Jospin woos the anti-globalisation vote in France

French premier's endorsement of the Tobin taxon speculative foreign exchange transfers is part of a strategy aimed at winning over key groups of voters, writes Robert Graham

In a 50-minute interview on tember meeting of EU without causing too much Tuesday night, French premier Lionel Jospin made agenda soothing noises to almost, every constituency in the country's political spectrum. reserved for President Jacques Chirac, his main politi-

hint of tension of a student being checked on his holiday home-work.

But the interview marked a significant departure from Mr Jospin's infrequent TV appearances since taking office in 1997. Until now he has always appeared more concerned to address his The anti-globalisation moveown leftwing electorate. The approach of presidential and parliamentary elections next year has, however, obliged last July. Led by Attac, an him to begin cultivating a

He promised a further crackdown on crime to those alarmed by the surge in lawlessness; he pledged to sustain domestic consumption to offset the slowing world economy: he vowed to continue tax cuts to woo the middle classes; he assured small businesses he would ease the burden of introducing the 35-hour week; overworked hospital staff were guaranteed more help; and momentum since he told the anti-globalisation movement he would throw the Genoa G8 France's weight behind the Tobin tax - a levy on summit short-term foreign exchange

prime time television on finance ministers (Ecofin) irritation to its EU partners. when the Tobin tax is on the

No European leader has gone this far down the road towards the anti-globalisa-His only barbed words were tion movement on such a controversial policy issue. Finance ministers of the G7 leading industrialised It was a polished perfor- nations considered at the mance delivered with the July meeting in Rome whether to have the Tobin tax on their agenda at the suggestion of Italy; but it was excluded for fear it would give the proposal too high a visibility.

It is, however, not hard to see why Mr Jospin has come out in favour of this levy. ment in France has gathered considerable momentum since the Genoa G8 summit association campaigning specifically for the introduction of the Tobin tax, the move-

turn to raise the stakes.

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favour of it".

France's anti-globalisation movement has gathered considerable



Jospin: No European leader has gone this far towards the anti-globalisation movement on such a controversial policy issue

Carrot and stick plan for summit protest

By Daniel Dombey in Brussels

Belgium is trying to use persuasion and strong policing to prevent ugly scenes with anti-globalisation pro- liaising with the police," said testers during its presidency a foreign ministry spokesof the European Union.

The government said yesterday that Guy Verhofstadt, the prime minister, was contemplating meeting representatives from protest groups planning to descend on EU events over the next four months and would also explaining his point of view.

This comes after the World ness to debate with non-governmental organisations.

But Belgium will also despite criticism of the policing tactics that led to the shooting of a protester at the last EU summit in Gothenmonth.

The meetings attracting

finance ministers in Liège next week, and the summits at Ghent in October and Laeken in December

"We have been constantly man. "We are not just looking at the main meetings but at all of them."

The matter is coming to a head because of the end of the holiday season, although Belgium has held the rotating six-monthly EU presidency since July. Belgian write them an open letter officials refer to it as the "90 working day" presidency.

However, the issue of secu-Bank announced its willing- rity is especially important because more summits will be held in Brussels in future Under an agreement reached heavily police EU meetings, last year at Nice, from July 2002 half the EU summits will be held in the city typically, one every six months. All summits will be burg in June, and the death held there once the EU of another at the Group of enlarges to 18 members. Eight summit in Genoa last which could happen as soon as 2004.

Belgium is seeking a site most attention from protest for a purpose-built confergroups are a gathering of ence centre for such events.

movemen

His endorsement of the Tobin tax – a central element in the anti-globalisation campaign – was the most noticeable shift in policy. Until now he has resolutely avoided any commitment on this issue even though as a presidential candidate in 1995 he supported the idea of taxing the speculative movement of capital across frontiers.

. The French presidency of the European Union last year would have presented an ideal opportunity for an initiative on the Tobin tax as he was already under pressure from parliamentary deputies and leaders of the anti-globalisation movement. Instead, Mr Jospin chose to follow the advice of Laurent Fabius, finance minister, who warned in August 2000 the levy was impractical and risked destabilising foreign exchange markets.

Nevertheless, on Tuesday, Mr Jospin was prepared to say: "We must discuss the issues (of globalisation) and I am in favour of France taking an initiative so that Europe endorses the Tobin tax."

France, he said, would offer proposals to the Sep-

ment embraces a large number of loosely grouped associations and NGOs, whose members range from radical small farmers and Greens to the unemployed.

These groupings are reckoned to account for between six and 10 per cent of the potential vote for Mr Jospin and his leftwing allies. It is precisely the prospect of this vote either abstaining or going to one of the far left groupings in next year's presidential and parliamentary polls that worries the Jospin camp. If he cannot capture this vote, the chances of winning these elections, especially the second round of the presidential election, will be very slim.

If one accepts the argument of political expediency, then the commitment to raise the Tobin tax with Ecofin could end up as no more than a cynical gesture. Mr Jospin knows France cannot muster sufficient support to take the proposal forward. But at the same time Paris is seen as being sympathetic to the anti-globalisation cause. The premier can thus earn bonus points with a volatile segment of the electorate

US opposed to tax to curb speculators

By Ed Crooks, Economics Editor

Professor James Tobin himself has little expectation that the tax on currency dealing he proposed 30 years ago will come into force, despite support from the likes of Lionel Jospin, the French premier.

"Having a tax of this kind adopted depends on international agreement," he says. "And since the US is dead against it, it is not going to happen."

happen."
Prof Tobin suggested the tax in 1971, following the break-up of the Bretton Woods international currency system that fixed the price of the dollar in terms of gold.

He has always stressed that its objective would not be to block international capital flows, or to raise resources for fighting poverty, but to stabilise currency markets by inhibiting short-term speculation, allowing countries to pursue more independent economic policies.

Initial suspicion from other economists, who saw the Tobin tax as unnecessarily reducing the efficiency of the currency markets, has been tempered by more recent work on the economics of financial speculation,

which has suggested that the tax could play a useful role.

The real problem with the tax, however, is practical: the question of enforcement. Prof Tobin argues that at least the top 15 or 20 centres for currency dealing would need to agree to levy the tax, to prevent avoidance.

But international financial markets are now so mobile that it would be relatively easy for currency dealing to escape to offshore tax havens.

The suggested rate at which the tax would be levied, such as the 0.5 per cent on currency transactions proposed by Prof Tobin, would anyway not be enough to deter all currency speculation. It would still have been worthwhile to have sold short the Turkish lira when it fell by 22 per cent in a single day last February, for example.

France's support will not even win round the rest of the European Union, let alone the world's other leading financial centres.

ing financial centres.

The British government, for example, yesterday said it was "sympathetic" to the idea of raising more money for development, but is expected to reject any attempt to make the Tobin tax a reality.