

Sand in the wheels or spanner in the works?

The Tobin tax and global finance

[Get access >](#)

John Grahl , Photis Lysandrou

Cambridge Journal of Economics, Volume 27, Issue 4, 1 July 2003, Pages 597–621,
<https://doi.org/10.1093/cje/27.4.597>

Published: 01 July 2003 **Article history** ▼

Abstract

This paper presents a radical critique of the Tobin tax—a tax on currency transactions—by undercutting certain assumptions about the size and character of the world's foreign exchange markets which furnish the tax with its basic rationale. While it is acknowledged that only a fraction of the massive volumes of FX transactions relate directly to trade in goods and services or to cross border investments, it is denied that all the residual transactions are motivated purely by exchange rate considerations (speculative or hedging activities). Rather, the argument is that a significant proportion of FX trades have money market characteristics and that these trades, together with domestic money market transactions, play an important role in the day to day operation of the global financial system. This perspective is used to show that the imposition of a Tobin tax would cause extensive material damage to the system, with consequences that may run counter to the expectations of supporters of the tax.

This content is only available as a PDF.

Copyright Cambridge Political Economy Society 2003

Issue Section: [Commentary](#)

You do not currently have access to this article.

Sign in

 [Get help with access](#)

Personal account

- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD

Sign in >

[Register](#)

Institutional access



Sign in through your institution

[Sign in through your institution](#)

[Sign in with a library card](#)

[Sign in with username/password](#)

[Recommend to your librarian](#)

Institutional account management

[Sign in as administrator](#)

Purchase

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

Sand in the wheels or spanner in the works? The Tobin tax and global finance - 24 Hours access

EUR €39.00

GBP £33.00

USD \$43.00

Rental



This article is also available for rental through DeepDyve.