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*Sharing our common heritage:*

**Local-to-global dimensions of ecotaxation,  
land value taxation and citizen dividends**

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Concerned world citizens are wringing their hands because Rio Earth Summit objectives for sustainable development have fallen far short of the goals established in 1992. Frequently the United States and other industrialized countries are blamed for insufficient political will in committing financial resources to developing countries and to environmental repair programs. But with taxpayers in the "developed" world on the verge of revolt, where is the money to come from?

One proposal is that international trade be taxed. The reasoning is that exchanges between countries transcend national borders as do global environmental problems. Some suggest an

amendment to the U.N. Charter which proposes instituting a UN duty on international trade between member states, including financial movements, to provide the core funding of the Organization.

Others are working hard to break down barriers to trade. Under the Multilateral Agreement on Investment (MAI) the ability of the world's largest multinational investors to move their money in and out of countries with no strings attached appears to be the primary goal. The International Monetary Fund proposes to amend its Articles of Agreement to allow it to require member countries to sell off assets to foreign investors, open up sectors of the economy to foreign competition and remove controls on the movement of capital.

Many believe that the MAI, which

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has been under negotiation at the Organization for Economic Cooperation and Development (OECD), could have potentially far-reaching and negative impacts on state sovereignty, economic development, national financial stability, and health, safety, environmental and labor standards, which has precipitated a general public outcry against the agreement.

The push for world domination by elite controlled multinational corporations and their audacity in writing mandates to usurp the democratic rights of sovereign states reminds me of a scene in the movie *Star Wars*. Rebel leader Princess Leia, addressing the plans of the evil emperor to control the entire galaxy, says, "The tighter he squeezes his fists the faster star systems flee between his fingers!"

Meanwhile back on planet earth, a rebel leader in the guise of South African President Nelson Mandela has rejected the MAI style free trade prescription for Africa. While reaffirming South Africa's intent to maintain strong and friendly relations with the US, Mandela reflected the views of many other Africans concerned that the underlying intention of the US is to open up African markets for its own gain.

## SEED SATYAGRAHA

There are numerous indications that the multinational corporations' version of the global free trade agenda has in fact inflicted great harm throughout the world.

Since October 1992, hundreds of thousands of Indian farmers have taken part in protests against transnational agribusiness corporations and the General Agreement on Tariffs and Trade (GATT). Indian farmers are angry because developments in biotechnology and proposed changes in patent laws under GATT threaten to transfer ownership and control of vital seed stocks to transnational corporations.

To defend their right to grow, breed and exchange crops outside the control of the transnationals, Indian farmers have revived forms of struggle and protest dating back to the Indian independence movement. Gandhi had used

the word satyagraha to describe a philosophy and practice of "holding fast to truth" in the struggle against colonialism. Indian farmers and their allies are invoking this tradition of autonomy, self-reliance and anti-colonial struggle when they use the phrase "seed satyagraha" to describe their struggle against Cargill and other agribusiness transnationals.

According to Indian activist and scientist Vandana Shiva, the goal of the seed satyagraha is to protect the right of farmers to freely produce, modify and exchange the seeds on which they have long depended for their survival. The farmers union in the state of Karnataka where Cargill is operating in a big way has 10 million members. They have burnt Cargill seeds and pulled down Cargill's big seed plant with crowbars, in response to U.S. trade representative Carla Hills statement that "we will use crowbar tactics" to pry open all markets of the Southern countries for foreign multinationals. So the farmers said "We will use crowbar tactics" and they pulled down every brick of Cargill's building.

Shiva observes that these magical seeds which Cargill said would make farmers rich overnight have virtually impoverished farmers. "Incomes went down from 3000 rupees per acre to 300 rupees per acre, by shifting from local seeds to hybrid seeds," she says.

## INDIVIDUAL AND COMMON PROPERTY RIGHTS

It is within such contexts, of subsistence farmers struggling to maintain control over the seeds of life itself while wealthy corporate leaders are relentlessly seeking to dominate world trade, that the vast importance of the topic of Sharing Our Common Heritage must be understood. The source of both environmental degradation and human exploitation can be traced to a distorted and perverse expansion of private property rights for the few to the exclusion of the many.

We have arrived at a time of great struggle and opportunity to reconstitute democratic governance on the basis of a new vision and mandate concerning individual and common prop-

erty rights to earth. Private property rights advocates and common property rights advocates will appear to be in numerous arenas of confrontation and conflict until the proper balance can be struck.

Ward Morehouse, a director of the program on Corporations, Law and Democracy, has put forth a call for broadbased public debates on the theme of democracy and property rights. Morehouse has found interesting parallels between the International Declaration on Individual and Common Rights to Earth, propounded by the International Union for Land Value Taxation and Free Trade in 1949, and Native American environmental activist Winona LaDuke's call for a "Common Property Constitutional Amendment" in which Congress would affirm that there are resources which are common property and no individual interest has the right to destroy those common properties whether it is air, water, ocean, fish, or forest.

In a Fall, 1996 speech in Boulder, Colorado, LaDuke noted that while the Fifth Amendment protects private property by asserting the right not to have it taken or confiscated by the government, there is no corresponding preservation for common property under the Constitution. "The absence of that protection means that common property is by and large pilfered by private interests," she concludes.

## FROM SEA TO STRATOSPHERE

From the deep blue seas to the not-always-clear blue skies this century has wrought the disruption and disturbance of our common heritage by unconscious, unwise, or purposefully malevolent human behavior.

The "Economists' Statement on Climate Change" with its attached monumental compilation of signatories (2,509 as of March 1, 1997) emphasizes that the risks of climate change warrant immediate action, that market-based policies would be the most efficient means of slowing climate change, and that long-term productivity gains to the U.S. economy may well

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result from such an approach.

The Statement concludes that "The United States and other nations can most efficiently implement their climate policies through market mechanisms, such as carbon taxes or the auction of emissions permits. The revenues generated from such policies can effectively be used to reduce the deficit or to lower existing taxes."

This policy recommendation has a relevance beyond the particulars of global climate change. It provides the beginning point for a broad-based consensual framework for a set of principles and policies which can integrate common heritage protection goals with market economy incentives. The growing use of so-called "ecological taxation" policies shows promise of a similar alignment of vision and values.

## ECOTAXATION IN THE USA

The most comprehensive listing of ecotaxation policies in the United States has been compiled by J. Andrew Hoerner of the Washington, D.C. based Center for a Sustainable Economy. "Harnessing the Tax Code for Environmental Protection: A Survey of State Initiatives" identifies and categorizes 462 such provisions and provides a short description, the tax rate, base and a legal citation for each. Examination of these tax instruments reveals a wide range of policies designed to assist in addressing essentially every major public environmental goal. Environmental taxes can be used to promote economic efficiency by requiring polluters to pay the economic costs that their pollution imposes on others, costs sometimes called "negative externalities." A second motive of the polluter pays principle is to assure fairness in allocating clean-up costs by making sure that they are born by the polluter rather than the innocent public. The survey revealed that the latter motive has played a much more important role in tax design.

"Environmental tax measures in the states have been adopted in a haphazard and uncoordinated fashion," says Hoerner. "States have only scratched the surface of the potential of

environmental taxes to contribute to meeting state fiscal, environmental, economic, and social goals. Given the chaotic status of environmental taxation, states have an opportunity to reap considerable benefits by simply adopting the best practices from other states."

## NATURAL RESOURCE TAXES

Making the polluter pay for the abuse of natural resources is just a short step away from making the user pay for what is taken from common heritage resources. Resource taxes work somewhat like a rental or interest payment for the use of assets that are owned by all of us, ranging from the broadcast spectrum to the air we breathe.

In the United States, the federal government owns and manages over 650 million acres of public land. These areas contain huge amounts of valuable natural resources which should not simply be given away or sold at low costs to private interests. In their 1997 book, "Tax Waste, Not Work," associates of Redefining Progress delineated proposals for revenues from user fees for the following:

- \* Increase recreation fees to pay for park maintenance.
- \* Raise grazing fees on public lands.
- \* Rent or auction the broadcast spectrum.
- \* Impose higher user fees on the inland water system.
- \* Others include charging market rates for electricity sold by federal Power Marketing Administrations; establishing charges for airport takeoff and landing slots to ensure that the scarce resource of public airspace is put to best use; charging more substantial royalties and holding fees for hardrock mining on federal lands.

## TAX SHIFTING

Arising from ecotaxation approaches to environmental concerns is an emergent new perspective on public finance policy that has the potential for a clear synthesis of objectives that formerly appeared to be polarized. With big government approaches, conflicts over public funds from competing in-

terests were exacerbated. Environmentalists often appeared to be anti-business and anti-labor, as these constituents experienced environmental regulations as added costs and burdens.

With ecotaxation based on the polluter pay principle, industry and individuals have an open range of choices to modify and adapt their behaviors to minimize the amount of tax paid. Human creativity can be brought to bear in any number of ways to solve environmental problems. With the payment of increased user fees for limited natural resources, resource users may very well discover ways to do more with less of these resources. With decreased private profits from natural resources, private finance could flow more readily into recycling operations and renewable resource technology development, yielding a win for both needed new environmentally sound private enterprises and the public at large.

Perhaps the greatest potential that ecotaxation has for synergizing various private sector, social and environmental objectives is that rather than draining the public purse, this approach fills it. With the increase in public funds coming from ecotax dollars, corresponding cuts can be made in the taxation of both business and labor.

"Integrating Tax Reform with Energy and Environmental Goals: Emerging State Initiatives" was the title of a Forum held at the U.S. Capitol on April 6, 1998 and sponsored by the Environmental and Energy Study Institute. The briefing notice stated that in recent years, states have utilized environmental taxes, fees and incentive measures for various purposes, often dedicating tax and fee revenues to fund activities with specific environmental objectives.

Of particular interest to the Forum organizers are recent tax proposals in the Northeast, the Midwest and the Pacific Northwest which are different in that they are part of tax reform plans designed to improve the overall tax system as well as achieve environmental objectives. They would reduce or eliminate certain existing state taxes and replace lost general revenues

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through taxes on environmentally damaging activities.

Redefining Progress tax shifters have taken the high road in defining the phrase "tax shift" as meaning "any revenue-neutral shift by which existing taxes would be reduced and the revenue replaced by new levies on environmentally harmful behavior. This could be accomplished either through new taxes, auctioned emission permits, or a combination of the two."

Using the "tax bads not goods" rubric, tax shifters recognize that the current tax system sends the wrong signals to virtually everyone. It discourages work and capital formation while encouraging pollution, waste, and the inefficient use of resources. Tax shifters ask, why not develop a socially useful tax system that would tax those things we need less of and untax those things of which society wants more?

One of the items that this brand of tax shifters agree we need more of is purchasing capacity and economic equity for wage earners. Tax shifters are pointing their fingers at the payroll tax which has been increased seven times since 1980 and is the greatest tax burden for most families. Although reform options now in the public dialog fail to account for these high taxes on labor, tax shifters say that if tax reformers are serious about helping working Americans and small business while enabling people to move from welfare to work, then the payroll tax must be addressed.

From this it appears that tax shifters are really getting serious about narrowing the gap between ecological and economic concerns as well. They are being so bold, so brazenly optimistic, as to suggest that this approach to public finance policy could create a win-win situation for society as a whole.

Undoubtedly, the tax shift vision does give a powerful, coherent, rational underpinning and therefore a restored legitimacy to the field of public finance. Individuals should be able to keep more of the fruit of their efforts, but should pay for the costs that they impose on others. It all sounds rather golden ruleish, doesn't it? Since tax shifters also advocate drawing increased

public revenue from resources already owned in common, all citizens could come to receive direct dividend payments similar to the Alaska Fund oil dividends (of \$1000 and more) distributed each year to residents of that state.

## ECOTAXATION AND LAND VALUE TAXATION

"Tax Pollution, Not Paychecks" could be the next reform slogan for America's Northwest. The Seattle based Northwest Environment Watch (NEW) has put forth one of the most brilliant tax-shift proposals in a recently released book entitled *Tax Shift* by Alan Thein Durning and Yoram Bauman. Replacing most of the existing tax codes in the Northwest with taxes on pollution and other environmental ills would prevent hundreds of premature deaths, safeguard the environment and raise economic output by at least \$5 billion, say the NEW researchers who have analyzed how a revenue-neutral environmental tax shift would affect the Northwest states and British Columbia. The proposal would untax "goods" such as paychecks and profits and tax "bads" such as pollution, resource depletion, sprawl, and traffic jams.

NEW is frontrunner among the tax shift think tanks in the promotion of yet another form of tax shifting — a shift within the property tax itself. An important distinction not yet grasped by other tax shift proponents is that the traditional property tax is actually two conflicting taxes rolled into one; it is a tax on the value of buildings and a tax on the value of the land under the buildings. The NEW scenario shifts taxes off of buildings to encourage upkeep, maintenance and quality housing stock and replaces this with a stronger tax on land values which encourages compact development and contains sprawl. The entire 27% of the property tax would be shifted onto land values only.

The NEW report concludes that their proposed tax shift for 1996 for the Pacific northwest - British Columbia, Idaho, Oregon, and Washington - would have encompassed 84% of provincial, state and local revenue. "The tax shift would have eliminated almost two-

thirds of existing taxes on retail sales and corporate and personal income. Pollution, hydropower, and land value taxes would have yielded the most revenue."

## LAND VALUE TAXATION PENNSYLVANIA STYLE

Perhaps the Northwest tax shifters will be looking to Pennsylvania for some guidelines on their proposed major property tax shift towards land value taxation. Sixteen cities in "Penn's Woods" have opted for the so-called "split-rate" tax which enables localities to reduce taxes on buildings, thereby giving property owners the incentive to build and to maintain and improve their properties, while increasing taxes on land values, thus discouraging land speculation and encouraging infill development. This revenue neutral shifting of the tax burden promotes a more efficient use of urban infrastructure (such as roads and sewers), decreases the pressure towards urban sprawl, and assumes a broader spread of the benefits of development to the community as a whole.

Among cities that have gone to the two-rate system, there is a considerable spread between the taxes on the value of land and those remaining on the value of buildings. For instance, the small city of Aliquippa, whose school district now also has the split-rate, taxes land 16 times more heavily than buildings, Pittsburgh's rate is nearly 6:1, and both Harrisburg, the state capital, and the small city of Washington is 4:1. Research based on building permits issued in the three-year period before and after the implementation of the two-rate tax policy in Pennsylvania cities consistently shows significant increases in building permits issued after the policy was put in place, one indicator of improving urban habitat.

A recent study by University of Maryland economists, Wallace Oates and Robert Schwab, compared average annual building permit values in Pittsburgh and 14 other eastern cities during the decade before and the decade after Pittsburgh greatly expanded its two-rate tax. Pittsburgh had a 70.4%

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increase in building permits while the 15 city average decreased by 14.4% of building permits issued.

The City of Harrisburg, considered the second most distressed in the U.S. fifteen years ago, has reversed nearly three decades of very serious previous decline. The number of vacant structures, over 4200 in 1982, is today less than 300. With a resident population of 53,000 nearly 5,000 more city residents are now employed. The crime rate has dropped 22.5% and the fire rate has dropped 51%. Harrisburg Mayor Stephen Reed has stated that the shift towards the land value tax system is "as an important ingredient in our overall economic development activities. .... (and) continues to be one of the key local policies that has been factored into this initial economic success here."

Mayor Anthony Sposey of the small city of Washington, Pennsylvania, population 15,000, likewise relates the many benefits of this form of tax shifting. He says that "the budget has really shown vast improvements. ... We now have a capital improvements budget and have been able to do things we had not been able to do before."

## LAND VALUE TAXATION IN SOUTH AFRICA

Recently in the Republic of South Africa municipal authorities in the newly formed Greater Cape Metropolitan Area made a major decision to move directly to land value taxation. The Property Valuation Ordinance is being revised to allow for rating of land values only and to remove technical obstacles to revaluation of all metropolitan properties.

Land value taxation currently plays an important role in the local tax base of other RSA cities as well. It is hoped that President Mandela may come to understand the importance of this policy approach so that it can be more broadly applied throughout South Africa and on the federal level as well. Although Mandela has stated his distrust of borrowing from international lenders, he

has yet to fully comprehend the public finance and revenue generating potential of the land and resource base of his own country.

## EARTH FINANCE POLICY GUIDELINES

As the colonial era came to a close at mid-century, the new governments in Latin America, Africa and developing Asia retained the patterns of land tenure and resource management of their former rulers. They claimed vast amounts of formerly indigenous and native controlled forests, agricultural lands, minerals and water within their borders or permitted these resources to remain largely under the control of foreign powers. Under the guise of economic development, many began cashing in these natural resources at bargain basement prices, filling their own private coffers while the majority of their fellow citizens remained in conditions of abject poverty.

Meanwhile in the so-called developed world, the purchasing capacity of the family head of household gradually eroded to the point that two adults must now work full-time in the cash economy to provide for a family's basic living expenses. High land values have driven up housing costs.

Without access to raw materials and with declining purchasing capacity, individual workers, small business entrepreneurs, and entire governments have turned to pools of money available at high interest rates from local, national and international banking systems. But sound, secure, sustainable economies have not grown from such arrangements and the degradation of human and natural resources continues.

We are herein enunciating the guidelines for an integrated local-to-global public finance system based on the principle of the common heritage of earth's land and natural resources. It is through affirming the peoples rights to the value of earth's land and raw materials now controlled by the few that the many will be able to secure access to debt-free private property for homesites and sustainable, independent and fulfilling livelihoods.

The clarity of thought and integ-

rity of values set forth in the tax shifting policy approach provides a compelling base for action for major tax reform on all levels. The goal is nothing short of a non-violent revolution required to free wage slaves and those now living in dire conditions of poverty and homelessness throughout the world. In order that the many may make a living, the few must stop making a killing.

Nearly all regions of the planet have sufficient land and natural resources and the human skills required to supply the basic necessities of all. As was so clearly stated in the United Nations Habitat II Action Agenda endorsed by 183 nation state representatives in Istanbul in June of 1996:

"The failure to adopt, at all levels, appropriate rural and urban land policies and land management practices remains a primary cause of inequity and poverty. It is also the cause of increased living costs, the occupation of hazard-prone land, environmental degradation and the increased vulnerability of urban and rural habitats, affecting all people, especially disadvantaged and vulnerable groups, people living in poverty and low-income people."

Reducing taxation on labor will increase purchasing capacity, lowering taxes on physical capital will lower the costs of life necessities, while charging for resource use via ecotaxation and land value taxation will yield the funding for investments in infrastructure, education, health and other public goods without the need to borrow from the elite controlled banking systems such as the International Monetary Fund and the World Bank.

The planet and all its resources, including land, water, forests, minerals, the atmosphere, electro-magnetic frequencies and satellite orbits are the common heritage of all and must no longer be appropriated for the private profit of the few to the exclusion of the many. Any person or group making use of more than their fair share of the earth's resources must pay full user fees for those resources to Common Heritage Funds, administered as a trust for all people, or to be distributed

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as direct citizen dividend payments.

Worldwide ecotaxation can be based on principles of subsidiarity in terms of implementation.

Specific types of land resources can be taxed by clearly delineated collection authorities from the local to the global level.

Towns and cities could draw their funding primarily from user fees for residential, commercial and industrial landsites; counties

could focus on agricultural, pasture and forest land; regions and states might draw their funds primarily from water, mineral, and oil resources; global governing agencies established for purposes of peacekeeping and environmental restoration, protection, and monitoring could target fund collection from the electromagnetic spectrum, the sea, ocean mineral deposits, and geosynchronous orbital zones.

Percentages of these resource rents could be channelled up and down the lo-

cal-to-global range for flexibility and maximum fairness and efficiency. Citizen dividend payments from earth resource fees could be distributed at all levels.

The key to enacting such a fundamental and wide-ranging tax reform agenda is a critical mass mobilization of popular support. It would seem that the tax shift policy approach has the potential to unite the constituency necessary for significant political action. No doubt, this agenda will be carried forth in incremental

stages as is in fact occurring now, with momentum building as positive, life affirming benefits are realized from place to place.

Although the obstacles to creating a beneficent world order may at times appear insurmountable, energy and attention must be brought to focus on the required changes necessary to create a world that works for everyone. Proactive "Campaigns for the Earth" in various forms and guises have already begun linking and enlisting citizens of the world in a great global effort for peace, justice and care of the earth.

I think it can be readily perceived that the call for common property rights by Winona LaDuke, for biodiversity covenants by Vandana Shiva and the goals of land rights and other social justice movements worldwide can be affirmed and furthered by the principles and policies of tax-shifting. Common property rights can be properly aligned with private property rights. Affirming the existence of common rights in land and natural resources creates a condition in society wherein individual economic interests can be advanced for all. The enigma of the maldistribution of wealth which has for so long plagued market economies thus can be redressed through the resultant broad-based sharing of the benefits of free market and private incentive systems.

Essentially, democratic governance can now be firmly established on the human right to the planet itself.

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