



**Association for
Good Government**

INCORPORATING THE AUSTRALIAN
SCHOOL OF SOCIAL SCIENCE



Sekiguchi Global Research Association

関口グローバル研究会

**SUSTAINABLE SHARED
GROWTH SEMINAR #24**
**Progress without Poverty of
People and Nature**



Theme: Progress without Poverty of People and Nature: The Role of Land Value Taxes
Hosted by: Association for Good Government and Sekiguchi Global Research Association (SGRA)

Date: Sept 23, 2017 (Saturday)

Venue: Sydney Mechanics School of Arts, Australia (see details below)

Background: It was in discussions with Mr. Joffre Balce, leading to his brief presentation in the 20th Sustainable Shared Growth (a.k.a. KKK) Seminar, from which the land value tax has been added to the KKK short list. Mr. Balce is the Secretary of the Association for Good Government, based in Australia, which advocates the political economic policies of Henry George, a 19th-century American economist. One of the major advocacies of Henry George is the land value tax. This seminar will be held at an auspicious time and place. The seminar coincides with the month of the foundation of the Association for Good Government, founded in September 1901. The seminar is going to be held in Australia where land taxation is practiced in the form of municipal fees, a remnant of its Georgist days when Australia and New Zealand had the highest per capita incomes at the turn of the 20th CE.



"Men like Henry George are rare, unfortunately. One cannot imagine a more beautiful combination of intellectual keenness, artistic form, and fervent love of justice."
 —Albert Einstein

Program

- **1st Speaker : “Social Philosophy of Henry George” by Mr. Richard Giles;**
- **2nd Speaker: “Land Value Taxation: A Survey of the Theory, Evidence and Practice.” by Mr. Joffre Balce (on behalf of Max Maquito) ;**
- **3rd Speaker: “Actual Benefits of Land Value Taxation in the Philippines” by EnP. Grace Sapuay;**
- **4th Speaker: “Why Anti-Poverty is Not Enough: The Relevance of Georgist Reforms in Developing Countries.” by Mr. Joffre Balce**
- **5th Speaker: “Reconciling Indigenous Rights to Land and Resources with Georgism” by Dr. Yogeswaram Subramaniam**

Seminar Overview by Mr. Joffre Balce

Firstly, it was an honour and privilege to host the 24th SGRA Seminar with the theme “Progress and Poverty of People and Nature” on the 116th Anniversary of the Association for Good Government’s founding in 1901. It was our very first international event that hosted presentations from different countries of Asia and the Pacific. Experts shared insights that challenged mainstream ideas and modes of thought. They engaged in lively discussions and, at times, impassioned debates with participants from the student, academe, professionals and political sectors.

Opening the conference was the Secretary of the Association, Joffre Balce, who presided over the event, explaining the origins and history of the relationship between the Association and SGRA by a re-establishment of ties between myself and Max Maquito as colleagues at the University of Asia and the Pacific back in the mid 1980s, a visit to the Atsumi Foundation in Tokyo in 2015 and participation and an observer and discussant at the Fourth Asian Futures Conference in Kitakyushu, Japan the following year. Because of the consistency of the teachings of Henry George on (1) social justice as essential to economic progress without poverty, (2) democracy as equality in rights and the mutual respect for the self-determination of the individuals and (3) the enhancement of the commons with the three themes of *kouritsu* (efficiency), *kouhei* (equity) and *kanyou* (environment). To honour both organisations, the thematic title of the conference was Progress Without Poverty of People and of Nature.

- The first speaker to set the framework for the day’s discussion was the President of the Association, Richard Giles, who previously had been the Secretary for over a quarter of a Century. His topic was the “Social Philosophy of Henry George” which discussed with great care the principle of equality of rights that upheld the sanctity of the individual as opposed to joint rights that subordinated individual rights to the consensus of the majority. It was at this crossroads where progress results in universal prosperity or a disparity between the wealthy and abject poverty. What is to be shared by society are two things: the resources that nature so abundantly provided for free as all creatures neither own nor require permission to apply their labour for their sustenance and the value generated by the cooperation in society. In sum, they are economic rents.that can be the single

source, the common wealth of a nation, which can be valued and contained by site revenue of “the single tax.” Henry George’s policy prescription method is technically not even a tax, considering it respects the workers rights to the exclusive use and enjoyments to the fruits of his labour.

Joffre Balce presented on behalf of Max Maquito on “Land Value Taxation: A Survey of the Theory, Evidence and Practice.” Essentially, he presented a review of the book edited by Richard F. Dye and Richard W. England (D&E) and published by the Lincoln Land Institute in 2009. Participants shared Dr. Maquito’s conclusions that the One element is the concept of revenue-neutrality, which would absolutely deflect D&E’s worries about a tax relief, designed to fix the regressiveness of an LVT scheme, thus diverting resources from welfare programs. By definition, such diversion of resources would be impossible when tax revenues are the same before and after the implementation of the tax reform. The other is Henry George’s concept of a single tax, which actually could be viewed as a higher level of revenue-neutrality. It espouses the sufficiency for requirements of the government; hence, a country could actually eliminate all other taxes. Lastly, participants also shared the lament over powerful vested interests that obstruct a more lively research and exploration of the LVT.

EnP. Grace Sapuay, with the able assistance of her husband, Engr. Samuel Sapuay, presented “Actual Benefits of Land Value Taxation in the Philippines.” It discussed the historical background of Metro Manila, land taxation as understood and applied in the Philippines and case studies of Quezon City and Marikina City. Participants, while very sympathetic to the social problems of the Philippines, were constructive in their comments of the confusion of the myriad taxes and the misunderstanding of Filipino legislators over land value taxation as strong reasons for the social inequity that arises in the Philippines. Engr. Grace Sapuay acknowledged the feedback and both she and her husband were more than happy to be further educated by the Association on the mechanisms of LVT as site rent or ground rents as the basis of the single tax.

After a lunch break, the seminar continued with Joffre Balce, Association Secretary, presenting “Why Anti-Poverty is Not Enough: The Relevance of Georgist Reforms in Developing Countries.” Essentially, it was a critique of the failure of aid in poverty

relief, the neoclassical, neo-Keynesian and modern monetary theorist models as well as the notion of taxation as the legitimate act of government collecting its “fair share” of people’s economic activities and property values. His recommendations for reforms embarked by those Henry George inspired: Adolf Damaschke of the *Bodenreform* (land reform) movement of Germany that was essentially tax-based; Silvio Gessel who recommended the policy prescription of seigniorage by the local government of Worgl, Austria that successfully them from the agonies of the depression of the early 1930s; and Dr. Sun Yat-Sen who led the democratic revolution of China and prescribed sweeping economic reforms based on Georgist principles.

The last presenter was Dr. Yogeswaram Subramaniam from the Faculty of Law of the University of Malaysia in Kuala Lumpur. “Reconciling Indigenous Rights to Land and Resources with Georgism” is pioneering work because it was an attempt to apply the teachings of Henry George in the legal profession and on indigenous rights in particular. Dr. Subramaniam gave an excellent history of indigenous people’s law and the support Henry George gave to the native indigenous Americans. There was a general acceptance of the presentation’s conclusions as to the relevance of Georgism and vast potential for further research. However, there were heated debates over the understanding of equality in rights and joint rights in the treatment of indigenous land rights. Another interesting discussion was on aspects of historical justice but a common agreement that land rights are not hereditary, that equality in rights to the land and the bounties of nature was equal.

The conference ended with much appreciation from the participants as well as the presenters and everyone reiterated their gratitude to the Association for Good Government, the Atsumi Foundation and SGRA Philippines for organizing the seminar in hopes for a more fruitful partnership to come.

Seminar Overview (Japanese Version) by SGRA Chief Representative Junko Imanishi and Dr. Max Maquito

◆マックス・マキト「マニラ・レポート2017年秋：第24回持続可能な共有型成長セミナーinシドニー『人や自然を貧くしない進歩：地価税や経済地代の役割』報告」

2017年9月23日（月）、SGRAフィリピンが主催する24回目の持続可能な共有型成長セミナーがオーストラリアのシドニー市で開催された。このセミナーの目標が効率・公平・環境なので、ローマ字の頭文字をとってKKKセミナーとも呼ばれている。日本語だけでなく、フィリピン語でも頭文字がKKKとなる。2004年3月にマニラ市で開催した第1回セミナー以来、年2回のペースで実施してきたが、今後は、フィリピン大学ロスバニョス校の協力を得て、より頻繁に開催する予定である。

KKKセミナーの実行委員のひとりで、オーストラリアに本部を置く「良き政府協会」の総書記のジョッフレ・バルセ氏（Joffre_Balce）の提案により、今回の第24回セミナーは初めてフィリピンの外で開催された。テーマはバルセ氏が第20回KKKセミナーで発表した「地価税」であった。本セミナーの共同主催者である「良き政府協会」は19世紀米国の政治経済学者のヘンリー・ジョージ(Henry_George)の政治経済政策を提唱している。その重要な議論の1つが地価税である。今回のセミナーの開催地及び日時は、特別の意味があった。9月は1901年に設立された良き政府協会の設立月にあたり、開催地は地価税が課税される国である。

下記はバルセ氏からの報告である。

このたび、1901年に設立された良き政府協会(Association_for_Good_Government、略してAFGG)の116周年に当たって「人や自然を貧くしない進歩」というテーマで第24回SGRA持続可能な共有型成長セミナーを共同主催させて頂いて光栄です。

私どもの協会は様々なイベントを数多く開催してきましたが、このように、太平洋の国々から発表者を招いたセミナーは初めてでした。このセミナーの発表者たちは、今の世界で主流となっている考えを批判する私の同僚の主張に共鳴してくださいました。そして、学術や政治や民間など様々な立場からの参加者と活発な議論を繰り広げ、いくつかの争点は冷静な討論に取り込まれました。

司会を務めたジョッフレ・バルセは、マックス・マキト氏の1980年代のフィリピン太平洋大学の同僚で、最近日本で再会の機会に恵まれました。2015年には東京の渥美国際交流財団を訪問し、その翌年に北九州で開催された第4回アジア未来会議に参加しました。このような交流は、ヘンリー・ジョージ氏の次のような3つの教えが、SGRAフィリピンが掲げている効率・公平・環境と整合性があるから実現しました。3つの教えとは（1）貧困なき経済進歩にとって社会正義が不可欠、（2）個人の自己決定の尊重や権利の平等性からなる民主主義、（3）

コモンズ（共有資源）の強調、です。AFGGとSGRAの理念に敬意を表して、本セミナーは「人や自然を貧しくしない進歩」というテーマで開催されました。

最初の発表者は、AFGG会長で、25年間事務局長を務めたリチャード・ガイルズ氏(Richard_Giles)で、当日の議論の枠組みを設定しました。「ヘンリー・ジョージの社会的哲学」という演題で、個人の権利は大多数の合意に従わせる共同権利ではなく、個人の尊さを支持するものであるという権利平等の原理を丁寧に説明しました。この2つの権利の十字路において、人類の進歩発展が貧富の格差を生み出すか普遍的な繁栄がもたらされるかが決まります。社会で共有されるものは2つあります。1つは、無料で誰にも所有されず、生きるために自由に使える、自然界から豊富に提供された資源です。もう1つは、社会における協力が生み出す価値であります。そして、それが国の価値の唯一の源で、共有する富で、「単一税」の対象になるのです。ヘンリー・ジョージの政策提案は、労働者が自分の稼ぎの使用に特権を尊重するという意味で税金でもない。

次に、マキト氏に代わって、バルセが「地価税：理論や実証のサーベイ」を発表しました。これはリチャード・F・ダイ (Richard_F.Dye)やリチャード・W・イングランド (Richard_W.England)が編集し、2009年に出版した本のレビューでした。参加者はマキト氏の2つの結論に同感しました。1つは、税収の中立性という概念は、地価税の逆進性が福祉予算を減らすというイングランドの懸念を完全に払拭したことです。定義された通り、税金収入の中立性は税金の導入前の税金収入やその後の収入が等しくならないといけなないので、そのような予算削減が不可能である。もう1つは、ヘンリー・ジョージの単一税という概念はより高度な収入の中立性としても考えられ、他の税金を無くしても政府の予算が足りなくならないことを意味しているということです。参加者は、既得権益が地価税の活発な研究や検討を妨げているという嘆きに同情的でした。

夫のサムエル・サプアイ氏 (Sam Sapuay)の手伝いを受けながらグレース・サプアイ氏 (EnP.Grace_Sapuay)は「フィリピンにおける地価税の実際の便益」について発表し、ケソン市やマリキナ市の事例を紹介しながら、フィリピンのマニラ都における地価税の理解と実施の歴史的背景を議論しました。参加者はフィリピン社会の問題に大変同情的でありながら、数多くの税金や地価税に対するフィリピン立法者の誤解は社会的格差を生み出す重要な原因と指摘しました。サプアイ氏はその指摘を認め、AFGGの地価税のメカニズムについて、これから夫と共にさらに学びたいと答えました。

ランチを挟んで、バルセが「なぜ貧困反対が十分ではないのか:ジョージ流の改革の発展途上国との関連性」について発表しました。主な論点は、貧困緩和における政府援助の失敗、新古典派、新ケインズ派、近代金融論の欠点、そして、国民の経済活動と地価から政府の「当然な分」の獲得の正当性に対する批判でした。ヘンリー・ジョージが提案する改革は、すでに次のような

事例があります。ドイツのアドルフ・ダマスクク (Adolf Damaschke) による税制を中心とした土地改革、1930年代の世界大不況からオーストリアを救ったシルビオ・ゲゼル (Silvio Gessel) が提案したシニョリッジ政策 (通貨発行益)、そして中国の近代革命を率いた孫文が提案したジョージ流の土地改革です。

最後の発表者はクアラルンプールにあるマレイシア大学法学部のヨギースワラム・スブラマニウム氏 (Dr. Yogeswaram_Subramaniam) でした。「先住の土地権利をジョージ主義に調和させる」と題する発表は法律の分野、特に先住の権利に、ヘンリー・ジョージの教えを適用する先駆的な試みでした。彼は先住民の法律の素晴らしい歴史とアメリカの先住民に対する支援について語りました。参加者はジョージ主義の妥当性とこれからの研究可能性に関して発表の結論を概ねに受け入れました。ただ、先住土地権利の扱いにおける権利平等性や共同権利の意味について激した議論もありました。土地の権利は遺伝的ではなく平等であるという歴史的正義についても面白い議論がありました。

今回のセミナーの発表者および参加者は、1人残らずセミナーの主催者のAFGGとSGRAに感謝し、今後の協力を期待しています。

PRESENTATION 1**“Social Philosophy of Henry George” by Mr. Richard Giles**

The social philosophy of Henry George touches on the following points:

1. The tendency of natural law is beneficent, but the same time it is also true that a society will never exist harmoniously and will eventually collapse if the natural laws that govern it are unheeded
2. Equality and association represent the moral and physical aspects, respectively, of natural law.
3. Association could lead to spontaneous cooperation that results in the division of labour, from which evolves certain sites having special advantages for production
4. Those who use this special land have two advantages: producing more than others for the same effort; and holding something (here a location) which others do not have. This results in an unequal relationship of the members of society to the earth. Society will never work happily and harmoniously while association is unequal.
5. There is a natural right to use of land, which is a human right we hold by our existence, and is anterior and superior to government. Since this right is shared with others, it should be limited but in a fair way. The question then is: how to do this?
6. Henry George's discovered the answer lies in the law of rent, which provides the bridge between association and equality. This leads him to the concept of the “single tax”, which is considered to be the only ethical form of public revenue

**Mr. Richard Giles**

Richard Giles is the President of the association for Good Government. He was its Secretary for almost three decades from 1988 and concurrent past editor of its journal Good Government starting in 1980 as well as former editor of the Georgist Quarterly. He has written and edited numerous books and articles on historical and social issues for a number of leading Australian and international publishers. Prior to joining the Georgist movement, he was a history master in Catholic schools and has a Bachelor of Arts and a Diploma in Education.

PRESENTATION 2

“Land Value Taxation: A Survey of the Theory, Evidence and Practice.” by Mr. Joffre Balce (on behalf of Max Maquito)

This is essentially a review of the book “Land Value Taxation: Theory, Evidence, and Practice” edited by Richard F. Dye and Richard W. England (D&E), published by the Lincoln Institute of Land Policy in 2009. The following are some of the main points of this presentation.

1. D&E recognizes the lack of a deadweight loss, which is a source of inefficiency, in the case of the Land Value Tax (LVT), due to the relatively fixed supply of land. In short, an LVT is non-distortionary, as far as the market for land is concerned.
2. D&E introduces another definition of “non-distortionary”, namely, revenue neutrality of tax reform. This is based on the idea that a property tax consists of two components: a land value tax and a property improvement tax. Revenue neutrality in a tax reform could be achieved by increasing the land value tax while decreasing the property improvement tax such that the total property tax revenue does not change.
3. D&E cites two definitions of equity
 - a. Inter-income equity, which is equity across income brackets. An LVT-based tax reform program that is progressive is equitable
 - b. Inter-tax equity, which is equity across different types of tax. An LVT is more equitable vis-à-vis income-based taxes (e.g., income tax, corporate profit tax) since an LVT is tax on unearned income
4. D&E puts more emphasis on inter-income equity
5. D&E cites the theoretical effects on urban sprawl of a revenue-neutral shifting to a split-rate tax from a uniform property tax, which lead to a reduction of urban sprawl
 - a. Households consume less housing due to the higher price of housing, hence, less land is needed for a fixed population
 - b. Encourages improvements per land area, hence, increasing population density for a fixed population
6. This makes the LVT environmentally-friendly, an aspect which D&E does not emphasize

Mr. Joffre Balce is Secretary, Association for Good Government, a 116 Year old knowledge resource institution for a political economy based on equal rights and the self-determination of the individual. Has 35 years experience working in management, staff and advisory functions in the government, corporate, civil society and academic sectors of the Philippines and Australia. PhD (Cand.) in Law from the University of New South Wales, MSc Industrial Economics from the University of Asia and the Pacific and an AB Interdisciplinary Studies from the Ateneo De Manila University.

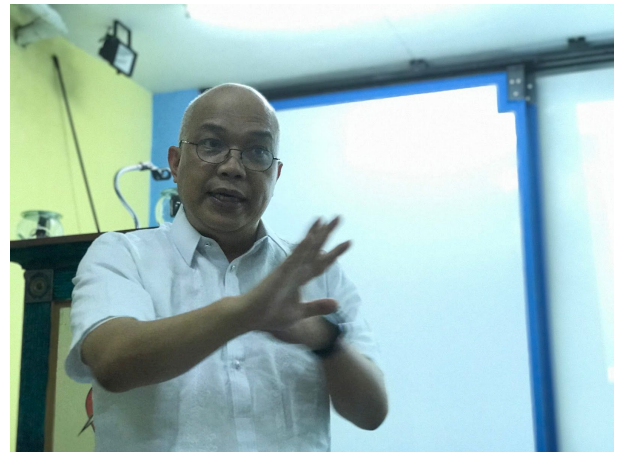
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Max Maquito, Ph.D.

Dr. Maquito is a former recipient of the Atsumi International Scholar Foundation (AISF). In addition to the Monbuscho Scholarship, the AISF scholarship enabled him to finish his Ph.D. in Economics at the University of Tokyo in 1996. His research and advocacy is on shared growth, which is based on his ongoing study of Japan's development experience. He is currently a faculty member at the Institute for Good Governance and Rural Development of the College of Public Affairs and Development, University of the Philippines Los Baños

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PRESENTATION 3

“Actual Benefits of Land Value Taxation in the Philippines” by EnP. Grace Sapuay, assisted by Eng’r. Sam Sapuay

This presentation starts with an introduction of Metro Manila, which is composed of 16 cities and one town, administered by the Metro Manila Development Authority, is also known as the National Capital Region, and is located in the heart of Luzon Island. After which, the presentation describes the evolution of taxes in the Philippines, starting from the Spanish colonization, the American colonization, up to the present as an independent sovereign. Real property taxes were introduced in the Philippines during the American colonization. The land value tax is included in the real property tax. President Corazon Aquino ordered local government units to levy real property taxes as part of the government’s decentralization thrust that started in the early 1990s. The real property tax is administered at both the national and local levels. At the local level, there are two forms of real property taxes that serve the functions of land value tax: the idle tax, which is an additional levy on the assessed value of all lands classified as idle at the rate of not exceeding 5% per annum; and the special levy, which is an imposition on lands benefited by public works projects that are financed by the local government, and should not exceed 60% of the actual cost of the project and be apportioned among concerned landowners based on a formula to be established by the Local Legislative Council. Both taxes, however, are optional.

Two specific cases of taxation were given for two cities in Metro Manila: Quezon City and Marikina City. Both cities impose an idle tax of 2.5%, but not the special levy.

Grace Penaflor Sapuay, EnP

Mrs. Grace P. Sapuay holds a Bachelor of Science degree (major in Marine Science) from the University of the Philippines, Diliman (1983). She finished her Master of Science degree in Fisheries major in Fishery Biology at the University of the Philippines in the Visayas in 1987. In 1988 she was awarded a Monbusho Scholarship by the Japanese Government’s Ministry of Education (Monbusho) and pursued a Master’s Degree in Fisheries specializing in fishery resources from Kagoshima University, Kagoshima City, Japan. In April, 2013, she graduated with a postgraduate



Diploma in Urban and Regional Planning degree, wherein she received a Dean's Medallion Award for academic excellence. She was also awarded a membership in the Pi Gamma Mu International Honor Society in the Social Sciences. She is a Professional Regulations Commission licensed Environmental Planner; President of the Solid Waste Management Association of the Philippines
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Engr. Samuel E. Sapuay, a Philippine licensed Civil Engineer and Environmental Planner, graduated from the University of the Philippines with BS Civil Engineering degree (1985), and has double Masters Degrees in Civil Engineering (major in Coastal Engineering) from Kumamoto University, Japan (1990) and Environmental Engineering from Stevens Institute of Technology, USA (1995). Engr. Sapuay primarily works as international consultant in foreign funded projects in the fields of civil/environmental engineering, water and sanitation, solid waste management, infrastructure planning and construction management. Aside from his professional employment and consultancy experiences in the Philippines and United States, he has worked in countries such as Azerbaijan, Bangladesh, Cambodia, China, Georgia, India, Kyrgyzstan, Laos, Mongolia, Mozambique, Serbia, Tajikistan, Tonga, Turkey, and Vietnam, funded by ADB, IBRD-WB, EBRD, JICA, AFD, EIB, and MCC.
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PRESENTATION 4

“Why Anti-Poverty is Not Enough: The Relevance of Georgist Reforms in Developing Countries.” by Mr. Joffre Balce

This presentation starts with the observation of the Philippines as the fastest growing economy in Asia, but with one of the worse poverty performance compared to other ASEAN countries. While there has been improvements in anti-poverty measures such as the conditional cash transfer for education of the poor, and distribution of lands under the agrarian land reform program, the problem of poverty in the Philippines is considered to go much deeper. Corruption is positively correlated with poverty. The shift of mainstream economic thinking from classical to neoclassical has made rents (unearned incomes), especially from land, invisible. Citizens are taxed twice. Money is created from a growing mountain of debt. Land becomes collateral as the basis of credit extension and money creation. Land value taxation could contribute to equality.

Mr. Joffre Balce is Secretary, Association for Good Government, a 116 Year old knowledge resource institution for a political economy based on equal rights and the self-determination of the individual. Has 35 years experience working in management, staff and advisory functions in the government, corporate, civil society and academic sectors of the Philippines and Australia. PhD (Cand.) in Law from the University of New South Wales, MSc Industrial Economics from the University of Asia and the Pacific and an AB Interdisciplinary Studies from the Ateneo De Manila University.

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PRESENTATION 5

“Reconciling Indigenous Rights to Land and Resources with Georgism” by Dr. Yogeswaram Subramaniam

Henry George’s proposed a solution to poverty by achieving equality and social justice through correcting notions of private ownership in land.

His resolution lay in according exclusive rights to the fruits of one’s labours but equality in rights to what nature has provided for free – the land, defined as the location and the use of its natural resources.

Unearned increments in location values, and increments generated by the cooperation of human society that adds benefits to the location, must be taxed and equitably applied to the society that generated it.

Over the past fifty years, there have been significant advances in Indigenous rights, including land and resource rights (Anaya, 2004)

International developments - the ILO Conventions, International documents on International human rights treaties (eg. ICCPR, ICESCR, ICERD, CRC) and the 2007 United Nations Declaration on Indigenous Rights (UNDRIP)

Domestic developments (e.g., Mabo (1992), Native Title Act 1993, earlier state aboriginal land rights legislation in Australia)

Trend of developments – From assimilation and integration towards internal self-determination and collective rights

Indigenous rights are internationally entrenched but the scope and extent of such rights vary in each State

Consistent with prevailing contemporary Western perceptions on Indigenous communities during the 19th century and the lack of recognition for Indigenous rights, Henry George was silent about the situation of Indigenous peoples and their lands and resources

However, his principles clearly suggest that first peoples have no special rights compared to other human beings by virtue of having “priority of occupation” (Progress and Poverty [1931 reprint] (“P and P”), 244; The Condition of Labor—An Open Letter to Pope Leo XIII (1891, 2)

There are also arguments that single tax threatens or conflicts with the preservation of underdeveloped land (Day (2005))

For a contemporary application of Georgist philosophy in the context of Indigenous rights, it would be helpful to appreciate the basis and concept of Indigenous rights

Dr. Yogeswaram Subramaniam. Academic and legal advocate for the Orang Asli, the

indigenous people in Malaysia. Published and worked on projects on:

Democracy and Human Rights in Malaysia and Indonesia;

Strategic Litigation Impacts for Indigenous peoples land rights;

Malaysian Federal Government Task Force on the Suhakam Report on the National Inquiry into the Land Rights of Indigenous Peoples. Research Associate. Center for Malaysian Indigenous Studies. Advocate and Solicitor, Messrs Anantha Krishnan, Advocates and Solicitors. PhD in Law, University of New South Wales; LI.M. University of Malaya; MBA, University of Southern Queensland; CLP, University of Malaya; LI.B. University of London

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THE SOCIAL PHILOSOPHY OF HENRY GEORGE

by
RICHARD GILES

It hardly seems the time to talk of social philosophy at this time of the morning. However, you will be pleased to know that the social philosophy of Henry George is essentially simple. The reason is that it is a deductive science from a very simple ethical proposition. You notice I did not say a proposition about tax. But, first, what is social philosophy? Let us say that social philosophy is an exploration of the nature and direction of society.

A. NATURAL LAW

What for George is the nature of society?

There is an old saying that man proposes but God disposes. George formulates the same idea in *The Science of Political Economy*. It is true he says that man has Will but this will “can only affect external nature by taking advantage of natural laws, which in the very name we give them carry the implication of a higher and more constant will” (p.444). Thus, our happiness is constrained by the nature of the world that we live in. It is a world of natural laws that are both moral and physical. We cannot alter these laws. We can, as George says, only act by “taking advantage of natural laws”. This we do by understanding and conforming to them.

A bridge will collapse or an aeroplane fall from the sky if the natural laws that govern it are not known, ignored or neglected. And, while George believes the tendency of natural law to be beneficent, at the same time it is also true that a society will never exist harmoniously and will eventually collapse if the natural laws that govern it are unheeded.

Association

Towards the end of *Progress and Poverty* (p.508) Henry George points to the natural law by which society may progress. This law is association in equality.

We immediately see two parts to this law: equality and association. They represent the two aspects of natural law, the moral and the physical.

Let us take association first. By nature we are social animals. We associate or co-operate. We may think of that co-operation as being co-opted or ordered about as in an army or in a factory. However, George points to another form of co-operation that is

natural or spontaneous. We might describe this co-operation as that which comes from seeing and supplying a need. George argues this is the more powerful form of co-operation. In fact, broadly speaking, this is what the economy is.

This spontaneous co-operation is always evolving into an ever more intricate network. From this closer co-operation comes a quite amazing increase in productivity. Here we have a law of nature. It is called in political economy the division of labour.

To obtain this greater (and cheaper) productivity population must be concentrated. And this really means that how much and how cheaply you produce is very much the result of where you are. Are you close to or far from these concentrations of population?

That is, as population grows taking advantage of the division of labour and of improvements derived from it, certain sites begin to have special advantages for production. All this happens without the interpolation of government. Without getting into technicalities what we have here is another law of nature. In political economy it is called the law of rent.

B. THE RIGHT TO USE THE EARTH

Those who use this special land have two advantages. First, they produce more than others for the same effort. Second they hold something (here a location) which others do not have. We then see that, left as it is, the relationship of the members of society to the earth is unequal. Put another way, society viewed from its physical aspect is incomplete. Society will never work happily and harmoniously while association is unequal. There is a problem here. We can call this problem the land question. It is an ethical problem. And it is a problem to which Henry George devoted much of his life.

Equality

We have now come to the second concept in that law of progress (progress in association). This is equality.

For George there is a natural right to use land - and by land George means the planet we live on. This right is not an institutional right for which we must be eligible. The right to use land is a human right we hold by our existence. It is a right anterior and superior to government.

This right, being anterior and superior to government, the problem for the philosopher and for government is to understand and to take advantage of this natural law of rent by which this equality in the use of land can be brought about.

First, because this right to use land is a right we share with others the right must become limited. However, the limitation to this right must be just. The limitation will be just if it does two things: the limitation to the right must preserve that right of use and it must ensure that it is equal.

The actual limitations we employ will vary with how we are using the earth but the constant will be the preservation and the equality of the right.

The Law of Rent

As George discovered the answer lies in the law of rent. It provides the bridge between association and equality. That law tells us that, notwithstanding the unequal result, each has made the same effort. Thus, part of the ethical answer must be that the same effort brings the same reward.

The law of rent also tells us that the differing results of this effort come from the different locations of the effort.

The more fortunate individuals receive greater assistance from other producers or from natural advantages such as more abundant soil or resources.

Since the earth is a gift no one should be allowed to obtain a greater reward than another by using it. The same thing may be said about the advantage of being in proximity to greater assistance from others. The individual should not obtain a greater reward than another by being in greater proximity to that assistance.

Some way or another, then, the advantages enjoyed by those who are privileged by having special advantages must be taken away.

This cannot be done physically. But there is a market in land. And the market itself sets a value for those special advantages. If the holder of special advantages pays for them he is in that way made equal to someone who holds land with no special advantages and who pays nothing. In this way the value of all land to the holder is reduced to the marginal land where the advantages are least.

Now what we have is a stream of revenue called land value. But since the special advantages to land are external to it, the recipient of this land value must be that which caused it.

It is clear that the advantages (and indeed any disadvantages) external to a site come either from the community or from nature. As for natural advantages, as already said, the earth is a gift and no one should be able to get a special advantage from using it. As for social advantages such advantages come directly from the presence and activities of the community at large which is justly entitled to their value.

To George this is the only ethical form of public revenue and thus the only form of revenue to which the community is entitled. And thus he comes to what we know as 'the single tax'.

What George has done is to 'take advantage' of a law of nature, the law of rent, and to bring it into harmony with ethical law. In so doing Henry George solves the most serious and intractable problem of society, the unequal possession of land.

C. THE IMPLICATIONS OF GEORGE'S SOCIAL PHILOSOPHY

The ethical treatment of the law of rent and the general application of equal rights is so

rich in their social implications that in the short time left only their very outlines can be sketched.

Freedom

For George's philosophy extends beyond the land question. A just limitation to rights to produce an equal right allows to us the greatest measure of freedom that we may attain in society. It is one of George's great achievements to point this out. In *Progress and Poverty* he writes "For Liberty means Justice, and Justice is the natural law – the law of health and symmetry and strength, of fraternity and co-operation" (p.546).

Liberty comes from Justice. It is the only form of freedom we can enjoy in society. Put another way justice, that is, equal rights, is itself freedom.

And here we might add that the equal right to use land itself is essential to freedom of movement and, thus, to freedom of assembly.

Poverty

The great social problem that started George upon his quest was his observation of the failure of astounding material progress to eliminate poverty. The root cause of poverty and indeed of oppression lay in the failure to resolve the unequal possession of land.

This failure then led on to a host of other social problems. Poverty cannot be removed by the institution of private property in land. George in *The Perplexed Philosopher* (p.2) approvingly quotes Herbert Spencer on this point from his work *Social Statics* Ch. XI.

"Equity, therefore, does not permit private property in land. For if one portion of the earth's surface may justly become the possession of an individual ... then other portions of the earth's surface may be so held; and eventually the whole of the earth's surface may be so held; and our planet may thus lapse into private hands" (author's emphasis).

Neither can poverty be resolved by charity. Charity is not the answer. As George tells Pope Leo XIII in his Open Letter called *The Condition of Labour* "Charity is indeed a noble and beautiful virtue ... But charity must be built on justice. [Charity] cannot supercede justice" (p.92).

While governments and philanthropic organisations regarded poverty as a want of material goods, in George's view poverty was essentially a poverty of rights. Poverty was the unequal right to land. Like a mirage it would disappear in the presence of the right to land.

The Future Direction of Society

As we have already seen the progress towards which mankind tends is by the increasing power of association. That increasing power of association must enlarge rent in relation to wages. Held by the community this enlarging revenue will provide common services and much else that is useful to the personal development of its citizens.

George's teaching is this gospel of hope not a litany of complaints. That marks off George's social philosophy from Marxism and other forms of collectivism. As George perceptively says Marxism is not a theory; it is one of several "political schemes ... promulgated after the manner of political platforms" (p.197, *The Science of Political Economy*).

Nonetheless, as at the very end of *Progress and Poverty* (Bk X, Ch.4), this philosophy must necessarily have something to say about a society that fails to adapt natural laws to some ethical object. However, that subject must wait for another time.

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