

Sustainability (adopting consumption levels that do not undermine the viability of future generations or other species) is the objective of the green movement and its electoral wing, the Green Party. The responsibility for creating the necessary framework to effect the required re-thinking of present lifestyles and technological choices falls to the government. Green Parties seek to become government in order to oversee this process.

The most effective route to sustainability is by employing the tools in the green economics toolbox. There are two types of green economics: subsidy-driven green economics and market-driven green economics. Green Parties gravitate to market economics since it requires less government expense and intervention, and is more politically palatable.

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The market was originally theorized by Adam Smith to internalize all costs to ensure fairness and efficiency. Subsequent factors, however, like resource pollution, resource exhaustion, and sprawl have not been duly internalized, thus reducing the effectiveness of the market. This has unfortunately resulted in the market externalizing most ecological costs onto others, especially the poor, future generations, and other species. Greens would modernize Adam Smith by introducing the invisible “green” hand to make markets serve modern needs and realities.

Government should not participate in the market, only regulate it. For example, government should not build wind turbines, but rather, eliminate hidden dirty electricity subsidies through full cost pricing so that businesses and cooperatives will respond to market indicators by building turbines without subsidies. The same goes for transit, organic agriculture, affordable housing, energy conservation, ending sprawl, etc. When the market reflects true costs, government subsidies and regulation are no longer needed.

Greens call for ecological fiscal reform and revenue-neutral green tax shifting so that businesses that adopt green production processes will increase their profits while businesses that stay gray will be taxed more heavily. Businesses should not be taxed for hiring people or for making a reasonable profit but instead should pay levies and fees for squandering

resources, using land inefficiently and polluting the planet. People should not be taxed for holding down a job, but should pay for the amount of land, energy and resources used. Businesses and shoppers usually follow the path of least tax resistance and should have the option to save money by choosing green products and green lifestyles.

Land and natural resources are held in common by the public and also belong to future generations and other species. When the community grants access to land or resources to a business or individual, the community should be recompensed. The dynamism of a particular community or society determines the value of local land and resources, so individuals and businesses should not earn windfall profits that rightfully belong to that community. Land value taxation (LVT) and resource taxes insure that community-created wealth accrues to the community, except for a fair profit to the business or individual who, through their labor or ingenuity, has improved the land or used the resource efficiently.

Green economic principles

1. *It is better to tax "bads" rather than "goods."* Governments have long used selective taxation to discourage use of alcohol and cigarettes, while unprocessed food and children's clothing remain tax-free. Greens would continue this tradition with selective "eco-sin taxes" to discourage a wide range of gray products and lifestyles. At the same time, taxes would be eliminated on green products and lifestyles. People should be able to avoid taxation by choosing green products and lifestyles.

2. *Taxes should be designed to conserve resources and energy.* Rather than taxing jobs and profits, taxes should be moved to resource use and energy consumption to reward conservation. The community should benefit from the use of commonly held resources. Using resources is a privilege, not a right, and the user should pay for the privilege. Resources must also be shared with future generations and other species.

3. *Taxes should be designed to increase employment.* Moving taxes onto resources and land use and off of incomes will make people less expensive to employ. Products produced by green production methods which tend to use fewer resources and less energy will avoid taxation. As energy costs rise, the price of labor becomes more economical. Green products which tend to encourage value-added processes will provide more high quality skilled jobs than resource intensive products.

4. *Distributive taxes are preferable to re-distributive taxes.* If wealth is distributed more fairly in the first place, less redistribution will be necessary. Eliminating consumption taxes will eliminate the only tax the

poor must pay. By moving taxes on to resource use and land, the poor, who generally own less land and use fewer resources, will avoid taxation, thus requiring less redistribution. Taxing land, but not the use of land, will reduce taxation on higher density housing, lowering housing costs for low-income citizens, thus reducing another need for redistribution.

5. *Resource taxes should be assessed as early as possible.* Resources should be taxed before entering the manufacturing process in order to green all aspects of the manufacturing process from extraction to the finished product. Increasing taxes on resource and energy use will encourage resource and energy efficiency, innovation, reuse, repair, recycling, and used material recovery.

6. *Taxing unearned income is preferable to taxing earned income.* The tax shift to resource use and community-generated land values will distribute income more fairly without dependence on income and business taxation to redistribute income. Taxing unearned income (resources, land) and not earned income (jobs, profits) will reduce the rich-poor gap since the rich are always in a better position to capture unearned or windfall income by their ability to hold assets that they do not have to consume.

7. *Green tax shifting is revenue-neutral, not a tax break or tax grab.* The taxes paid by businesses and individuals collectively will not change but greener businesses and consumers will reduce their taxes. Gray businesses and consumers will pay higher taxes. Studies have shown that 50% of businesses and consumers will be unaffected or only slightly affected by tax shifting, while roughly one quarter will realize tax reductions and one quarter will be taxed more.

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8. *Resource use and community-generated land value taxation are fairer.* Resource use and land taxes are much simpler to collect and harder to evade than taxes on income and business profits. Since there are far fewer points of taxation than with traditional tax sources, a move to resource use and land taxation will reduce the size of the underground economy. The difficulty of evading these taxes will reduce the problem of overseas tax havens.

9. *Green taxation increases international competitiveness.* Eliminating taxes on domestic labor will reduce labor costs and therefore reduce out-

sourcing by businesses seeking cheap labor in other countries or provinces.

10. *Pay for what you take, not for what you make.* Businesses should not be taxed for hiring people or for earning a profit, but should be charged for using resources and polluting the planet. People should not be taxed for earning an income or purchasing products but should be charged for the value of land they own and the resources used in the products they buy. Resource use and polluting are privileges, not rights, and businesses and consumers should pay for these privileges.

11. *Taxing community-generated land values is beneficial.* Since the community around it, not its owner, creates the value of land, the community should receive the benefits it has created. The owner is entitled to a fair profit but not to a windfall profit that rightfully belongs to the community that generated the wealth in the first place. Under LVT, the specific use of the land will not be taxed, only the land itself, within the existing zoning. Community-generated land value taxation encourages the efficient use of land, reduces sprawl, reduces speculation, tends to reduce land prices and improves land use patterns.

12. *Taxes should encourage local, sustainable, value-added production over imports.* Culturally unique products and services will be valued by green tax reform over mass production. The sale price should include the true costs of products, services and distances traveled, and should be designed to encourage local, sustainable production.

13. *Taxes should break up monopolies.* The most important monopolies are resource monopolies and land monopolies. When a person or a business has control or exclusive rights over large amounts of a resource or large amounts of land, this person or business reaps windfall profits, which is unjust. These resources and this land belong to the community and if individuals are granted access to it they should pay a fair price for this privilege or right. Land Value Taxation aims to ensure that the wealth created by the use of land and resources that rightfully belong to the community accrue back to that community.

14. *Taxes should be applied only once.* Rather than taxing the same wealth repeatedly through personal income, business income, sales, resale, interest, capital gains, property transfer, inheritance, and so on, taxation should only impact the use of a resource and the ownership of land on a sustained basis (i.e., property tax on site value).

Conclusion

Moving taxes off of incomes and onto resource use and community-generated land value is critical in order to achieve and maintain a green

economy and society. Shifting taxes as described above has proven successful when it has been applied. Germany, the global tax shift leader, has shifted 1% of government revenue from incomes to resources. Between 1905 and 1913, Alberta employed LVT to generate almost all the revenue of the province.

While the rationale is sound for shifting all taxation away from businesses, incomes and consumption onto resources and community-generated land values, it remains to be seen how much shifting is actually needed to reach sustainability. Perhaps 50% will be sufficient or perhaps 100% will be insufficient and surcharges will be necessary. If, after all taxes have been shifted and sustainability is still not attained, then the revenue from the necessary extra levies can be distributed equally among the population as a citizens' income.