To tax for sustainability we would commit the UK economy to a long-run plan to reduce the use of natural resources through the introduction of resource and pollution taxation. In particular we would:

- Begin a major *ecological shift in the taxation of companies* by removing disincentives to employ people. Specifically we would reduce *employers' National Insurance* contributions by the same amount as the yield from the wealth tax above. In the long run this will remove £25 billion a year from a tax on jobs, enabling the tax to be reduced from 13.8% of pay to around 8%.

- Reintroduce the *fuel duty escalator*, raising £2.2 billion in 2015 and an additional £2.2 billion in each successive year through the Parliament.

- Put *aviation* on a level playing field with other modes of transport by making it subject to fuel duty and VAT, raising £16 billion in a full year. If outdated international law makes this impossible, introduce a flight tax dependent on distance and aircraft type that has the same overall economic effect.

- *Reduce VAT on housing renovation and repair work* (including insulation) to 5%, costing £1.6 billion a year. At present there is no VAT on constructing new dwellings but VAT at 20% on converting and renovating old buildings to be used as homes.

- Reduce VAT on the *tourism industry* (meals and drinks out, accommodation and also live performances) to 5%, putting the UK on a level playing field with our international competitors and costing around £6 billion a year.

- Tax *plastic bags* and unnecessary packaging, raising perhaps £1 billion by 2020.

- Levy *eco-taxes* on non-renewables or pollutants, in particular pesticides, organo-chlorines, nitrogen and artificial fertilisers and phosphates, raising £1 billion by 2020.

- Introduce new taxes on the use of *water* by businesses and on *waste heat* from power stations, raising £3 billion by 2020.

- Increase *alcohol and tobacco* duties by a successive £1.4 billion every year in the Parliament.

Land Value Tax

Land Value Tax is a system of local taxation where the landowner pays a proportion of the rental value of the land itself, but not of buildings or improvements upon it, in tax each year. It has many advantages:

- It taxes the value of land and rents, which derive from nature and the efforts of the wider community and not from any effort by the landowner, rather than taxing wages and profits, which derive from labour and capital;

- It is hard to avoid because land cannot be hidden or moved;

- It dampens speculation in land and land hoarding;

- It favours tenants in particular, since the tax cannot be passed on from the landowner, and would substitute for Council Tax, which tenants have to pay; and

- It discourages landowners from not using derelict or vacant land.

The land would be valued at the value that could be obtained if sold for the current planning permitted use. Commons, urban open space, some nature reserves and land used in common such as roads would be exempt. The rate would be set by the local authority. Special arrangements would allow those with land but a low income to pay their Land Value Tax upon the sale of their land or upon their death.

A Land Value Tax set at around 2% of total land values would raise about the same amount as Council Tax and Uniform Business Rate combined. Moreover, 83% of properties would attract lower bills for Land Value Tax than for Council Tax (and many of these would be paid by the freeholder rather than the tenant).

Joining up the policies

So what does taxation have to do with equality and sustainability? It can be used to promote both, rather than promote things we don't want. It's folly to give capital allowances to investment in coal-fired generation, or VAT concessions to new buildings rather than reusing old ones. It's unjust to spend billions on tax relief on pension contributions used overwhelmingly by the rich, or not to use inheritance tax to encourage people to spread their wealth. Taxation is not just a matter of getting in the money for the common good; we can use it to shape behaviour.

It's another virtuous circle.