

[Cardinal Keith O'Brien's misplaced faith in the Robin Hood Tax](#) [1]

Written by [Sam Bowman](#) [2] | Monday 30 April 2012



Cardinal Keith O'Brien, the head of the Catholic Church in Scotland, [has called for the government to introduce a ?Robin Hood Tax?](#) [3]. This is hardly a surprise. O'Brien's expertise is in the field of faith and the supernatural, which is just where support for the ?Robin Hood Tax? comes from. (Incidentally, this isn't the only [dumb political statement](#) [4] the Cardinal has made in recent weeks.)

It hardly needs to be said that the ?Robin Hood Tax? (or financial transaction tax, to give it its correct, non-adolescent name) is a sham. No, it would not raise £20bn in revenue, as its supporters claim ? that number is based on a static analysis that supposes, wrongly, that the tax wouldn't affect behaviour.

In fact, it would affect behaviour a great deal, by [crippling financial traders' ability](#) [5] to engage in high-volume, low-margin trades that give volume to markets and help it to adjust quickly to new real-world information. A ?small? 0.05% tax adds up to be quite substantial as you make several trades a day, as these traders do.

Most likely, a financial transaction tax would drive many traders overseas ? to Zurich, Wall Street, Singapore, or somewhere else. That's what happened in [Sweden](#) [5] when that country tried the tax: within less than a decade of the tax's implementation, trading for over 50% of Swedish equities had moved to London. Futures and options trading virtually ceased in Sweden altogether.

Advocates of the tax in Sweden claimed it would raise 1.5bn kroner per year (approximately £330m in current figures). In reality, it raised just 50m kroner (£11m in current figures), or one thirtieth of what was promised. The advocates of the ?Robin Hood Tax? today are spinning the same fraud, and their numbers are worthless.

The ?Robin Hood Tax? is, basically, a case of [charities misusing their organizations for political purposes](#) [6]. It has nothing to do with charity, and everything to do with the left-wing agenda those charity employees want to advance. It's a huge shame to see organizations like Oxfam and others misappropriated by the hard left to give PR heft to this silly idea.

The "Robin Hood Tax" is faith-based economics at its worst. But if Cardinal O'Brien really wants to help the poor, there's plenty he could do himself. The Catholic Church is one of the richest organizations in Britain. They say charity begins at home. If O'Brien wants the government to get richer, waiving his church's tax-exempt status would seem like a good place to start.

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Links:

[1] <http://www.adamsmith.org/blog/tax-spending/cardinal-keith-obriens-misplaced-faith-in-the-robin-hood-tax>

[2] <http://www.adamsmith.org/taxonomy/term/5809>

[3] <http://www.guardian.co.uk/politics/2012/apr/29/cardinal-david-cameron-favouring-rich>

[4] <http://www.guardian.co.uk/world/2012/mar/04/catholic-leader-government-gay-marriage>

[5] <http://www.adamsmith.org/sites/default/files/research/files/FTT.pdf>

[6] <http://www.adamsmith.org/blog/tax-and-economy/charities-and-the-robin-hood-tax>

[7] http://disqus.com/?ref_noscript

[8] <http://disqus.com>