



RECEIVED 22 MAR 2010

HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Tessa Jowell MP  
House of Commons  
London  
SW1A 0AA

Your ref: 01100707

18 MAR 2010

A handwritten signature in black ink that reads 'Tessa'.

Thank you for your letter of 19 February enclosing correspondence from your constituents, about the proposal of a Robin Hood Tax.

As the Prime Minister set out in his speech to G20 finance ministers at St Andrews in November, we need a stronger economic and social contract that better reflects the global responsibilities of financial institutions to society. We welcome the contribution made by the Robin Hood Campaign and its supporters to the international debate.

We believe there is a range of options to explore as a means of ensuring banks make a fair contribution. Any measures considered, including a tax on financial transactions as proposed by the Robin Hood Campaign, need to be set against four core principles: the measures would have to be global; they would have to have minimal distortionary impact; they should complement - and ideally reinforce - action we are taking to enhance the stability of the global economy; and they must be fair, measured and enable financial services to contribute to future economic growth.

The G20 has asked the International Monetary Fund to review these issues, and we look forward to their report later this year. In addition, we are participating in a French-led initiative related to Financial Transaction Taxes.

The priorities set out by the Robin Hood Campaign for potential beneficiaries from a financial transaction tax are also priorities shared by us.

That's why on public spending within the UK, whilst we are committed to halving the deficit over four years, we are determined to do this in a way that protects the priority public services on which so many rely. In line with these values, at the 2009 Pre-Budget Report we announced that it would protect the NHS and give children the best start in life, by taking tough choices and making savings in other areas.

Furthermore, the UK has taken a leading role globally on finance for international development. We will meet the interim target of 0.56 per cent Overseas Development Assistance as a proportion of Gross National Income in 2010, as well as 0.7 per cent Overseas Development Assistance as a proportion of Gross National Income in 2013, and draft legislation has been introduced in the House of Commons that will enshrine this commitment in law. The UK is also working hard with our international partners to ensure that the EU sets out a clear roadmap for delivery against its 2015 target ahead of the UN Summit in September. It is important that the debate around Financial Transaction Taxes does not distract from delivery of Overseas Development Assistance commitments.

On climate change I would like to reassure you that we are committed to taking strong action. At the Copenhagen Conference in December 2009 countries agreed to work to limit the increase in global temperatures to below 2°C. We recognise that any international climate agreement must support poor and vulnerable countries and the Accord includes provisions with this aim. Developed countries agreed to provide fast start finance approaching \$30 billion for the period 2010 to 2012 with a longer-term goal of \$100 billion a year of public and private finance by 2020.

*Yours sincerely*

*AD*

**ALISTAIR DARLING**