52 ORGANIZATIONS SUPPORT THE TAX ON WALL STREET SPECULATION ACT

June 14, 2023

Dear Representative or Senator,

On behalf of the 52 undersigned organizations, we urge you to co-sponsor and actively support the “Tax on Wall Street Speculation Act of 2023” sponsored by Sen. Bernie Sanders (I-Vt) and Rep. Barbara Lee (D-Calif.). As America continues recovering from the devastating the COVID-19 pandemic, it’s impossible to overlook Wall Street’s record profit levels\(^1\) as tens of millions of Americans suffered and 1.1 million died.

As of April 2023, the *Forbes* list of U.S. billionaires includes 186 individuals who’ve acquired their massive fortunes through the financial industry.\(^2\) By enacting a very small tax on the sales of Wall Street trades, the U.S. could begin to address income inequality and ensure Wall Street and the ultra-wealthy pay their fair share of taxes.

This legislation would raise significant revenue for important public services and benefits. Experts estimated this bill would annually raise nearly $220 billion.\(^3\) And, even under conservative revenue models, the tax would generate around $628 billion over ten years.\(^4\) These revenues could fund existing initiatives—further expanding access to affordable healthcare—or new—funding free college education or providing sizeable investments in climate change mitigation to protect our communities.

The “meme investment” craze of recent years has shown how wild speculation in the markets can wreak havoc and deepened the call for a tax on Wall Street speculation that could help tame volatility.\(^5\) Moreover, high-frequency trading, hyper fast computer program trading that has no real economic or social value, would be disincentivized by a Wall Street speculation tax (also called a financial transaction tax or FTT), helping return Wall Street’s focus to long-term investments that support Main Street businesses and communities.

While the American public must pay taxes on every paycheck—as well as sales taxes on all manner of goods and services—Wall Street high rollers can manipulate capital gains taxes and use careful financial maneuvering to decide if and when they pay taxes on their holdings. Sen. Sanders’ and Congresswoman Lee’s bill would change that by imposing a very small tax of 0.5% on each trade of stocks, 0.1% on bonds, and 0.005\% on the underlying value of derivatives.

A tax on Wall Street speculation is a very progressive tax since stock market wealth is held disproportionally by the very rich. Experts estimate 75\% of FTT revenues would be paid by the wealthiest 20\%, and 40\% would be paid by the wealthiest 1\%.\(^6\) That is because roughly half of the population owns no stock market wealth at all, even indirectly. However, those taxpayers of modest means who own assets that would be taxed under this proposal would receive an income tax credit in order to offset the tax. And, a large amount of revenue from this tax would be collected from foreign investors who hold a significant portion of stocks—around 40\%.\(^7\)
This legislation also has great potential for helping to lessen the racial wealth divide and can be seen as redistributive in nature. Capital gains for White Americans extended the racial wealth gap and corporate equity ownership is quite low by Black and Latinx households—which own only roughly 1% and 0.4% of those assets, respectively. The revenues from taxing stock, bond, and derivative trades could be invested in vitally needed public services to lift up communities most in need and would help address systemic economic inequality.

Financial transaction taxes are not new or radical. The United States has had multiple FTTs, and today our nation has a tiny fee on trades that funds the Securities and Exchange Commission. Around forty countries have used FTTs, including large economies and advanced capital markets, including the UK, Hong Kong, Switzerland, Brazil, India, and South Korea.

Taxing Wall Street trades has the endorsement of prominent voices like Nobel-Prize winners Joseph Stiglitz and Paul Krugman; current Chair of the Council of Economic Advisers Jared Bernstein; former heads of Treasury, Federal Reserve, CEA, FDIC, CFTC, and OMB from both parties including Sheila Bair and Larry Summers; and financial professionals like Christine Lagarde, George Soros, and the founder of Vanguard. Several billionaire business magnates like Bill Gates, Mark Cuban, and Warren Buffett also support the proposal.

Taxing Wall Street trades would decrease volatile high-frequency trading, refocus investment on Main Street, and grow revenue in a very progressive way. It’s far past time for Congress to enact this sensible legislation. Our groups urge you to embrace this win-win proposal by cosponsoring the “Tax on Wall Street Speculation Act.”

Sincerely,

Action Center on Race and the Economy
Adasina Social Capital
Affordable Homeownership Foundation Inc
AFL-CIO
American-Arab Anti-Discrimination Committee (ADC)
American Federation of State, County and Municipal Employees (AFSCME)
American Federation of Teachers
Americans for Democratic Action (ADA)
Americans for Financial Reform
Americans for Tax Fairness
American-Arab Anti-Discrimination Committee (ADC)
Association of Flight Attendants-CWA
Blue Future
BOWL PAC
Campaign for America’s Future
Center for Popular Democracy
Chicago Political Economy Group
Child Labor Coalition
Coalition on Human Needs
Communications Workers of America
Congregation of Our Lady of Charity of the Good Shepherd, U.S.
Bill Peters, *Recession or not, Wall Street still expects inflation to produce record profit margins, with more on the way*, MarketWatch (Jan. 17, 2023), https://tinyurl.com/4h72ax5k.


