

STATEMENT BY SEN. BERNARD SANDERS ON HARKIN-DEFazio
FINANCIAL TRANSACTIONS TAX

Let me commend Senator Harkin and Congressman DeFazio for introducing this important piece of legislation.

Let's be clear: a major reason why we have a record-breaking national debt today and *the* reason why the middle class is collapsing, poverty is increasing and the gap between the rich and everyone else is growing wider has nothing to do with Social Security, Medicare, Medicaid, and other life-saving federal investments. It has everything to do with the greed, recklessness, and illegal behavior on Wall Street that plunged this country into the worst economic crisis since the Great Depression.

During the height of the financial crisis, the Federal Reserve provided a \$16 trillion bailout to the largest financial institutions and corporations in the world with no strings attached because they were "too big to fail".

Today, while nearly 23 million Americans are unemployed or under-employed, Wall Street is back to making huge profits and paying its executives multi-million dollar compensation packages as if the financial crisis they caused never happened.

Yet, instead of asking Wall Street to contribute to deficit reduction and pay its fair share, the Republicans and some of my Democratic

friends are telling us we need to balance the budget on the backs of the elderly, the sick, the children, and the most vulnerable by cutting Social Security, Medicare, and Medicaid.

That may make sense to Wall Street CEOs. It does not make sense to me.

The Harkin-DeFazio bill will place a speculation fee of 0.03 percent on credit default swaps, derivatives, stocks, bonds, and other financial transactions. The bill has been estimated to raise more than \$350 billion over 10 years.

There is considerable precedence for this. The U.S had a similar Wall Street speculation fee from 1914 to 1966. The Revenue Act of 1914 levied a 0.2% tax on all sales or transfers of stock. In 1932, Congress more than doubled that tax to help finance the government during the Great Depression. And, today 11 countries in Europe, including Germany, France, and Spain will be enacting a similar financial transactions tax next year.

This bill offers us a clear choice. We can cut Medicare and Social Security benefits or we can ask the gamblers on Wall Street to pay a little bit more in taxes. That's what this is all about.

Both the economic crisis and the deficit crisis are a direct result of the greed and recklessness on Wall Street. The Harkin-DeFazio bill

would reduce gambling on Wall Street, encourage the financial sector to invest in the productive economy, and significantly reduce the deficit without harming average Americans.

Right now some of the largest and most profitable financial institutions in this country are paying little or nothing in federal income taxes.

In 2010, Bank of America received a \$1.9 billion tax refund from the IRS, even though it made \$4.4 billion in profits and received a bailout from the Federal Reserve and the Treasury Department of more than \$1 trillion. Citigroup made more than \$4 billion in profits in 2010 but paid no federal income taxes, even though it received a \$2.5 trillion bailout from the Federal Reserve and U.S. Treasury. And, in 2008, Goldman Sachs paid only 1.1 percent of its income in taxes even though it earned a profit of \$2.3 billion and received a bailout of more than \$800 billion from the Federal Reserve and U.S. Treasury Department.

Enough is enough! At a time when we have a record-breaking national debt and unsustainable federal deficit, the very least we can do is demand that Wall Street pay its fair share.