



Written by [Thomas R. Eddlem](#) on April 27, 2010

Global Bank Tax Will Be Subject of June G-20 Summit

The International Monetary Fund proposed a draft of two global taxes — a bank tax, and a “FAT” tax against what politicians deem to be excessive salaries or bonuses in the financial sector — at the Washington G-20 meeting last weekend. The final version of the proposal to create what the IMF calls a “stable global financial system” will be discussed by G-20 nations at the Toronto summit in June.



The *New York Times* [noted](#) that American officials are now backing the global taxes. “Canada, whose banking system withstood the crisis, has led the opposition to the idea, while the Obama administration, which has called for a \$90 billion levy to be collected over 10 years from banks that received bailout money, tried to marshal support for it.” Treasury Secretary Timothy F. Geithner defended the idea of a global tax, [according](#) to the *Times* for April 23. “We’re trying to establish the basic principle that where governments are exposed to risk in putting out financial fires like this, that taxpayers don’t bear the costs of paying for those actions,” Geithner said, using a euphemism for the global taxes.

Geithner [said](#) at the conference: “We all agree on the need for a strong global framework of financial reforms to provide for a more stable global financial system, with consistent rules enforced more evenly across countries.... We continue to move to modernize the governance structures for both the World Bank and the International Monetary Fund to reflect today’s global economic realities.”

The IMF [noted](#) that imposing the global taxes “would ensure that the industry does indeed pay a reasonable chunk of these resolution costs before a crisis occurs, with this amount topped up, if needed, by ‘ex post’ charges after disaster strikes (much as the Financial Crisis Responsibility fee proposed in the United States aims to recoup some of the costs of public support).”

The global tax idea is being led by European nations. British Prime Minister Gordon Brown [first proposed](#) the “global financial levy” last year. And the *Wall Street Journal* [explained](#) on April 26 that “although the U.S., Germany, France and the U.K. still support the idea, Canada, Australia and Japan are firmly opposed, according to finance ministers and other people attending International Monetary Fund meetings.”

The final global “bank tax” proposal will be packaged and considered at the June G-20 meeting in



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Toronto.

Photo of Tim Geithner: AP Images



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