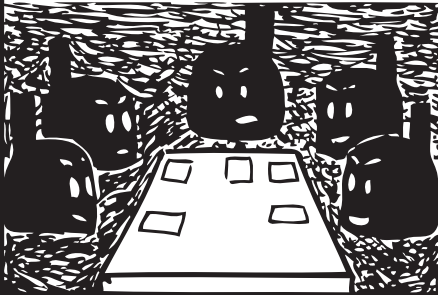


# GREEN TAX SHIFT by Stuart McMillen December 2010



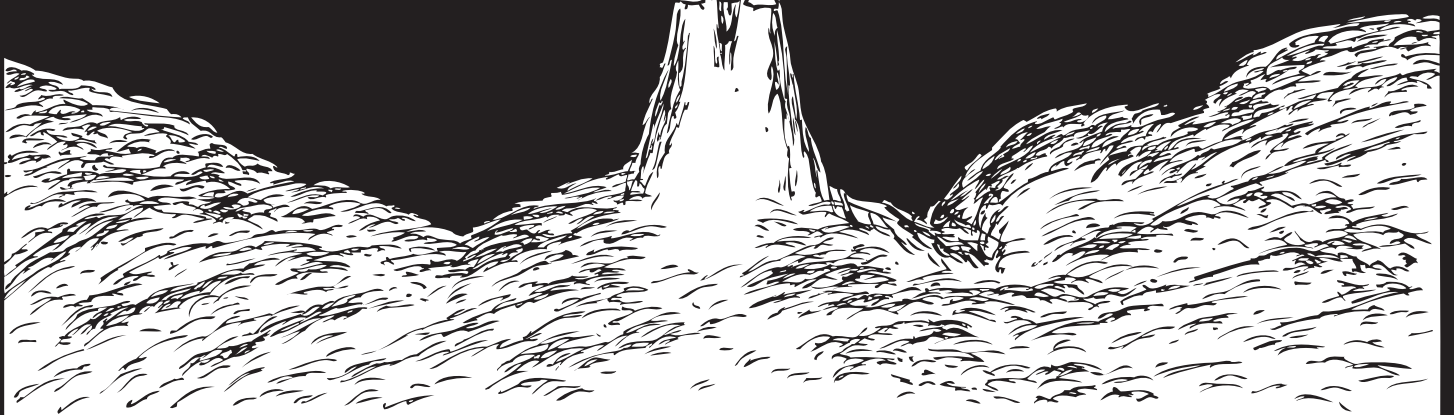
Environmental policy is not a matter of black and white.

Our environmental problems are not caused by 'evil' corporations trying to destroy the planet.



They are the unintended side-effects of human progress and development.

Every product, every service that we produce has a mix of 'good' and 'bad' qualities.

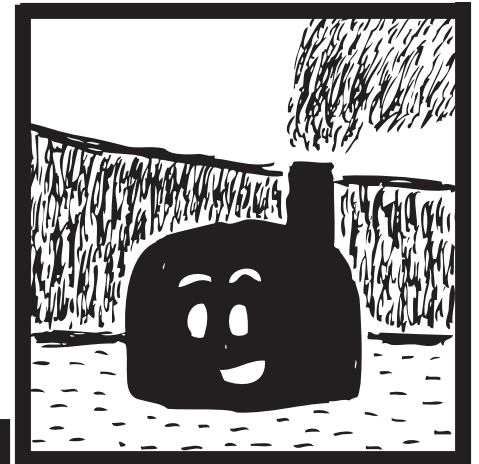
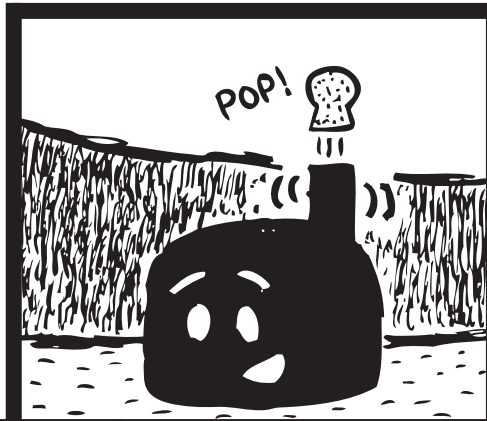
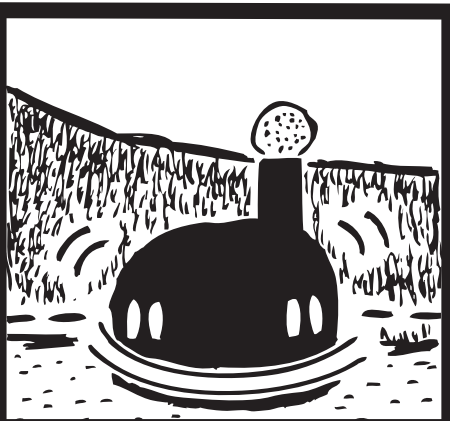


Our challenge is to maximise the good...

...and minimise the bad.

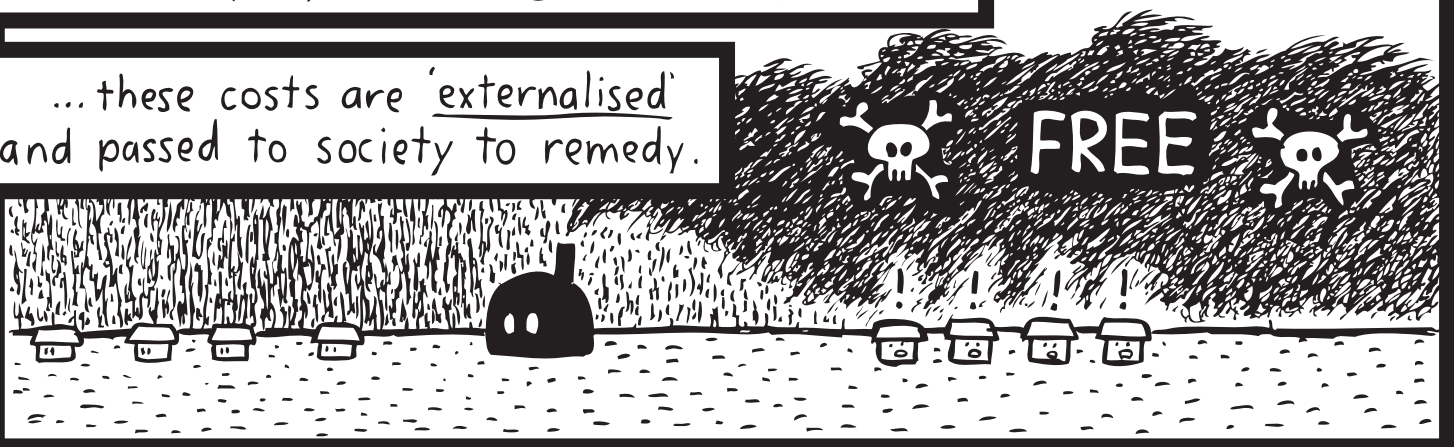


Economic markets fail when the total costs of an activity are not measured by its price.

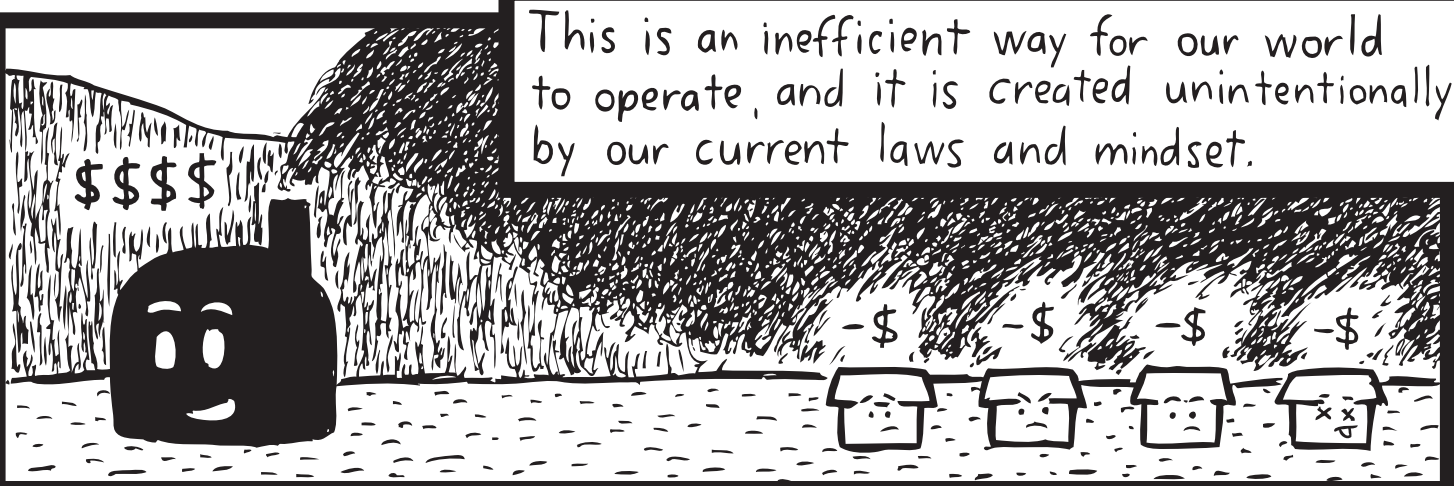


If the total societal costs are not internalised by the company conducting an activity...

...these costs are 'externalised' and passed to society to remedy.



This is an inefficient way for our world to operate, and it is created unintentionally by our current laws and mindset.



Our current approach to taxation is twisted and tangled.



So often it discourages the activities that we want more of...



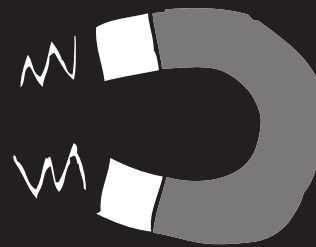
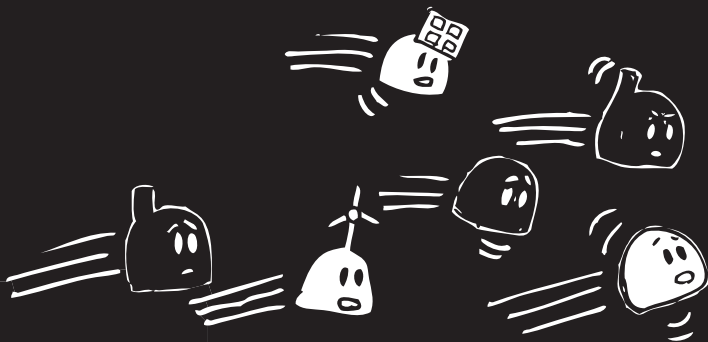
...and encourages activities that we want less of.



Our current system throws a blanket over all businesses operating in the economy, %



regardless of the burden their activities place on society and the environment.



We need a "green tax shift"...

A change from taxes on good activities...

EMPLOYMENT

INVESTMENT

GOODS

SERVICES

...towards taxes on bad activities.

WASTE

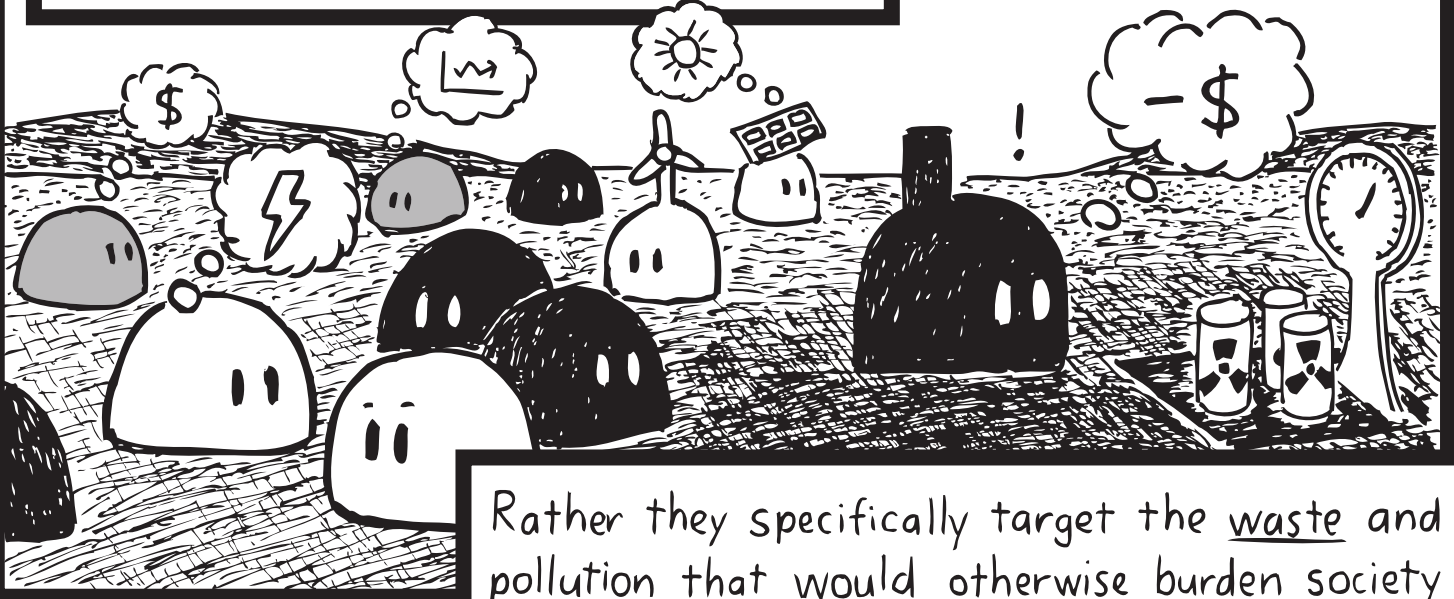
POLLUTION

BADS

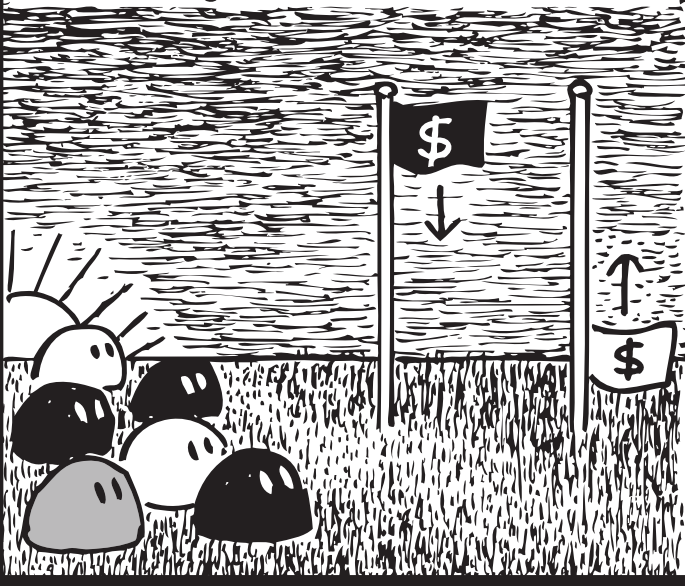
DISSERVICES



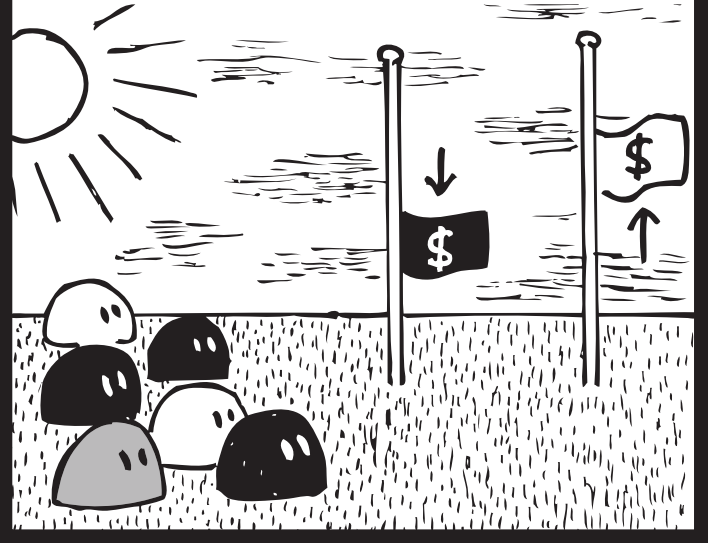
Green taxes work because they do not suppress business activity in general.



Green taxes would be introduced at a rate equal to the roll-back of existing taxes,



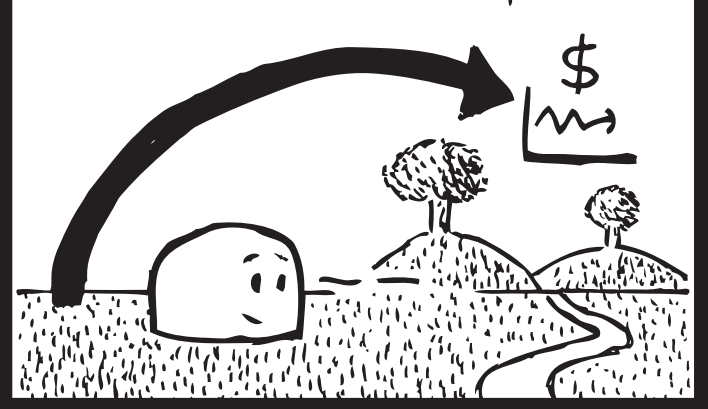
as the primary aim is not to grab for cash, but to provide incentive for businesses to invest in clean technology and practices.



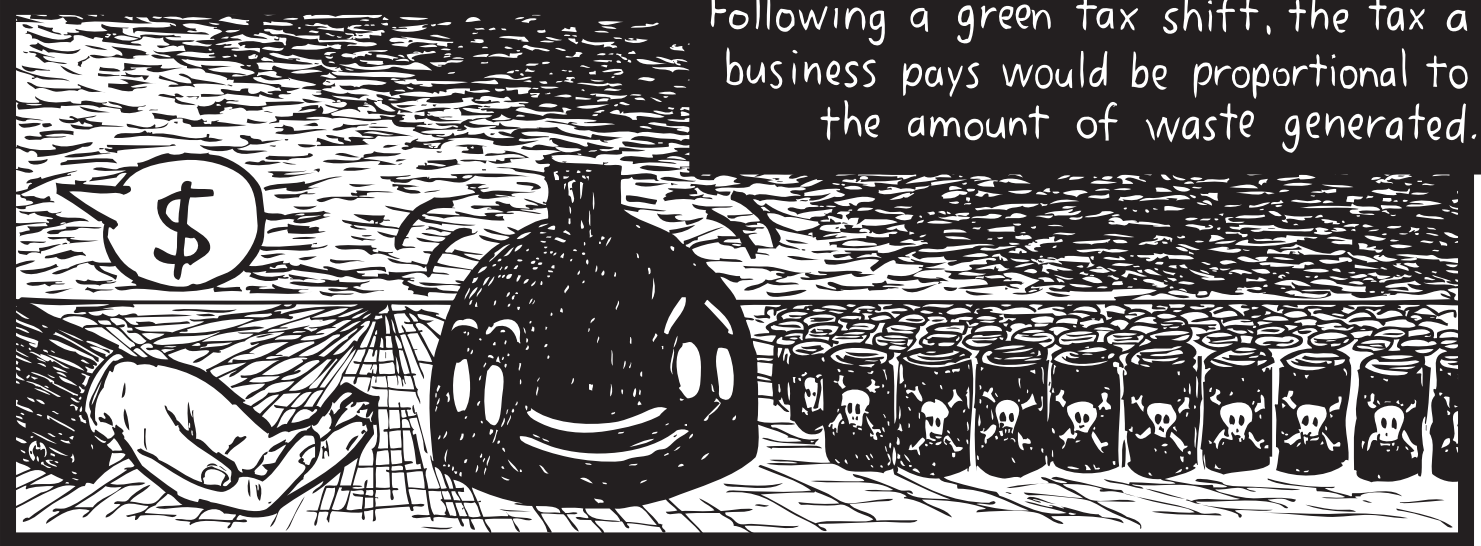
A green tax shift supports business leaders, who would no longer be conflicted about caring for society...



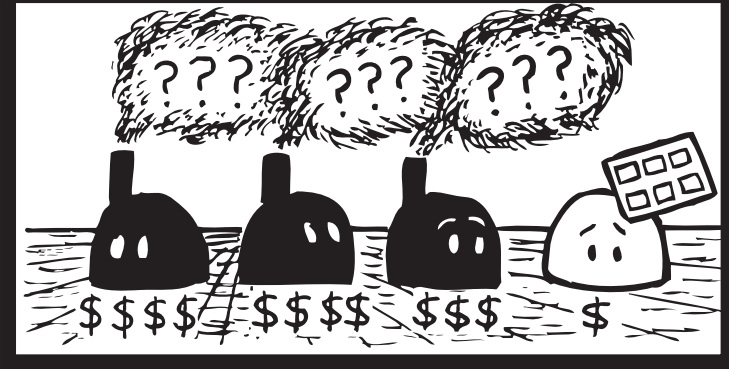
...versus maximising shareholder profits.



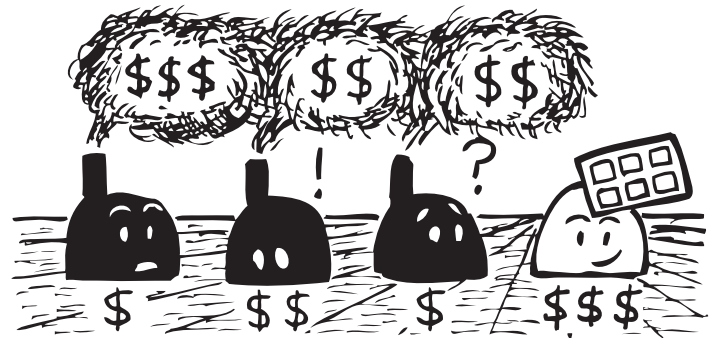
Following a green tax shift, the tax a business pays would be proportional to the amount of waste generated.



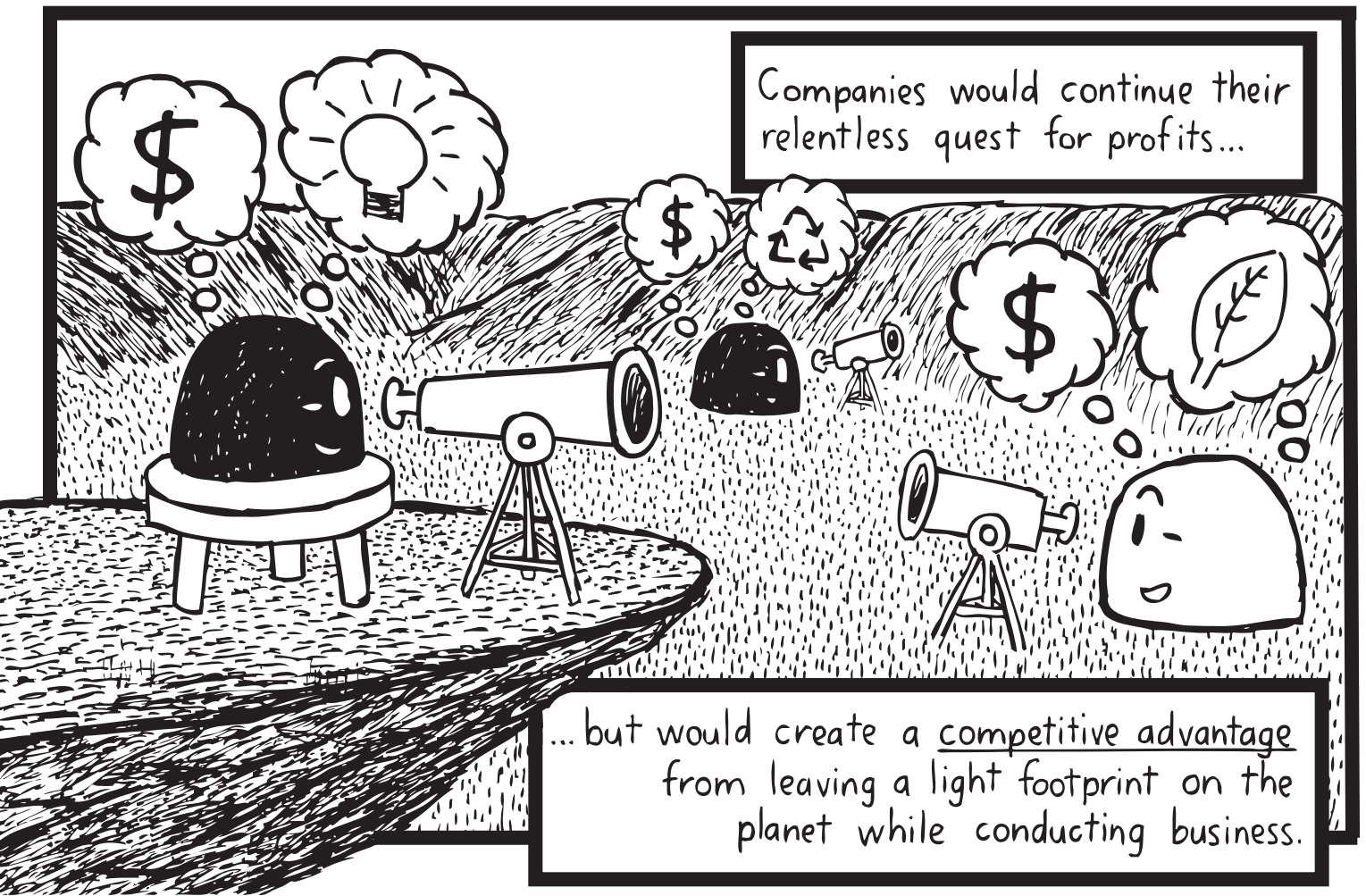
Instead of companies profiting from externalising as much waste as possible into the environment...



...companies would profit from removing as much waste as possible from their processes.



Companies would continue their relentless quest for profits...



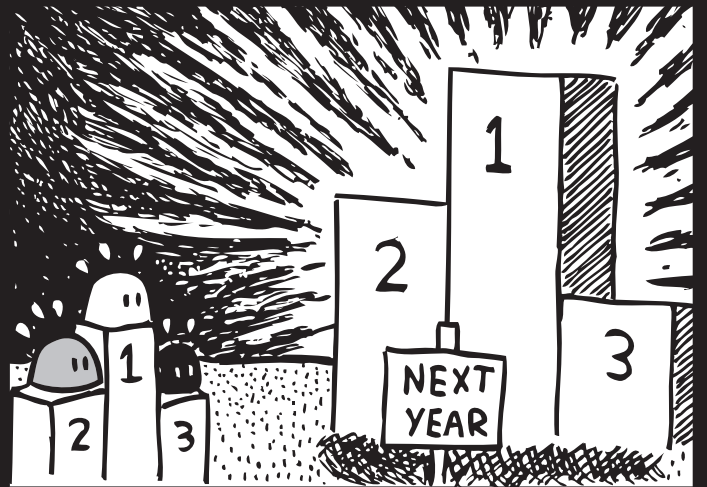
...but would create a competitive advantage from leaving a light footprint on the planet while conducting business.



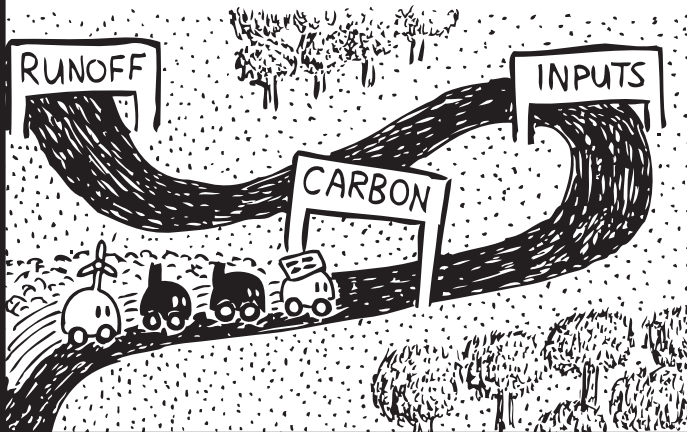
Each year, businesses would be rewarded for being more efficient than their rivals...



... but they would be kept on their toes as governments steadily raise their standards for 'best practice' over time...



... and gradually expand the scope of taxes to include more and more categories of waste.



Over time the green tax shift would rid more and more inefficiencies out of businesses...



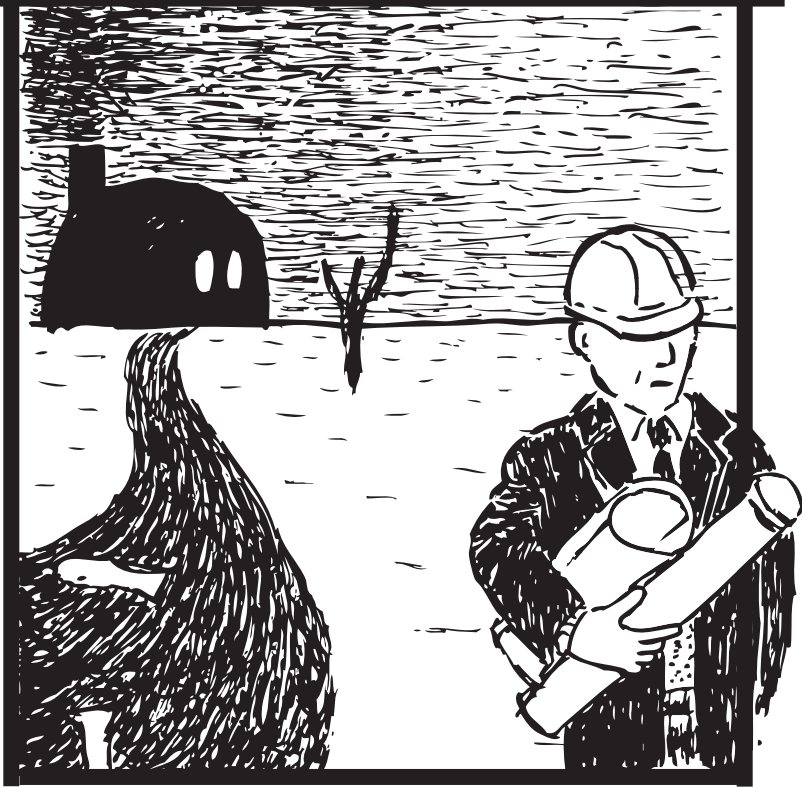
...and profitably lead us to a more sustainable economy...



... and a cleaner environment.

Pollution is not an inevitable by-product of 'industrial progress'...

... it is an indication of exactly where our designers, inventors and engineers stopped innovating under our current laws and incentives.



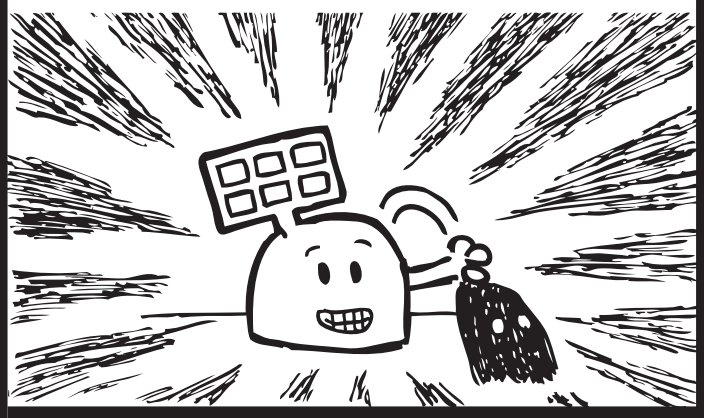
We are all responsible for inspiring the behaviour of industries in our economy.



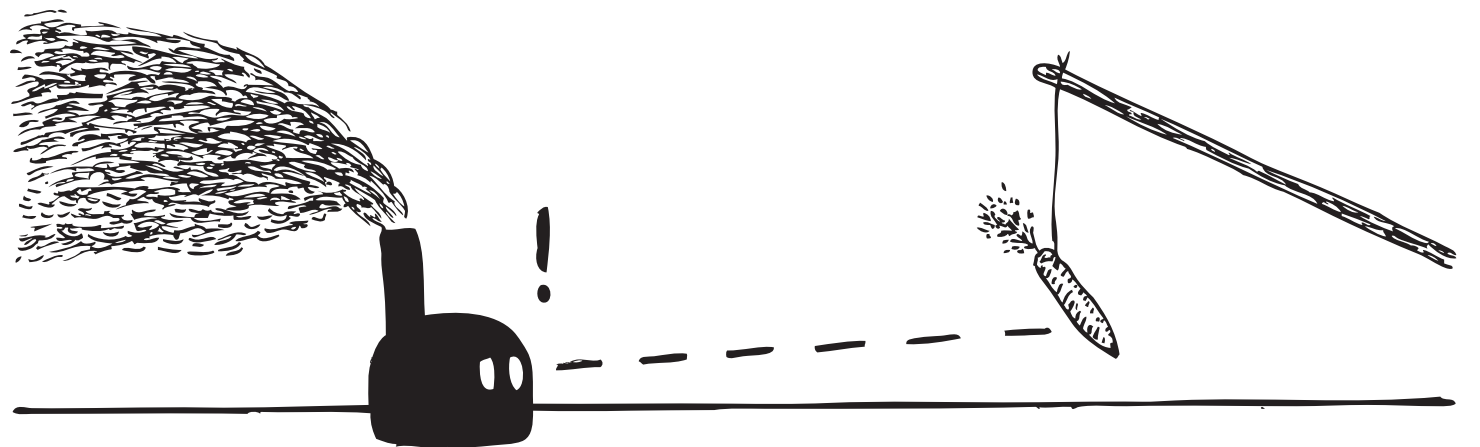
Our current system forces businesses to be the 'bad guys'.



It's time to change the law and let them become the good guys.







Let's begin the green tax shift.