite is the largest trade union in the finance and legal sector representing some 150,000 workers in all grades and all occupations, not only in the major English and Scottish banks, but also in investment banks, the Bank of England, insurance companies, building societies, finance houses, business services companies solicitors and legal firms.

Introduction

- 1. The introduction of some form of financial transaction tax (FTT) or Tobin Tax has been mooted for many years and while Unite and its predecessor unions within the finance sector were broadly supportive, they never really got down to analysing the fine detail regarding how it would operate, the impact on jobs and how it would affect those employed in the sector.**
- 2. Unite, as a global union, is now looking again at this issue and while remain broadly supportive of this tax would wish to garner more information on how the introduction of such a tax would impact on workers in the finance sector in the UK. According to the TUC response to this paper, 30-50% of global financial transactions take place in the UK, which it could be argued by some groups, could have huge implications for jobs in the UK were such a tax implemented.**
- 3. Unite nevertheless support the proposals in principle however it would have questions regarding the exact level of the tax and how this would affect jobs in the sector if it was say 0.05% as opposed to 0.5%. It is**

difficult to determine exactly the number of jobs affected by the implementation of such a tax or the level of increased costs to employers. Nevertheless this argument is used against the introduction of the tax and Unite would not wish to place our members in a position where large scale job losses could result, without a full evaluation of the implications.

4. However there are similarities with the proposed introduction of the National Minimum Wage where employers' organisations argued that the introduction of such a scheme would impact hugely on employers and lead to large scale job losses. This was not borne out in reality and a similar outcome may be the result in the case of the FTT.
5. In light of this Unite would rather see the finite detail sorted out at a later date, than to miss out on the opportunity to change the way the finance sector conducts itself through the introduction of a tax which would provide a huge increase in public funding in the short term, as is suggested in the TUC's response, and through the payment of enormous financial benefits to society in the long term.
6. The introduction of a financial transaction tax would be a justified response to Lord Turner's comments questioning sections of the finance sector as 'socially useful' with traders themselves becoming part of the solution as opposed to being identified as part of the problem.

Tony Woodley
Joint General Secretary

Derek Simpson
Joint General Secretary

For further information on this submission please contact:

Liz Cairns
Research Officer
Unite the Union

Elizabeth.cairns@unitetheunion.com

0141 404 1879

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