The Taxcast, transcript October 2021

Naomi: "Hello and welcome to the Taxcast, the Tax Justice Network podcast. We're all about fixing our economies so they work for all of us. I'm your host, Naomi Fowler. You can find us on most podcast apps and you can make sure you never miss an episode by emailing me on naomi@taxjustice.net, and I'll put you on the subscriber's list. OK, so, coming up later:"

Jason Hickel: *"This is a global ecological crisis, and it has to do with the way the global economy works. And this requires mobilisation on the scale of the anti-colonial movement."*

Naomi: "We bring you part two of my conversation with economic anthropologist Jason Hickel on degrowth.

3 *big* bits of news hit this month. The latest offshore leak hit the headlines – Pandora Papers, the biggest leak ever. This time the leaks come not from one, but from *14* offshore firms around the world. As we always say, it's really important to focus on the *suppliers* of secrecy and less on the *users*. And, here's what Nick Shaxson of the Tax Justice Network had to say on the subject to SABC News:"

Nick Shaxson*: "You know, cutting of resources for the tax authorities and forces of law and order is a major problem and if there's one thing above all that needs doing and that's to start giving the tax authorities and international criminal authorities proper resources to start chasing this stuff"*

Naomi: "More on that in a minute. The second big thing this month is that the world's wealthiest countries have reformed the supposedly 'unreformable' – the global corporate tax system. We've only waited 100 years! The mainstream media are calling this minimum global corporate tax rate of 15% a major breakthrough. Hmmm. We've said many times on the Taxcast we needed a much more ambitious rate than 15%. As usual with the OECD rich country club, many countries *weren't* part of these negotiations. 75% of the world's poorest countries weren't at the table. Kenya, Nigeria, Sri Lanka and Pakistan *were* there. But they've rejected the deal. Really, what we've ended up with is a watered-down deal that funnily enough benefits wealthy nations, especially the US. Here's Mustapha Ndajiwo of the African Centre for Tax and Governance:

Mustapha: "There are many reasons why Nigeria refused to endorse and sign the OECD deal.
One issue that is of concern to Nigerians and some developing countries is that all the current measures to tax non-resident companies may be abolished if the countries are to sign up to this measure,. For example, Nigeria has the significant economic presence rule, which addresses all the excesses, it tries to capture all businesses operating in Nigeria, regardless of whether they have physical presence or not – so, signing up to the global deal will mean Nigeria forgoing the SEP - significant economic presence, which it has put a lot of effort in, which it is currently working on to ensure that all companies, all multinationals operating in Nigeria, regardless of their physical presence are subject to tax. With regards the global minimum tax rate, the global minimum tax rate has been pegged at 15%. Initially it

was at least, but we've seen that it is now 15%, not *at least* 15%, which means it can't go above 15%. Countries like Nigeria already have a company income tax rate of 30%. So this means that we will see some sort of leveling around 15%, because already you have countries like Ireland, Switzerland, and other countries who are already close to that 15% so it doesn't look like it's going to be any significant change for them. So for countries like Nigeria, there isn't real incentive to sign up to this deal as it doesn't offer much for them."

Naomi: "Back to the drawing board's the only place to go. This is definitely not the end. It's still only the beginning.

And finally, about to take place this month at the time of recording – is the COP26 summit in Glasgow, Scotland. Governments are supposed to be agreeing action on the goals of the Paris Agreement and the UN Framework Convention on Climate Change. Let's hope it's not a case of this:"

Greta Thunberg: *"Build back better, blah blah blah, green economy, blah blah blah, net zero by 2050 blah blah blah, climate neutral blah blah blah. This is all we hear from our so-called leaders. Words that sound great, but so far has led to no action."*

Naomi: "Hm. COP26 is kicking off just as the IMF calculates governments are paying the fossil fuel industry $11 million a minute in subsidies. Joining me now on the Taxcast is, as ever, John Christensen, with his take on this month:"

Naomi: "Okay, John. So this month we've got COP26 about to get started just as the world's having shortages in petrol supplies, energy, particularly acutely in the UK. Are we seeing the collapse of capitalism? Is it COVID? Is it Brexit, in Britain's case at least? I mean, is it the logic of markets dominated by monopolies? Is it corrupted markets? Is it *all* of these things? What era are we now living through? I mean, how would you characterise this time?"

John: "Well, this is a time of change and all of the above, everything you said there applies and we really don't know how things are going to play out at COP26. But let's begin with your last question - what era are we living through? Uh, for roughly 200 years, fossil fuels have been the dominant energy source. There's a movement called the KING movement, Keep It In the Ground movement, which advocates that the vast amount of coal that hasn't as yet been mined should be left untouched and unburned, and the same applies to much of the remaining oil and gas. And current market trends actually suggest that this is likely to happen over the course of the coming century, despite the fact that China and India and other countries are continuing to invest in coal fired power stations. So, we are living through the dying embers of the fossil fuel era. By the way, ahead of COP26, there's been a lot of finger pointing at China and even speculation in the last few days that the President Xi Jinping might not attend the Glasgow summit, and critics are pointing to the recent surge of electricity production from coal and diesel in China, which reflects the massive rebound of export trade from China since the COVID lockdown came to an end earlier this year. But if you look beyond this period of very short-term volatility, I think that there's little reason to doubt that China is rapidly moving away from its overdependence on fossil fuels. I don't think we can say the same about Brazil or

India. But if we look globally, I think it's fair to say we're currently at the period of peak fossil fuel, and demand might stay at current levels for another decade, maybe two, but the fossil fuel era is ending and investment in new supply is increasingly going towards wind and solar power. Oil and gas are likely to remain around for a while longer. Coal is finished. There remain some players in the gas sector who continue to tout gas as a clean fuel option, by which they mean cleaner than coal, but gas is increasingly priced uncompetitive compared to renewables. And politicians in Europe, and it has to be said, in Europe, politicians are getting very jumpy about the politics of gas sourced from Russia, which is widely seen as politically risky.

On the point of capitalism which you raise fossil fuels have been a key driver of capital accumulation throughout the past two centuries. For relatively little investment coal barons and oil sheiks could dig and pump the raw materials out of the ground and sell for vast fortunes. But those fortunes accumulated in the hands of a tiny number of investors and companies often supported by huge tax breaks and subsidies. But, you know, it wasn't just the Capitalist economies. In its heyday, the communist block, especially the Soviet Union burnt coal in huge volumes and China still does. Along the way, there's been huge exploitation of coal miners, frightening amounts of pollution, almost endless warfare, especially over oil security and the inexorable rise of greenhouse gases in the atmosphere, which have steadily contributed to climate change, global warming and ecological chaos. For all of those reasons, our political leaders must implement plans to move away from fossil fuels, with minimum delay. COP26 truly is the last chance saloon for this planet."

Naomi: "Right. And subsidies or no subsidies, we've got energy markets falling apart – in the UK several have gone bust just in the last week or so. We've got all this disruption from COVID worldwide. And this is the perfect time for governments to rethink the way markets work and organise them differently, because markets just aren't going to deliver what's needed in our climate crisis that we're in. And, uh, surely the only things that can salvage this situation is a combination of state intervention, cooperatives, mutual ownership, and all sorts of collaborative thinking. I mean, without these things, we can't have the domestic resilience that we need. And, if we don't manage markets, they are going to sink us and disproportionately, as we know, people in the global south are going to be hit by that. I mean, what a tragedy, isn't it, that governments currently completely seem to lack the vision and the public responsibility to do what's needed? 'Cause it's really thinking outside the box from anything that they've been used to perhaps for the last few centuries!"

John: "Well, certainly for the last half a century, but I agree with everything you said there. I'd like to make a point, you see, despite the laissez faire ideology of so many governments, global energy markets are riddled with subsidies and those subsidies apply across almost all fuel types and especially nuclear of course, where output prices often guaranteed for decades to come. So there's market chaos built into the structures of the markets themselves. Now the end result is there's no such thing as a genuinely free market in *any* of the energy sectors, and some companies have been able to extract huge profits on the back of these subsidised markets. And the fact that some energy markets are dominated by monopoly suppliers just worsens the problem because customers are paying more for their energy, huge profits are being accumulated by the suppliers, but all too often those profits are not being taxed by the host country, they're not staying in the host community and the wealth is accumulating elsewhere, not being invested back into the communities where the energy is actually being used. So globally, this is a market in total disarray and there seems to be no political direction, sense of political direction at all. But if we take Europe, for example, it's helpful to compare and contrast the UK energy market, which is largely deregulated and follows laissez faire principles, and compare that with the German or Danish models, which involve really active intervention by both local and national governments. So if you look at the UK, despite the huge growth of the offshore wind turbine sector, turbines are typically manufactured outside the UK. And more importantly, less than 1% of UK's installed renewables capacity is actually locally owned. Now this is in sharp contrast to Denmark where almost half of existing onshore turbines are kept in local ownership through cooperatives and municipally owned corporations. And many of the German Bundeslander have followed similar policies of promoting local ownership. So if the four countries that comprise the United Kingdom, all of which have huge wind resources and potential solar power and water energy sources - if these countries were to follow the Danish example, their communities would probably enjoy more prosperity from wind power profits, and they could recycle at least *part* of those profits into investment in home insulation, improved public transport, and all the other investments that are needed at regional and local level to speed up the transition away from fossil fuels. Sadly, this debate around how to structure the political economy for renewable energy markets hasn't even reached its infancy. There's very little progress towards that kind of really progressive thinking that's needed if we're going to make the energy markets actually work for ordinary people."

Naomi: "God. Yeah."

John: "Sorry, it's a bit of a dampener, but there are, as I said, Denmark, Germany and other countries are signalling how this could be done so differently."

Naomi: "Well, good. I've got to ask you quickly about the revelations from the Pandora Papers this month. We've been here before haven't we? Revelations of the rich and powerful, evidence everywhere left right and centre that the super wealthy are buying political systems everywhere. What are your hopes from this latest series of leaks? In the Panama papers it was just focused around one supposedly bad apple, but that's not going to wash this time is it? it's clearly global rot."

John: "Yeah, but I think Panama papers and Luxleaks, they both pretty much revealed global rot as well. It's systemic. And in some respects Pandora papers have simply revealed stuff which we knew about anyway, it's more of the same, but I think three things stand out. The first, and you touched upon this just now, the first is the extent to which the rich elites benefit from tax breaks that simply don't apply to the lives of most people. For example, the news coverage, at least here in Britain and elsewhere, was given to Cherrie and Tony Blair's use of offshore companies for property ownership, but that's pretty much the standard practice for commercial property owners. Owning a commercial property through a British Virgin island company allows that property to be sold without incurring stamp duties here in the UK. But this provision has been in place for decades and it's clearly UK government policy to allow its use. There's no question that this represents a tax injustice, which benefits very rich people, and that the economic benefits to the UK are highly questionable.

The second thing that stands out is that offshore companies remain largely opaque, but not just on matters relating to beneficial ownership, they're also opaque on matters relating to what functions they actually serve. And in the vast majority of the cases that I've looked at, whether it's Pandora papers or Panama papers or Paradise papers, it's the lack of financial information being published and made available for scrutiny by all stakeholders, in other words, being put online so we can download from the registries. It's a lack of the financial information that that makes life really difficult. And it means that in almost all cases, we don't know what is going on behind the veils of corporate secrecy. And that means that the tax justice movement needs to not just campaign for more information around beneficial ownership, but also for more information, financial information to be made available on public record.

And the third and final thing that struck me from the Pandora papers was the really prominent coverage given this time to the offshore financial sectors in the USA itself. And that means especially South Dakota, Nevada, and Delaware. The role of tax havens located within the United States has been studiously ignored by the press for decades. So it's gratifying to see so much press coverage this time round. And to give an idea of why this matters, the Financial Times reports that the amount of assets estimated to be held by the trust industry in South Dakota alone has quadrupled in the last decade from $75.5 billion to $367 billion in 2020, and that's a huge sum and I think it's really important that we keep the spotlight on what's happening within the United States. So in that respect I think the Pandora papers have helped to raise public awareness about a rather awkward little secret – which is that ax havens aren't just located in sunny places with shady people. They're right at the heart of the world's largest economy. And they're busy undermining the democracy in the United States day by day, hour by hour."

Naomi: "Yeah. It IS the economy, stupid!"

John: "Yes!"

Naomi: "And interestingly lawmakers are trying to push a new anti-corruption bill, which they're calling the Enablers bill. That's something to watch."

John: "Yes, And something to support obviously. But I think we need to recognise that behind the kind of rather lax attitude towards the enablers lies a politics, both in Europe and in North America, of supporting tax havens and supporting the enablers that operate out of tax havens. And it's the politicians who need to have the pressure brought to bear upon them, because they're the people who can make the changes."

[Music]

Naomi: "Thanks John! John Christensen. Now it's time for the Taxcast special feature. In the previous edition 114 of the Taxcast I spoke with economic anthropologist Jason Hickel on degrowth and liberating ourselves from 'growthism.' As I said then, the rest of the conversation is too good to miss and so this month here's part two on the urgent need to rethink our economies, and how we do that:"

Naomi: "Jason, the *purpose* of economies should be to serve people. And usually, what serves ordinary people also respects the natural boundaries of the planet. But we're often looking at our economies through a prism that's being held up to our eyes by private interests, which really isn't helpful. Can we talk about where we place 'value?' I mean it's amazing isn't it that that most countries in the world are still measuring the usefulness and success of their economies through GDP growth? I mean it's not a good indicator of progress, on any level really is it?"

Jason: "Yeah. So I think that the first thing is to understand what GDP growth actually is. People have this tendency to assume that it's like a metric of value or of livelihoods or a provisioning, or wellbeing more broadly, but in fact it is not those things and it was never intended to be used this way. GDP growth actually has a very narrow, specific definition. It is an increase in aggregate commodity production as measured in terms of prices. Okay? And by commodity production here I mean the production of things that are bought and sold on the market for money, and nothing else. So things without a price are not counted here. So right off the bat, it's clear that GDP measures just a small part of our economy, basically the capitalist sector, okay, the sort of market sector. So it leaves out a whole lot of value, including the value that people get from subsistence farming, which many people in the world do, commons, you know, sharing, anything that we do for ourselves, our own domestic maintenance and so on. Care is a big one, right? Like if you care for your own children, and if you cook dinner for your family and care for your elderly parents etc, that's a huge amount of value that keeps our society functioning, keeps our economy afloat, and yet that's not at all counted in GDP. It's only counted when you buy those services on the market right? So if you go to a restaurant, or pay a nanny or send your parents to a private care home or something like that. So, this illustrates how what we're measuring in terms of GDP is simply the commodity sector of the economy. It also leaves out all of the value of nature, ok, which is represented as zero until it's commodified and also, and this is a big one, it leaves out the value of public services, right? So the actual value that we get from you know, a universal healthcare system or a universal education system, etc, that is valued at zero in the national accounts if it's accessed for free by users. Okay? It's represented only in terms of the costs involved in producing it, not the actual product itself. The product itself only counts as valuable in the national accounts if it's privatised, okay?! So if we were to privatise the NHS, then GDP would go up because suddenly the cost of healthcare is going to rise, uh 'cause it's now a commodity, ok? So, so it leaves out a lot. But perhaps more importantly, it does not count the, the social and ecological costs that are involved with commodity production. Right? So for example, if you tear down a forest and sell the timber to Ikea for furniture, then GDP goes up but it doesn't count the cost of losing that forest as a sink for carbon, or as a habitat for species or as a future resource for humans to use. Okay? Or if you, again, if you privatise the NHS, then GDP goes up, but it doesn't count the cost of losing access to our most precious healthcare service, which is essential to our lives. Okay. And so on and so forth. So it's a very problematic measure, actually. And in fact even the person who invented this measure, a guy named Simon Kuznets, warned that we should never use it as an indicator of social progress. Right? He actually stood up and said to US Congress, the welfare of a nation cannot be inferred from a measure of national accounts or GDP. Uh, he said calls for more growth should specify growth of what and for what purpose. Okay? So we should think again more rationally about what things we actually want to *expand*, what things clearly need to be *reduced*, ok? I mean, we've totally neglected Kuznets's warning. And we are so far away from his wisdom on this. Instead we just pursue aggregate commodity expansion as if that's the only thing that matters, and we try to fit reality into that. So that's a problem and we need to think more clearly about what we want our economy to do."

Naomi: "Yes. It's all part of that kind of madness isn't it? I've covered before on the Taxcast how women's work's got to be the biggest unrecognised subsidy to the global economy of all, I mean everything would collapse without it, but it's not valued, or even counted sometimes. So, we know – and we can easily prove this - that nations pursuing GDP growth don't actually make life any better for ordinary people after a certain point. You've described how Portugal has a relatively low GDP per capita rate, but it's a much happier country for people to live than the United States which has a much higher rate, because it redistributes more – *redistribution* being one of the 4 rs of tax justice. I heard you explaining recently how the United States *could* have higher levels of human welfare with 66% less GDP per capita, *if* they distributed income more fairly. I know some countries have dropped GDP measures in favour of better indicators, can you tell me a bit about countries that are measuring these things better?"

Jason: "Yeah, so there are several alternatives to GDP that have been developed by ecological economists and others. One of the most prominent is one called the Genuine Progress Indicator or GPI. Now GPI is interesting because, uh, it's quite simple actually, basically it starts with GDP and then it adds value of things that are excluded from GDP and then it subtracts social and ecological costs of commodity production. Right? So the idea here is that like, let's try to correct GDP for its shortcomings. And it's interesting because if politicians were focused on maximising GPI, then what they'd be doing effectively would be trying to find ways to improve social outcomes while minimising ecological costs. And that would clearly be a better way to be running the economy, better, more rational and more ecologically coherent way to be running the economy.

So that's one approach, you know, to sort of supplement it with another single indicator. But the problem with single indicators is that they always obscure things that are within them. Okay? So maybe a more reasonable approach is to use some kind of dashboard of a range of different indicators of things that we want to be watching, and things that we want to achieve or improve directly, right? So if we want to improve wages, or health outcomes or bio-diversity, and if we want to reduce emissions, and deforestation, etc, etc, let's have those things front and centre and have targets on those things and pursue them directly right? Rather than assuming as we presently do that, simply by increasing the GDP it's somehow magically going to solve our social and ecological problems when in fact, of course it does not! Right? So it makes more sense to sort of have in front of us what we want to be watching and pursuing.

Now I think the key thing to recognise here is that regardless of what we measure, as long as we have a capitalist economy, then it's going to be organised around commodity production and increasing commodity production. And this is where de-growth becomes so powerful because it's not enough to just measure something differently, we actually have to pay attention to the deeper structural drivers of ecological breakdown, which is the growth imperative in the economy and do things to liberate ourselves from that. Right? So let's throw off the shackles of growthism so that we can be free to pursue the objectives that we actually want to pursue."

Naomi: "Right. But on the other hand, we do need some kinds of growth, don't we? Uh, growth in things like education, healthcare, free time, forms of exchange, sustainable homes, you know, caring for each other?"

Jason: "Yeah. So these things, you mention you want to improve things like education, healthcare, free time, etc, etc, you know, decent homes. Yes, clearly we want to improve those. Now I would question whether we would want to refer to this in the language of growth, because let's say we expand the public healthcare system or the public education system. Okay? Let's take education because higher education was partly privatised in this country. If you were to bring public education back into the non-commodity space, right, if you make it again a public good that is free at the point of use, then this will reduce GDP, okay? So, we're expanding public access to public education, but GDP is going down so in fact, this is not growth as such. We have to be clear on what growth is. You know, when we talk about growth, we have to understand that we're talking about an increase in commodity production. So, *expanding* free time and the public housing stock - that might not be in the interest of economic growth and that's okay! In fact it might even lead a reduction in GDP and again that's ok because what actually matters here is that we're improving livelihoods and provisioning and access to good lives. Right? So I think that's the way we should think about it. I mean, the problem with the word growth it's been so heavily co-opted by capital, and it's a problem, right? Because it's, you know, the term sounds so good, so positive, like, you know, plants grow, children grow, we grow in maturity, things like that. And so it's become a kind of ideological term where, you know, capital gets us to buy into supporting the project of continual commodity production expansion just because this term sounds so positive. So yeah, if we want to improve healthcare and free time, let's talk about improving those things, but I don't think growth is the right word to use here, certainly not economic growth or GDP growth. So, and certainly, you know, we may want to expand production of bicycles, but do we want to expand production of bicycles exponentially forever, which is what growth is about? It's not clear to me that we do, right? There's clearly a point at which additional bicycles that we don't need become a problem. So here again, we should be clear about what we actually want to achieve and toward what end. I think that's really crucial."

Naomi: "Yeah. Thanks for that, yeah. That really makes sense to me, yeah, we have to be so careful about words. There's another term as well that's used a lot in the UK by the current government, and that's *'levelling up'*. That's really problematic as well isn't it? There's no question that some people are struggling and don't have the things they need for a happy and dignified life and that's got to change, but nobody's talking about *levelling down*. I mean, we know the superrich are the ones most damaging the planet by a huge margin, and we know as well people in wealthier nations are disproportionately causing the most damage. So how far does this go beyond reducing things like private jets? I just wonder what your thoughts are on that?"

Jason: "Yeah. So there's quite a lot to say here. Let me start by saying this, the discourse of levelling up, you're right, is problematic. And I think it's problematic in two key respects. The first is that it assumes that the rich have accumulated their income and wealth in some kind of vacuum, right? When in reality, that kind of accumulation always derives from processes of exploitation of labour and nature. So in the process of accumulation there's the production of poverty and deprivation, right? So these are two sides of the same coin, that's important. So, from this perspective, this vision of everybody becoming, I'm not really sure what the vision is, really everyone becoming millionaires, I'm not sure!! Um, it's clearly incoherent because that's not how capitalism works, right?!

The second thing is that we know that the rich are overwhelmingly responsible for the emissions and resource use that are presently driving ecological breakdown and so that level of consumption clearly cannot be universalised, so that's an ecologically incoherent vision. So what's the alternative? We basically need to pursue strategies of justice and convergence, okay? So the idea would be, we have to dramatically curtail the consumption and accumulation of the rich, which is what de-growth explicitly proposes, okay, while allocating resources in a way that ensures everybody has access to the goods and services required for a decent and dignified life. This is not rocket science, and it does not require additional growth. What it requires is justice. And I think we have to be clear about that."

Naomi: "Right yes, ok, strategies of justice and convergence. OK."

Jason: "Yeah. I want to pick up on something that was implicit in your question, which is the question of consumption, and actually, aside from the consumption of the rich, which clearly has to be curtailed, I don't know if consumption is the right lens with which to address the problem we face, because it makes it into a question of individual responsibility, when in reality this is the question of our economic system, right? The structure of our economic system. In other words, the system of production. So when we talk about capitalism, it is a system of production that is organised around perpetual expansion, perpetual production of commodities. And then when you have this kind of overproduction which is what we experience, then you have to find a way to mop all of that up in order to prevent devaluation of products and assets, okay? So, and the way you do that is you advertise aggressively, you design products to break down to increase turnover. You dismantle public services so that people have no choice but to buy private alternatives. And you can see this in the way that like public transportation systems are in many cases dismantled in favour of the automobile industry, in favour of fossil fuels and so on. Right? So people become victims of this system, okay? So when we talk about reducing consumption, that's not adequate because it doesn't target the structural drivers of the problem which is the system of production. We need a system that is not organised or dependent on perpetually increasing production so as to liberate people from the necessity of perpetual consumption, okay? And this is core to the de-growth argument, which is simply to say this - the environmentalist movement so far has tended to focus on consumption, which has a limited appeal in terms of the kind of political movements you can mobilise with this because certainly working class people cannot get on board of a movement that is about reducing consumption, because they don't have enough, right? And for middle-class people it's just about, this comes across as guilt and guilt is limited in terms of the kind of politics you can produce from it. But when we have a lens of ‘let's recognise the fact that our lives and our planet and our economy are captured by Capital, and organised around elite accumulation, let us find ways to throw off that vice grip and organise the economy in more just and ecological ways’ - that's a vision people can get on board with, whether they're working class or middle-class, simply by recognising what the stakes are. And so I think that's what de-growth adds to this conversation, is to think more structurally about the economy.”

Naomi: “Yes, and that brings us to taxation. The 4 rs – revenue raising, representation and of course repricing and redistribution, perhaps the most important aspects of tax which are often less understood:”

Jason: “Yeah. So, okay. So let me address the question of tax. I'm on board with those who argue that tax should not be regarded primarily as a tool for raising revenues. Modern Monetary Theory, MMT have done a really good job of fleshing that argument out. Rather it should be regarded as a tool for accomplishing specific social and ecological goals, right? And it's a very powerful tool. So we need to use taxation to tax the rich, to constrain their consumption, okay, to bring resource use down and energy use down. And we need to use taxation to reduce inequality. Like those are the key objectives here, because inequality is corrosive and corrupts our democracies and makes people unhappy and miserable, etc.

In addition to that, we can also tax certain damaging products to reduce the production of those things. Okay? So we can use taxation toward that end as well. But when it comes to that dimension, I think we have to be aware that that tax can be a blunt and sometimes problematic tool. So, you know, if we're taxing things like cigarettes and sugar then maybe that's fine, but if we're taxing carbon or resources, then this might end up pricing certain key goods out of reach of the poor. And here, think about like the Gilets Jaunes, okay? And how what was effectively a carbon tax in France ended up hurting the poor, you know, harming the poor most and disrupted any political consensus around that policy. So, that –“

Naomi: “Yeah, that was a classic example of how not to use repricing through taxation, yes!”

Jason: “Exactly. So it's crucial that we ensure that we do this kind of thing in a just and equitable way. You know, I think that we have to bring in concepts from like the literature on rationing, like a rationing framework is maybe more powerful here and more just, you know, first ensure that everyone has access to what they need, and then tax additional unnecessary consumption, okay? So like a good example here is - take flights. We know that we have to dramatically scale down the commercial airline industry by reducing the number of flights. Now, if you just use tax for that, what that means is that basically the working class, and certainly the poor will never have access to a flight ever again, okay? It's barely affordable to most people now! And so then you've got a situation where only the rich have the privilege of flying, which is clearly not fair. So, a better approach would be to say, you know, everybody gets, let's start with say one flight a year or one flight every two years at a sort of regular rate, and then any flights in addition to that are taxed at an exponentially increasing rate to the point where they're unaffordable, even for the rich, right? So to me, this is a more just way of thinking about it, like tax, you know, taxation can be an important tool, but only when framed within a kind of just rationing framework, that has to be a core principle.

The insights from MMT, Modern Monetary Theory are essential to recognising that we need to change the way we think about tax altogether, to recognise that money can and should be a public good that we can spend directly into the economy to accomplish the things we want directly. Right? And taxation should be used as a way to reduce elite consumption, reduce inequality and manage inflationary risks, thus achieving the goals of an eco-social economy. Tax can be a crucial tool toward that end, but we have to change the way we think about it.

Naomi: "Right. I've got a final question for you then. I want to ask you what gives you hope for the future? I mean what gives me hope is that I feel like we're seeing a generational shift in power happening in a lot of countries around the world, there's some incredible organising by younger people who are perhaps less afraid of change, and the fact they've grown up without the old certainties previous generations *thought* they had. I mean, I'm all for sort of positive discrimination for 20 plus year olds into Parliaments, I find things like the Care Manifesto very inspiring as a set of ideas for the future, I've recently read Rutger Bregman's book 'Humankind: a hopeful history', there's a lot of real sensible ways forward there, what gives you hope?"

Jason: "Yeah, I, I love those ideas that you just expressed and yes, I think that bringing young people into the process of governance and political activism is really essential. If the environmentalist movement creates strong, lasting alliances with the labour movements and with working class formations, that's where our hope lies. This struggle requires also alliances with the global south where the ecological damage bites hardest, where imperialism bites hardest. What we are talking about here is transforming not just the UK economy, but the way the global economy operates. This is a global ecological crisis, and has to do with the way the global economy works. And this requires mobilisation on the scale of the anti-colonial movement. That movement already exists. It's there. What we need to be doing is coming alongside it, uniting in a kind of internationalist movement for fundamental transformation. That's what is going to bring about the change we need."

Naomi: “You’ve been listening to economic anthropologist Jason Hickel. author of The Divide, and Less Is More. That’s it from the Taxcast for now. Thanks for listening. We’ll be back next month.”