

## Research Project

### The Societal Benefits of a Financial Transaction Tax

#### Project funded by own resources

**Project title** The Societal Benefits of a Financial Transaction Tax

**Principal Investigator(s)** [Berentsen, Aleksander](#) ;

**Project Members** [Huber, Samuel](#) ; [Marchesiani, Alessandro](#) ;

#### Organisation / Research unit

Departement Wirtschaftswissenschaften / Wirtschaftstheorie (Berentsen)

**Project Website** <https://ideas.repec.org/p/zur/econwp/176.html>

**Project start** 01.10.2014

**Probable end** 30.11.2027

**Status** Active

We investigate the positive and normative implications of a tax on financial market transactions in a dynamic general equilibrium model, where agents face idiosyncratic liquidity shocks and financial trading is essential. Our main finding is that agents' portfolio choices display a pecuniary externality which results in too much trading. We calibrate the model to U.S. data and find an optimal tax rate of 2.5 percent. Imposing this tax reduces trading in financial markets by 30 percent

#### Financed by

University funds

#### Add publication

##### Published results

3693123, Berentsen, Aleksander; Huber, Samuel; Marchesiani, Alessandro, The societal benefits of a financial transaction tax, 0014-2921 ; 1873-572X, European Economic Review, Publication: JournalArticle (Originalarbeit in einer wissenschaftlichen Zeitschrift)

#### Add documents

#### Specify cooperation partners

ID	Kreditinhaber	Kooperationspartner	Institution	Laufzeit - von	Laufzeit - bis
2740257	Berentsen, Aleksander	Huber, Samuel	University of Basel	01.10.2014	30.11.2015
2740258	Berentsen, Aleksander	Marchesiani, Alessandro	University of Bath	01.10.2014	30.11.2015