

# A Green Tax Shift Policy Approach To Financing Local-To-Global Public Goods

There is a troublesome and painful contradiction in the lives of many of us who are working for peace, justice, poverty eradication, debt cancellation and sustainable development. While our hearts and minds focus on building a better world for everyone, each day we hand over fistfuls of dollars to build weapons of mass destruction, fuel dangerous, dirty and polluting technologies, and subsidize huge conglomerates which concentrate the wealth of the world in the control of the few. But together we can end tax tyranny and align our visions and values with how we finance our governments.



Taxation not only raises money to fund government services, it also reflects the overall value system of a society. The goal of GREEN TAX POLICY is to create a system of public finance which strengthens and maximizes incentives for:

- Fair distribution of wealth
- Environmental protection
- Basic needs production
- Provision of adequate government services
- Peaceful resolution of territorial conflicts

**Green tax reform** makes a clear distinction between private property and common property. Private property is that which is created by labor. Common property is that which is provided by nature. Green tax policy removes taxes from wages and other private property and increases taxes and user fees on common property. Reducing taxes on labor increases purchasing capacity, reducing taxes on capital encourages efficiency. Shifting taxes to land and resources curbs speculation and private profiteering in our common property and is a practical way to conserve and fairly share the earth.



Captured in brief soundbites, *tax waste, not work; tax bads, not goods; pay for what you take, not what you make; and polluter pays* become tax shift principles readily translated into voter friendly policy recommendations with broadbased political support.



"Earth People" image on front from t-shirt embroidery crafted by women's cooperatives in Central America. For order information, go to [www.GreenTax.net](http://www.GreenTax.net).

Paper contains 50% sugar cane (Bagasse) and 50% recycled fibers.

Green tax policy CUTS taxes on:

- Wages and earned income
- Productive and sustainable capital
- Sales, especially for basic necessities
- Homes and other buildings

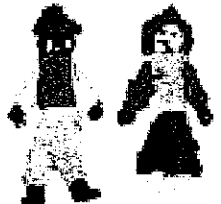


Green tax policy INCREASES taxes and fees on:

- Land sites according to land value
- Lands used for timber, grazing, mining
- Emissions into air, water, or soil
- Ocean and freshwater resources
- Electromagnetic spectrum
- Satellite orbital zones
- Oil and minerals

Green tax policy seeks to ELIMINATE subsidies environmentally or socially harmful, unnecessary, or inequitable. Slated for drastic reduction or complete removal are subsidies for:

- Energy production
- Resource extraction
- Commerce and industry
- Agriculture and forestry
- Weapons of mass destruction



## LOCAL-TO-GLOBAL PUBLIC FINANCE TIERS

Non-governmental organizations like Global Education Associates and others working for a more peaceful and just world ask us to imagine the shape of the emerging world as a pyramid with three basic levels: a small tier at the top for global institutions, a greatly slimmed down second band of national governments, and a vast sturdy base of local governance.

Green tax reform could become a comprehensive and universally accepted approach to public finance policy that can readily be integrated into such a three-tier system of local-to-global governance. Percentages of total resource revenues collected could be disbursed up or down these tiers based on criteria of equity, as some nations and regions of the earth are better endowed with natural resources than others. Freedom to live or work in any part of the globe would also further equality of entitlement to the planet.

Appropriate tax bases to fund cities, regions, states and global levels can be delineated as follows:

### LOCAL:

Surface land values, such as sites for homes, businesses and industrial activities, are well-suited to finance cities and towns. Progressively shifting taxes OFF OF productive efforts such as building homes, working and organizing businesses, and ON TO land site values prevents land speculation and monopoly, thus keeping land affordable while at the same time enabling workers to keep what they have earned. This type of green tax shift also would be recommended for rural areas where it has potential for non-coercive land reform which could underpin the transition to organic farming and a revitalized rural "eco-village" culture.

### REGIONAL:

State, regional, or national bodies may be best constituted to collect user fees for forestry, mineral, oil and water resources. Precise configurations for the allocation of resource rentals between state, regional and federal levels would vary according to the situation of particular nations.



### GLOBAL:

Urgently needed is the establishment of a **Global Resource Agency** to collect user fees for transnational commons. This would include parking charges for satellites placed in geostationary orbits, royalties on minerals mined or fish caught in international waters and use of the electromagnetic spectrum.

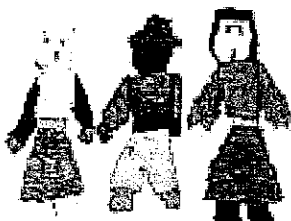


Other significant global revenue sources are taxes or fees based on the polluter-pay principle, such as international flights or aviation fuel, international shipping, or dumping at sea. A tax on currency speculation has also been proposed.

To be considered is whether international arms trading should be heavily taxed or completely abolished.

The Global Resource Agency could also be responsible for monitoring the global commons (e.g., the ozone shield, forest reserves, fish, biodiversity), determining rules for access, issuing permits and collecting resource revenues. Such a body could also assume substantial authority for levying fines and penalties for the abuse of common heritage resources.

Revenues raised from access fees for the use of global commons could fund sustainable development programs, environmental restoration, peacekeeping activities, or low interest loans for poverty eradication. Funds are also needed on the global level to finance justice institutions such as the World Court and the International Criminal Court and to facilitate policy



convergence in areas such as trade, currency exchange, and human rights.

The Global Resource Agency could be mandated to distribute resource revenues equitably throughout the world as calculated by formulas based on population, development criteria and currency purchasing capacity.

### THE EARTH BELONGS TO EVERYONE

It is simplistic to view the world as being divided between the rich North and the poor South. In the North are significant numbers of people living in poverty and despair, while in the South are those with the riches of royalty. The systemic problem of the maldistribution of wealth is a global phenomenon. Taxes structured along the proposed lines would do much to level the economic playing field worldwide, both within and among nations. A coherent and integrated local-to-global green public finance system would fundamentally alter the status quo and give every person a stake in the planet as a birthright. With basic needs securely met for all, humankind would be free to advance to a higher dimension of expression and realization.



This policy paper is one of many being developed for a Global Peoples Agenda. To give input go to <[www.millenniumforum.org](http://www.millenniumforum.org)> or <[www.GreenTax.net](http://www.GreenTax.net)> or write: Earth Rights Institute, Box 328, Scotland, PA 17254, USA.

**Note:** Contents extracted from *Financing Local to Global Public Goods: An Integrated Green Tax Shift Perspective*, a policy paper by Alanna Hartzok presented at the Global Institute for Taxation Conference sponsored by Price Waterhouse Coopers and St. John's University, New York, September 30, 1999 and published in *Taxation Alternatives for the 21st Century*. The policy paper draws from the following:

*The Natural Wealth of Nations*, Worldwatch Institute, David Roodman; *Tax Shift*, Northwest Environment Watch, Alan Durning & Yoram Bauman; *Taxed out of Work and Wealth*, Nicolaus Tideman & Florenz Plassman; *An Inventory of Rent-Yielding Resources*, Mason Gaffney; *The Losses of Nations*, Institute for Land Policy, Fred Harrison; *A Citizens Guide to Environmental Tax Shifting*, Friends of the Earth; *Global Public Goods*, edited by Inge Kaul, Isabelle Grunberg, Marc A. Stern; *Brazil: The Meek Want the Earth Now*, Bulletin of the Atomic Scientists, Fabio L.S. Petrarolpha; *The United Nations: Policy and Financing Alternatives*, edited by Harlan Cleveland, Hazel Henderson, Inge Kaul; *UNDP at Crossroads*, Earth Times, C. Gerald Fraser; *Planet Champions*, Jack Yost; *UN Habitat II Action Agenda*; *Third World Intervention: A New Analysis*, David Smiley; *Factor 10 Club Carnoules Declaration*, Wuppertal Institute and Overseas Development Institute, Michael Carley & Philippe Spapens; *Sharing the World*, Anil Agarwal & Sunita Narain; *Privatizing Nature: Political Struggles for the Global Commons*, Michael Goldman; *The Pollution Dividend*, Peter Barnes; *How the Other Half Dies*, Susan George; *Ecological Tax Reform*, Hanno Beck in *Land Value Taxation* edited by Kenneth Wenzler; *Harnessing the Tax Code for Environmental Protection*, State Tax Notes, J. Andrew Hoerner; *Stateless Corporations: Lords of the Global Economy*, The Nation, Richard J. Barnett; *Tax Reform Follies*, Dollars & Sense, Chuck Collins & John Miller; *The Eagle Dies on Friday*, Utne Reader, David Brauer; *Tax Waste Not Work*, Redefining Progress, M. Jeff Hammond; *Benefits and Taxes*, New Economics Foundation, James Robertson.