

Lex - Tobin tax: is Japan onside too?

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The Lex column notes financial transaction taxes are getting support from an unexpected source:

For years, taxes on capital flows were seen as a barbarous relic of the 70s, on a par with Demis Roussos and Baked Alaska. No friend of free markets dared support the idea of US economist James Tobin, dreamed up to curb [currency volatility](#) after Bretton Woods collapsed. That's changing. Since Lord Turner, chairman of the UK's Financial Services Authority, started stirring interest in taxing financial transactions last year, politicians in Germany, France and Australia have voiced tentative approval. Now Japan, through the [musings](#) of vice-finance minister [Naoki Minezaki](#), might just be falling in line.

As they also note - the new FTT in Brazil is working. But note the point they make: as discussion I am taking part in elsewhere on the web shows, the free market dinosaurs are opposed because their assumptions prove to their satisfaction that such taxes cannot work.

The trouble is that it's their assumptions that don't work, not the taxes don't, as experience shows. But like all zealots they're far from being in possession of open minds.

Rather unlike my position on these taxes, I have to say, which is that they can work - unambiguously well I'd argue in some markets, like foreign exchange, but not necessarily as well in the case of stamp duties, for example. That's considered, open minded, reasoned and open to persuasion.

What a pity most economists don't have that mind set.