



Washington DC, 6 November 2009

Mr. Timothy F. Geithner  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220  
United States of America

**Re: IMF Study on financial sector contribution towards crisis resolution**

Dear Mr. Geithner,

At the G20 in Pittsburgh, world leaders answered the call of the public worldwide that the banks must take on their share to pay for the costs of the global financial and economic crisis they brought upon the global economy. In the Leader's statement of the Pittsburgh summit the IMF was tasked to develop a study *how the financial sector could make a fair and substantial contribution toward paying for any burdens associated with government interventions to repair the banking system.*" A report is due for the next G20 leaders' summit in Canada in 2010.

Center of Concern welcomes this as a move towards a fairer burden sharing as it would not be left to the poor and most vulnerable to shoulder the costs of crisis. As a member of CIDSE, the alliance of 16 Catholic development agencies in Europe and North America working together for global justice, we have proposed measures to address both underlying causes of the crisis including necessary regulation as well as provision of additional predictable resources to developing countries to cope with the consequences of the crisis. CIDSE promoted taxes on financial transactions as possible means to cover both intentions.

It is absolutely essential that this study thoroughly explores the possibility of taxes on currency transactions and on all financial transactions. It should be based on independent evidence from economists and academics who have looked at the feasibility of such taxes. It should model a range of different rates and their impact on different markets including on possible curbing of unwanted speculation and estimates on expected revenues. It should also model the technical feasibility and impact on different markets of unilateral/regional implementation of such taxes, whether on individual currencies wherever they are traded, or on all trading in particular geographical locations including a possible step by step introduction. It should also identify ways to ensure a just distribution of the funds to finance development and global public goods according to the global needs in a democratic, accountable and transparent way.

Only a report which fully explores these taxes will give an adequate response to the request for a full range of options to make the financial sector pay for the costs of the crisis as expected by the public. It could be an important step towards the implementation of a tax on financial transactions which could contribute to more financial stability and raise vital resources for development and global public goods.

Yours,

James E. Hug  
President  
Center of Concern