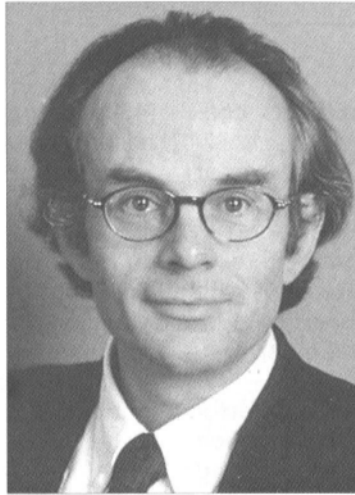




Eco-taxes, the Land Value Tax and Treasury priorities

LABOUR came to power in 1997 promising to “put environmental concern at the heart of all government decision-making”. It was a bold, and important, promise. It has also been largely unfulfilled by most Government Departments, apart from the Department of the Environment, Transport and the Regions (DETR). Think how quickly, for example, the Foreign Office dumped its vaunted ethical/environmental policy, how resistant MAFF is to any common-sense change, and how DTI miss trick after trick in failing to substantively back green industries and technologies.

But one Ministry has caught on – the Treasury. To the surprise of many, Chancellor Gordon Brown, who is reputedly agnostic over the benefits of environmental tax reform, has introduced a number of polluter-pays taxes. These reforms have followed effective campaigns run by Friends of the Earth, SERA and Forum for the Future in particular. They cover some fossil fuel uses, pollution and natural resources, including road fuel duty, climate change levy, landfill tax and aggregates levy. Other taxes now reflect environmental objectives, or remove/reduce environmentally perverse subsidies, such as varying VED rates and company car allowances to increase energy efficiency and reduce pollution, or lowering VAT on some household purchases of energy saving goods. Even more importantly, the Treasury’s century-old obsession with separating tax from spending decisions – the principle of never hypothecating – has gone. This was a



Charles Secrett
Director, Friends of the Earth
England, Wales & Northern
Ireland, throws down the
challenge to the Blair govern-
ment which is expected to
seek re-election in May

major block to joined-up policy making.

These reforms are right and necessary. It is right that polluters should be penalised, and pay money while they pollute. It helps make them stop. A polluting factory, office or household is an inefficiently run and wasteful place. Economic efficiency improves as enterprises use less resources and waste less. Operating costs go down also.

BUT LABOUR’S green tax reforms still lie at the margins of tax policy. The climate levy revenues will only cut National Insurance Contributions, a tax on employing people, from 12.2% to 11.9%, and too many exemptions are granted. The tax system overwhelmingly encourages economic development that causes long-term and often irreversible environmental damage, fails to provide sufficient jobs and increases inequalities as the poor suffer from the worst environments.

Brown could – and must – be braver. In Labour’s second term, the Chancellor must broaden and deepen the environmental tax reforms he has begun, and do so for very good economic, social and environmental reasons. In order to tackle climate change, for instance, 23 million householders, 20 million car drivers and most, if not all, of British industry need to switch to carbon-free fuels over the next 20 years. Such a massive market transformation is possible, and environmental tax reform lies at the heart of the solution.

The Treasury should begin with fossil fuels. The monies raised should be re-spent as tax credits, grants and direct investment to encourage industry to develop genuinely clean fuels like hydrogen, establish dynamic renewable source sectors (offshore wind, wave, biomass and solar) and manufacture clean production and energy efficient technologies throughout society.

Government should invest itself in a modern national public transport infrastructure.

Henry George

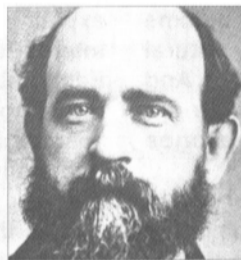
IT TOOK 100 years for people to become attuned to the needs of the environment and catch up with the concerns expressed by American social reformer Henry George.

By adopting a rent-based perspective on the workings of society, the author of *Progress and Poverty* (1879) perceived the weaknesses in Western civilisation.

In *Social Problems* (1883) he was to write: “We do not return to the earth what we take from it; each crop that is harvested leaves the soil the poorer. We are cutting down forests which we do not replant; we are shipping abroad, in wheat and cotton and tobacco and meat, or flushing into the sea through the sewers of our great cities, the elements of fertility that have been embedded in the soil by the slow processes of nature, acting for long ages”.

The importance of the Georgist paradigm is that it holistically identifies all the weaknesses that combine to deprive humanity of its potential.

Another example of the fruitfulness of the paradigm is George’s insistence that social problems needed the enfran-



The Agenda Setter

chisement of women (*Social Problems*, 1881 ed., p.243).

While Marx was writing about the “idioty” of rural life, which he resigned himself to accepting as an inevitable feature of human evolution, Henry George noted that the correct distribution of

income between the public and private sectors would reinvigorate the countryside. Population would be balanced out across the country, “agriculture would cease to be destructive”, and compact cities would lead to a more productive life for working people while “rural life would partake of the conveniences, recreations and stimulations now to be obtained only by the favoured classes in large towns”.

On all these issues and more, Henry George set the agenda; but while millions listened at the end of the 19th century, ears turned deaf for most of the 20th century. In the past two decades only have these issues been revived. Unfortunately, single-issue campaigners lack the over-arching philosophy that would deliver the permanent solutions based on justice.

SANDRA SINCLAIR