



DONNA MORTON: “When people pay for something it affects their behaviour. It’s about making prices tell the truth.”

Darren Stone/Times Colonist

She has gone from trees to taxes, from protests outside to policy changes from within. She’s part of a think-tank that wants to slash property taxes, business taxes and even income taxes — and boost taxes for polluters and SUVs

The tax shifter

Donna Morton the tree-hugger has become Donna Morton the tax-shifter, heading a small but influential west coast think-tank. In an interview in a James Bay café, she modifies the phrase: “We’re not a think-tank, we’re a think-and-do tank.”

The topic of tax-shifting doesn’t grab headlines in quite the same way as chaining yourself to a logging truck.

“It’s not sexy. People don’t want to talk about it,” she says.

But in the long run, the work on tax-shifting that her Centre for Integral Economics, which she runs out of her home in James Bay, is doing could be far more important than the valley-by-valley fights to preserve patches of forest. “It takes more than placards and sound bites,” says Morton.

Tax-shifting is about using taxes to improve communities: Control pollution, congestion, urban sprawl and other problems by taxing the things that cause them. Tax-shifters talk about getting rid of business taxes and income taxes, and some property taxes.

Her journey from popular protest to policy analysis started in 1991 when Morton, then 24, participated in the famous Commission on Resources and the Environment review, spending several days a week for two years as a youth representative at CORE.

NDP Premier Mike Harcourt had established CORE to bring together timber companies, First Nations, environmental groups and local governments to thrash out the big issues around resource exploitation and resolve the seemingly endless conflicts.

Sitting with people who all had a stake in the resource — sometimes with loggers in tears over their inability to find work — shaped a different approach. “I came away from that feeling, it’s not about trees, it’s not about parks,” says Morton, realizing that no one sector has a lock on the truth.

She hasn’t changed her beliefs about the environment, that the globe is indeed in serious trouble and time is running out to heal the damage humans have done. Giving birth — her son is now six — heightened her concerns. But she has taken a more sophisticated approach, the same way big corporations with high-priced staff pay close attention to tax issues.

It’s dull, arcane and often boring, she admits, but “taxes have interesting properties that we can use to our advantage.”



NORMAN GIDNEY

The tax system can be tuned and finessed to achieve positive environmental results. Her seriousness about tax policy has won Morton face-to-face sessions with people such as new federal NDP Leader Jack Layton and the prime minister in waiting, Paul Martin. The head of the Federation of Canadian Municipalities wants to try a tax-shift experiment in his own town of Gatineau, Que. She sat down informally with a group of Victoria city councillors on Thursday.

“We need to create economies that are values-based, not volume-based,” she says.

Enthusiasm for tax-shifting hasn’t reached fever pitch, but the movement is taking some important baby steps. Environmental tax-shifters like Morton are popularizing the issues and building on a growing conviction that the present system doesn’t work.

This year, it seemed to reach the “tipping point,” moving from the domain of policy wonks and obscure enviros to more widespread debate. Morton and the Centre for Integral Economics were written about in the *Globe and Mail* last month, described as “a one-woman fifth column for tax-shifting.”

This month, after plenty of advice from Morton, Winnipeg Mayor Glen Murray unveiled a “New Deal,” a radical restructuring of the municipality’s entire budget, using tax-shifting techniques. The tax load on property and business would be lightened and more revenue would come from consumption-based fees and fines.

Murray would cut city property taxes in half and eliminate its business tax — which together provide almost \$200 million a year — and reduce bus fares by 50 per cent.

On the other hand, he wants a one per cent municipal sales tax on top of the 14 per cent provincial sales tax and federal GST, a five-cent-a-litre gas tax hike, a utility tax on electricity and natural gas and a hotel room tax to pay for tourism promotion. Homeowners would pay \$1 a bag to have their garbage hauled away.

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about making prices tell the truth.”

Higher prices for gasoline, for example, or taxes on SUVs will reflect the true costs of driving big cars. More expensive gas may discourage suburban sprawl.

The Murray agenda gets mixed reviews. Adrienne Batra, Manitoba director of the Canadian Taxpayers Federation, says the public meetings in Winnipeg so far haven’t built much support. “We have some major concerns with it,” she says, chiefly that it’s not “revenue-neutral.” Over-all, Winnipeggers would pay more in taxes.

It’s good that Winnipeg is having the debate about taxes, she adds, but the whole package should be submitted to voters in a referendum.

Victoria economist Bill Tharp likes the Winnipeg tax-shift concept, particularly the shift to user-pay fees for things like garbage collection. But he points out that the city may be unable to shift a big chunk of municipal taxation, the portion that pays for schools. In many cities, this has been steadily growing as a proportion.

The New Deal is big news in Winnipeg. “Everyone’s talking about it,” says Patti Edgar, *Winnipeg Free Press* city hall reporter. A newspaper poll found 27 per cent of Winnipeggers believed it was the most important issue right now. Higher gas taxes and the utility tax are “pretty contentious” among the public, she says.

Morton admits that the main tax-shift levers are in the hands of the provincial and federal governments, which control the big revenue generators. But municipalities are a place to start.

Tax-shifters believe that the tax system is so complicated and unfair that any attempt at overhaul will be popular. B.C. has also been a test bed for tax-shifting, although it’s a modest example. Morton and others spent close to two years with bureaucrats in the ministries of Finance and Environment on proposals for tax-shifting. The legacy was the beehive burner tax, which achieved the desired effect — some of these smoky polluters were closed.

Ireland this year introduced a stiff tax on plastic supermarket bags, equal to 20 cents Cdn apiece, cutting use of the non-recyclable bags by about 90 per cent.

Turning the economy around is going to take time. Morton predicts a series of small victories over the next couple of decades.

The Centre for Integral Economics has been successful in promoting the tax-shift agenda, and in finding the funds to stay in business.

Charitable foundations — mostly the less well-known, non-mainstream organizations — have kept the centre afloat. VanCity Savings credit union’s foundation wrote a \$50,000 cheque to fund core operations.

The centre got a \$20,000 grant from the Wilburforce Foundation of Seattle to do a study last spring for the Raincoast Conservation Society showing the economic benefits of ecotourism from live grizzly bears outweighed those for trophy hunting of dead ones. Consulting fees are a third of the centre’s budget now; it should be half next year.

Working for change takes time, and money. “You don’t change the tax system in somebody’s garage on a tiny budget,” said Morton.

For credibility in the corridors of power, you have to wear the power suit and get “the Hillary Clinton haircut” and know the body language, how to sit and how to talk, in meetings with senior bureaucrats and politicians.

Stability for the little Centre for Integral Economics came this year in the form of an Ashoka fellowship, which essentially pays Morton’s salary for the next three years. Ashoka, founded in the 1980s with a Third World focus, seeks out “social entrepreneurs,” practical visionaries who think like business entrepreneurs but work for system-wide social change.

Morton will be inducted in the Ashoka fellowship Nov. 11 in Seattle, along with Nicole Rycroft of Markets Initiative, the Tofino-based group that persuaded J.K. Rowling and Raincoast Publishing to print the latest Harry Potter on paper not derived from old growth trees.

Morton’s pitch to benefactors, especially the more numerous foundations south of the border, is that Canada can incubate tax-shifting experiments to be transplanted later to the U.S., when the American political climate turns more welcoming.

Morton has worked for several environmental organizations in the last decade, and used a variety of tactics. She once chained herself to an oil drilling exploration vessel in Esquimalt and worked as a Greenpeace organizer and fundraiser.

She was the Green party candidate in Victoria in the 1993 federal election. Young people are afraid of the future, without jobs and facing “environmental atrocities,” she said at one all-candidates’ meeting. She spoke “for people who aren’t even born yet, who are going to inherit the worst of the environmental messes.”

Later, she spent three years in Seattle as communications director of Northwest Environment Watch.

Morton’s current focus on tax issues hasn’t always been popular with former colleagues, some of whom call her a sell-out and “a market zealot.”

Making fees for garbage collection and waste disposal reflect actual costs is a synonym for user pay, the mantra of neo-conservatives everywhere who say if there’s a need or a demand for something, let the free market handle it.

There are ways of protecting people on low incomes, even exempting them from some fees. Morton points out that under the existing tax system poor people already pay disproportionate amounts. The current system isn’t about laissez-faire economics, she says.

“We pick winners every day through our tax system.”

The tax-shift campaign may make for some strange bedfellows, but Morton is doing this for the long term, to achieve far-reaching positive effects.

“This is where the game is,” she says. “The incentives for us to wade in and reclaim the tax system are enormous.”