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Letter: EU must take the lead on Robin Hood tax

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Next Tuesday the European parliament is set to decide where it stands on the idea of a "Robin Hood tax". For too long the financial sector has been undertaxed. In the wake of the financial crisis, taxpayers provided billions in exceptional support to the industry, in the EU and globally. Now that the sector has returned to profit it is time for it to contribute its fair share.

The Robin Hood tax, or financial transaction tax (FTT), an idea that has existed since 1939, has gained new momentum and is the next crucial step for the EU.

An FTT is a key tool to put an end to tax injustice. Currently the main tax burden falls on employment and businesses, while the financial sector remains largely exempt from taxation. The FTT will enable this sector to contribute to the cost of recovery from the crisis, for which it bears the main responsibility.

Alongside the establishment of the new supervisory and regulatory framework in the EU, the FTT can be an important tool to tackle the excessive risk-taking, unsustainable speculation, short-termism and opacity in the system that has had such devastating consequences for the global and European economy.

Today, as the euro area's debt crisis unfolds, it is time to engage in a reform that restores financial markets to their basic function - financing the needs of the real economy. And we must challenge the claim of the financial services lobby that it is a "blow to the competitiveness of the European economy" to discourage risky short-term transactions; the real blow to the EU's competitiveness is to continue placing the tax burden on employment and real investment.

A financial transaction tax on a global level is the optimal solution, but the difficulty in finding agreement on the G20 level cannot be an excuse for the EU not to act. Europe must take the lead with a financial transaction tax at EU level.

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