



## **The Center for Media and Democracy**

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OPED ONE TAKE IT BACK THEME

### **Let's Put Wall Street to Work for Main Street**

As hundreds of thousands of teachers, cops, and firefighters are laid off across the nation, it is worth remembering how we got into this mess in the first place and who should be held accountable for cleaning it up.

In 2008, reckless Wall Street gambling collapsed the economy costing Americans trillions in lost wages, retirement savings and housing wealth. Today, 20% of the workforce is unemployed or underemployed (<http://www.gallup.com/poll/127538/Workforce-Weekly.aspx>), foreclosures are not slowing and small business can't get the loans they need to create jobs.

Cities, states and counties are in crisis. Combined state budget shortfalls for 2011 are projected to be \$140 billion, and this is on top of cutbacks in previous years. As states and local governments continue to lose their tax base, cutbacks in essential public services get harsher. In my hometown, the disabled are losing their transportation services. In Illinois, teacher layoffs alone could top 20,000. (<http://www.suntimes.com/news/education/2126210.CST-NWS-skuls28.article>)

On Wall Street, however, there is a different story. The unprecedented \$4.7 trillion ([http://www.sourcewatch.org/index.php?title=Total\\_Wall\\_Street\\_Bailout\\_Cost](http://www.sourcewatch.org/index.php?title=Total_Wall_Street_Bailout_Cost)) taxpayer-funded bailout stabilized the financial sector. Today, Wall Street is bouncing back with healthy profits and perverse bonuses. The big banks paid out an eye-popping \$20 billion in bonuses last year. (<http://www.businessinsider.com/wall-street-bonuses-surge-17-top-20-billion-2010-20>).

Now some people are asking, isn't it time to take it back?

### **The Take it Back Tax**

It's simple justice. We want our money back! Nobel Prize-winning economist Joseph Stiglitz and organizations like the AFL-CIO want to put Wall Street to work rebuilding Main Street with a simple sales tax on Wall Street trades.

They are calling for a small tax, 0.25% or less on the sale or purchase of a share of stock, bond or derivative that would allow us to recoup our losses over many years and put the money to work rebuilding America. This is \$125 for a day trade of \$100,000 worth of stock. The tax would have little impact on average investors who hold their investment for the long term, but would hit hard at the high-volume, high-speed Wall Street casino that in an average day turns over billions of dollars worth of trades.

The idea is called a “financial speculation tax,” because it is targeted at discouraging dangerous financial speculation that has no societal value except to pump up the size of bank bonuses. Even a tiny tax would throw sand in the gears of the speculators and encourage Wall Street to make longer-term productive investment in the economy. It would also curtail the size of the bank bonuses that have been so infuriating to the American people.

The tax is not a new idea. The U.S. had a transfer tax from 1914 to 1966, which levied a 0.20 percent tax on all sales or transfers of stock. In 1932, Congress more than doubled the tax to help financial recovery and job creation during the Great Depression. London has one and so did many countries of the world until recent years.

Main Street is a mess because of high-stakes Wall Street gambling, and Wall Street is not volunteering to clean it up. The “take it back tax” would generate about \$100 billion a year in a steady stream of income that could be used to put people to work, provide essential services and close state revenue gaps.

Tell Rep. X, of the House Ways and Means Committee, that this is the single best way to put Wall Street to work for Main Street.

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OPED TWO CASINO THEME

### **Time to Tax the Wall Street Casino**

When it’s bonus time on Wall Street, Armani suits and Manolo shoes fly off the shelves. After an unprecedented taxpayer bailout of the financial service industry, Wall Street profitability is bouncing back and an astonishing \$20 billion in bonuses were paid by Wall Street financial firms last year. That kind of money buys quite a few shoes, even at \$945 a pair.

On Main Street, however, things are not going so well. 20 percent of the workforce is unemployed or underemployed, foreclosures are not slowing and small business can’t get the loans they need to create jobs. With fewer citizens doing well, cities, states and counties are in crisis. State budget shortfalls for 2011 are projected to be \$140 billion, and this is on top of cutbacks in previous years. (<http://www.cbpp.org/cms/?fa=view&id=711> )

As the crisis deepens, cutbacks in essential public services get harsher. From bus drivers to cops and firefighters, thousands of critical workers are being laid off. In Illinois, teacher layoffs alone could top 20,000.

In short, Main Street is a mess because of high-stakes Wall Street gambling, and Wall Street is not volunteering to clean it up. To save jobs, to create jobs and to provide critical public services, we need to put Wall Street to work for Main Street. We tax casinos from Las Vegas and Atlantic City and Congress is even thinking of taxing Internet gambling. Isn’t it time to tax the biggest casino of all?

## **Financial Speculation Tax**

Like the perfect cashmere sweater, a financial speculation tax (FST) would look just great on those Wall Street bankers and high-rollers.

It is called a “financial speculation tax,” because it is targeted at discouraging reckless financial speculation that has no societal value except to pump up the size of bank bonuses. One bill in Congress, authored by Oregon Rep. Peter DeFazio and Iowa Senator Tom Harkin would apply a levy of 0.25 % on the sale or purchase of a share of stock, bond or derivative. This is \$125 on a \$100,000 trade. Even such a tiny tax would generate about \$100 billion a year in a steady stream of revenue that could be used to create jobs and provide essential services.

It is also important to note that tax would have little impact on average investors who hold their investment for the long term. But to protect small investors further, these bills specifically exempt 401Ks, college savings accounts, health savings accounts and the first \$100,000 in trades.

Even a small tax would throw sand in the gears of the high-volume, high-speed speculators who turn over billions in trades each day. These are the guys who caused gas prices to spike to \$4.00 a gallon in 2008 with crude oil speculation and who bumped up the price of food in the supermarket with agricultural commodity speculation. While discouraging this type of harmful trading, we would also be encouraging Wall Street to figure out new ways to make money from longer-term productive investment in the economy.

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An array of experts and organization including Nobel Prize-winning economist Joseph Stiglitz, the liberal AFL-CIO and the conservative “America Speaks” support the idea. Now it’s time to tell Rep. X, who sits on the House Ways and Means Committee that it’s time to put Wall Street to work rebuilding Main Street, by taxing the biggest casino of all.

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