

People who live near airports should pay less tax for putting up with noisy flights, says think tank

- **Institute for Economic Affairs says local residents should be compensated**
- **Money generated in and around airports should stay in the local area**
- **Attacks green 'miserabilism' against allowing families to go on holiday**
- **Comes ahead of interim report into airport expansion in the South East**

By [Matt Chorley, Mailonline Political Editor](#)

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People who live near airports should pay less tax for 'tolerating' high levels of noise, a new report suggests.

The Institute of Economic Affairs argues that the area around runways could become 'tax havens' for local residents with public services paid for through taxes on airport operators.

The radical idea emerged ahead of tomorrow's publication of an interim report by Sir Howard Davies into airport expansion in the South East



Noise: People who live near airports should pay less tax as compensation for the disruption caused by flights, the IEA said

The IEA says there must be a ‘more decentralised tax system’ which would ensure that revenue ‘generated at and around an airport stays in the local area’ instead of being taken by the Treasury.

The report adds: ‘The surroundings of large airports could then become “tax havens”’: airports would account for a large share of the local tax revenue, so residents could enjoy both low taxes and excellent local public services/infrastructure.

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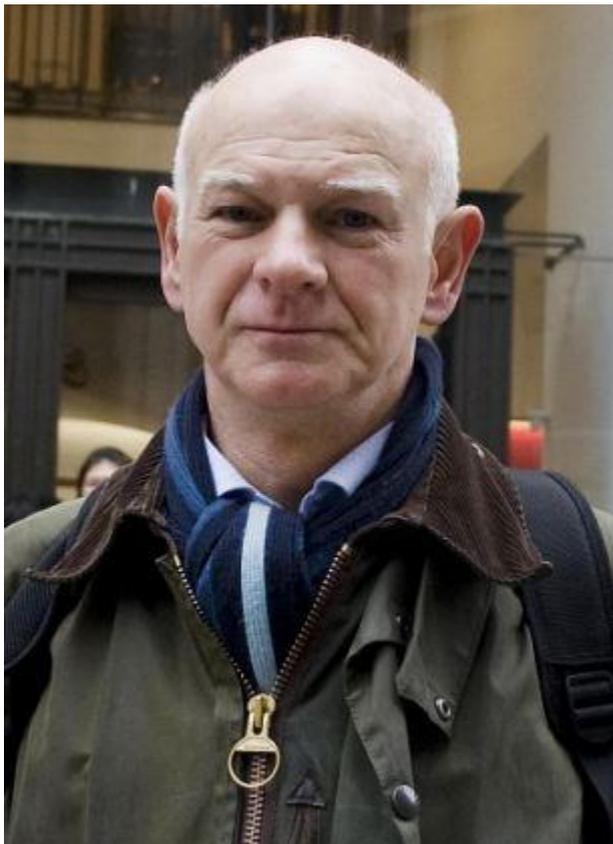
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‘Localism cannot be meaningfully separated from fiscal autonomy at the local level. The local level should have the right to keep most of the locally generated tax revenue.

‘But the logical correlate of that right is that areas which permit a high level of economic activity

are no longer obliged to share their revenue with areas that do not.

‘In a decentralised system, the vicinities of airports would become ‘tax havens’. It is often claimed that high tax rates are the necessary price to pay for high-quality infrastructure and public services, because there is no way to combine ‘Swedish social services with Singaporean tax rates’.



Sir Howard Davies, who is running a commission into airport expansion for the government

‘That claim is wrong. In a localised system, areas with sufficiently high levels of airport activity could achieve precisely that. There is no free lunch, but residents in those areas would ‘pay’ by tolerating high noise levels. That is a near-market solution for economic progress that benefits all sides.’

The Davies Commission is expected to say that new runways at Heathrow, Stansted and Gatwick should all be considered.

But an increase in flights will be viciously opposed by people living nearby.

Before the last election the Tories vowed not to expand Heathrow, with Justine Greening, now the International Development Secretary, leading a campaign against a third runway.

London Mayor Boris Johnson is also opposed to the idea of expanding Heathrow, warning it would be ‘environmentally disastrous and wrong for the country’.

But some senior Conservatives now believe it is the only realistic option to provide the extra capacity needed to attract investment in the UK.

The IEA argues that those in favour of airport expansion also need to make the case for allowing more families to go on holiday.

‘Supporters of airport expansion should stop hiding behind an instrumental defence of aviation, and openly make the case for air travel as a leisure industry, its report adds.

‘They should confront the mindset of ‘Malthusian miserabilism’ which characterises modern environmentalism.

‘Environmentalists have become the latter-day heirs of the Duke of Wellington, who opposed railway travel on the grounds that it would “only encourage the lower classes to move about needlessly”.’

Read more: <http://www.dailymail.co.uk/news/article-2524520/People-live-near-airports-pay-tax-says-think-tank.html#ixzz2ndlVmjXP>

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