No fun please, we?re environmentalists [1]

Written by **Sam Bowman** [2] | Sunday 31 October 2010

Just in time for the winter holidays, the government has announced that it plans to hike the Air Passenger Duty by up to 50% [3]. The measure is defended as a revenue-raising ?green? measure, but it fails on both counts. What?s more, it?s the worst kind of tax ? one which directly penalizes fun.

The first defence of the levy is that it will raise revenue for the government. Maybe so ? any form of taxation will do so. But this is the sort of tax that has a strong disincentivizing effect on people?s decisions about where to travel. The levy for European flights is one sixth of that of, say, a flight to the Caribbean. The government already massively taxes air travel, and adding more taxes will simply kill the goose that lays the golden eggs. The Laffer curve applies as much to consumption taxes as to anything else ? tax something too much and revenues will decline as the cost of that activity outweighs the benefits.

The second defence of the levy is that it is ?green?. Again, this is partially true ? if you stop people from doing things that generate CO2, you will marginally reduce the amount of CO2 in the atmosphere. But the Air Passenger Duty is a blunt tool ? it doesn?t differentiation between airplanes of differing CO2 output, and it taxes flights to the Bahamas (4,347 miles from London) more than to Los Angeles (5,448 miles) or Hawai?i (7234 miles). I?m not convinced of the need for any anti-CO2 measures, but even I was, this would be a bad way of going about it.

This duty hike is especially rotten because it taxes one of the most fun things most people have in their lives. Spending months toiling in boring jobs, with even lower-rate taxpayers already forced to pay nearly 40% of it to the government through income tax and VAT, is often only bearable because of the hope of a few weeks away in an exotic country. Certainly, the ministers behind the hike won?t be affected, and like cigarette and alcohol duties this is a regressive tax that will hit the people least able to pay the hardest. Adam Smith once wrote that taxes should be proportionate, nonarbitrary, convenient and low. I?d add one point ? that they don?t try to stamp out fun.

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