

## Global Social Justice and Taxation

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### *Abstract*

The question of whether there are global duties of distributive justice find an affirmative answer from those political philosophers who may be called “global egalitarians.” One striking feature of global egalitarians is that they tend to refuse the moral significance of boundaries and lay stress on the arbitrariness of the distribution of natural resources on the earth. The idea of arbitrary distribution of natural resources also constitutes the basis for Thomas Pogge’s proposal of a global resource tax for redistribution of wealth and resources. He maintains that each nation should pay a proportional tax on the natural resources such as oil, coal, etc. it extracts from the earth—he also holds that the same tax might cover reusable resources like agricultural land, water and so on, that is, basic needs of the global poor can be met by funds obtained through global resources tax for him. But Pogge’s proposal faces serious difficulties as it is biased against natural resource-wise rich countries while exempting some rich countries from the tax burden just because they do not have significant natural resources. In addition, imposing a tax on agricultural products of a developing country the well-being of whose economy heavily depends on the cultivation of agricultural products like tobacco, coffee and cocoa would very likely increase the number of the global poor, which is already high. Pogge’s global resource tax proposal is not only impractical but also unjust. By suggesting that the global resource tax should target the extraction of nonrenewable resources liable to run out within a short period of time, his proposal implies the protection of the interests of future globally worst-off at the expense of the present globally worst-off, whose survival depends on the extraction of non renewable resources. Moreover, on Pogge’s proposal, it is indeterminate whether the country would get back what it gave as a tax or to which countries among the poor the priority in a possible redistribution is to be given. Instead of global resource tax, I shall argue for the progressive taxation of national income of each country on the ground that there is no compelling argument for us to accept initial acquisition of property in the state of nature as just without giving due consideration to the rights of later generations and that each person has an equal right to natural resources.

**Keywords:** Justice, globalization, taxation, Pogge, property.

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## Öz

“Küresel eşitlikçiler” olarak adlandırılabilir bazı siyaset felsefecileri bölüşüm adaletinin küresel yükümlülükleri olup olmadığı sorusuna olumlu yanıt vermektedirler. Küresel eşitlikçilerin göze çarpan özelliklerinden biri onların ülke sınırlarının ahlaki bir önemi olduğu düşüncesini reddetme eğiliminde olmaları ve doğal kaynakların yeryüzündeki dağılımının gelişigüzel olduğu düşüncesini benimsemeleridir. Doğal kaynakların dağılımının gelişigüzel olduğu düşüncesi Thomas Pogge’nin zenginlik ve kaynakların yeniden bölüşümüne yönelik olarak önerdiği küresel kaynak vergisi önerisinin de temelini oluşturmaktadır. O her ulusun yeryüzünden elde ettiği petrol, kömür gibi her doğal kaynak üzerinden o kaynağın çıkarım miktarıyla orantılı bir vergi ödemesi gerektiğini iddia etmektedir—Pogge, bu verginin toprak, su gibi yeniden kullanılabilen kaynakları da kapsayabileceğini ifade etmektedir. Yani, küresel yoksulların temel ihtiyaçları küresel kaynak vergisinden sağlanan gelirden karşılanacaktır. Fakat Pogge’nin önerisi ciddi zorluklarla karşı karşıyadır çünkü bu öneri doğal kaynak açısından zengin ülkelere karşı önyargılıyken, bazı zengin ülkeleri, önemli bir doğal kaynağa sahip olmadıklarından hareketle vergi kapsamı dışında bırakmaktadır. Buna ek olarak, ekonomik gönenci tütün, kahve ve kakao gibi bir tarımsal ürünü üretmesine bağlı olan bir gelişmekte olan ülkeden bu ürünlerin miktarıyla orantılı bir vergi talep etmek zaten yüksek olan küresel yoksul sayısını muhtemelen daha da artıracaktır. Pogge’nin küresel kaynak vergisi önerisi gerçekçi olmamasının yanında adil olmayan sonuçlar doğurabilecek bir öneridir. Yenilenemez kaynakların vergilendirilmesini önermekle o, gelecekte en kötü durumda olacakların çıkarlarını şimdi en kötü durumda olanların çıkarı pahasına korumayı hedeflemektedir. Ayrıca, yoksul bir ülkenin vergi olarak ödediğini yoksulları adına geri alıp almayacağı da Pogge’nin önerisinde belirsiz bırakılmış önemli bir husustur. Küresel kaynak vergisi yerine, ben küresel yoksulların temel ihtiyaçlarının karşılanması için her ülkenin milli geliri üzerinden artan oranlı vergi ödemesi gerektiğini herkesin doğal kaynaklara eşit hakkı olduğu temelinde tartışacağım.

**Anahtar sözcükler:** Adalet, küreselleşme, vergilendirme, Pogge, mülkiyet.

## Introduction

The question of whether there are global duties of distributive justice has been the subject of an ongoing debate among philosophers especially since the last quarter of the twentieth century as a result of new technological developments and increasing economic relations among nations. We may properly label those philosophers who advocate global duties of distributive justice as “global egalitarians.” Global egalitarians such as Charles Beitz, Thomas Pogge, and Darrel Moellendorf contend that obligations of justice go beyond borders. They adopt John Rawls’s two principles of justice proposed in *A Theory of Justice* and apply these principles to relations among nations.<sup>1</sup>

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<sup>1</sup> Rawls’s two principles are: 1) Each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all, 2) Social and economic inequalities are to be arranged so that they are both: a) to the greatest benefit of the least advantaged, consistent with the just savings principle [the difference principle], and b) attached to offices and positions open to all under conditions of fair equality of opportunity. See Rawls, 1971, p. 302.

They argue for global redistribution of wealth and resources. Their emphasis is on increasing social cooperation or association among nations, which prepares the ground for an agreement on principles of global distribution of wealth and resources. One striking feature of global egalitarians is that they tend to refuse moral significance of boundaries and lay stress on individuals—as opposed to states—whose socio-economic position is to be maximized by a global difference principle.

The idea of arbitrary distribution of natural resources also constitutes the basis for Pogge's proposal of a global resource tax (GRT) for redistribution of wealth and resources. He maintains that each nation should pay a tax on the natural resources it extracts from the earth (Pogge, 1994, p. 200). Pogge's proposal faces serious difficulties as it is biased against natural resource-wise rich countries while exempting some rich countries such as Japan from the tax burden just because they do not have significant natural resources. Instead of GRT, I shall argue for the progressive taxation of GNP of each country on the ground that there is no compelling argument for us to accept initial acquisition of property in the state of nature as just without giving due consideration to the rights of later generations and that each person has an equal right to natural resources.

### **Global Resource Tax**

Pogge endorses a strategy beginning with a global original position that deals with the distribution of resources among individuals across national boundaries (Pogge, 1994, p. 197). After underlining moral arbitrariness of national borders, which he sees as arbitrary as differences in sex, in skin color or in the affluence of one's parents,<sup>2</sup> he goes on to suggest a global resource tax (GRT) to relieve international inequalities:

The basic idea is that, while each people owns and fully controls all resources within its national territory, it must pay a tax on any resources it chooses to extract. The Saudi people, for example, would not be required to extract crude oil or to allow others to do so. But if they chose to do so nonetheless, they would be required to pay a proportional tax on any crude extracted, whether it be for their own use or for sale abroad. This tax could be extended, along the same lines, to reusable resources: to land used in agriculture and ranching, for example, and, especially, to air and water used for the discharging of pollutants (Pogge, 1994, p. 200).

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<sup>2</sup> Pogge draws attention to the great difference resulting from whether one is born a Mexican or a U. S. citizen: "... we do need to justify a Mexican why we should be entitled to life prospects that are so much superior to hers merely because we were born on the other side of some line—a difference that, on the face of it, is no less morally arbitrary than differences in sex, in skin color, or in the affluence of one's parents." (Pogge, 1994, p. 198).

Pogge believes that a global resource tax is to be an effective means of developing the well-being of the global poor.<sup>3</sup>

Yet Pogge's proposal of global resource tax is problematic in that it lays the whole burden of accommodating the global poor on the shoulders of owners of natural resources alone. A rich country like Japan, which is poor natural resource-wise would not carry any burden while many Third World countries are required to pay a tax, which would make their situation worse. This amounts to assisting the global poor by the limited money the poor countries have, which makes a GRT scheme highly unrealistic. Pogge points to higher prices of crude oil, minerals, etc., which would be led by the application of the GRT, and this means that not only owners but also consumers share the burden of the GRT equally. "Therefore," he says, "some of the GRT on oil would ultimately fall upon the Japanese (who have no oil of their own, but import a good bit), even while the tax would be actually paid by the peoples who own oil reserves and choose to extract them" (Pogge, 1994, p. 198).

Though this mitigates the concern that the GRT proposal might be arbitrarily biased against resource-rich countries to an extent, it still does not entirely escape from the charge of being biased against resource-rich poor countries. The argument against the GRT proposal has a twofold-basis. First, it ignores the existence of monopolies in the international market, which means in some cases that the monopolistic country or multinational corporation can buy a raw material at a price it thinks appropriate, not at a price the owner of the material decides to sell. In a market with perfect competition, there is a chance for the producer to sell its produce at an appropriate price determined by supply/demand relations. If a customer wants to buy a raw material at a lower price than the seller wants to sell, the latter has a choice of not selling the material, provided that there are some other customers who would pay the price the seller wants. However, this is not the picture of trade relations between multinational corporations and many poor countries, the survival of whose economies is heavily dependent on exportation of a raw material such as copper or an agricultural product such as banana, cut-flower, etc. The owner of a raw material in most cases has to sell the raw material or agricultural product whatever its price, and the numerous customers who know the compelling conditions of the producer, force the producer to sell its products at a price as low as possible. So, the concern with the GRT proposal's being biased against some countries is in place so long as an alternative scheme of marketing raw materials is not applied.

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<sup>3</sup> In his later writings, Pogge seems to adopt a policy of non-interference to the economies of developing countries. He charges developed countries and some international organizations with following economic policies that increase the number of the global poor. Consequently, he defends a negative-duty based principle rather than a positive need-based principle of distributive justice. See Pogge, 2002, p. 13; and Pogge, 2005, p. 67.

Pogge addresses some of these concerns and tries to eliminate them by specifying how GRT funds should be applied. He notices that any GRT on land used for cultivation of crops such as grains, beans, and cotton could increase the number of globally worst-off. His solution to this problem is to restrict any GRT on land to land used in other ways such as to raise cattle, to grow tobacco, coffee, cocoa or flowers (Pogge, 1994, p. 203). However, this solution is still far from being realistic as most of the Third World countries are heavily dependent on the exportation of an industrial agricultural product such as cocoa, cut flower, etc. As Onora Nell points out:

Underdeveloped countries often depend heavily on the price level of a few commodities. So a sharp drop in the world price of coffee or sugar or cocoa may spell ruin and lowered survival rates for whole regions. Yet such drops in price levels are not in all cases due to factors beyond human control. Where they are the result of action by investors, brokers, or government agencies, these persons and bodies are choosing policies which will kill some people (Nell, 1975, p. 284).

To impose a tax on agricultural products such as tobacco, coffee and cocoa would in most cases do increase the number—if not of the deaths from hunger—of the global poor, which is already high.<sup>4</sup> Pogge's GRT proposal is not only impractical but also unjust. He emphasizes the protection of interests of the future globally worst-off by suggesting that the GRT should target the extraction of nonrenewable resources liable to run out within a short period of time. But this proposal implies the protection of the interests of future globally worst-off at the expense of the present globally worst-off, whose survival depends on the extraction of non renewable resources.

If a raw material is derived from a poor country, a tax levied on the resource would likely increase the burden of the poor for another reason, as well. The reason is that it is indeterminate whether the country would get back what it gave as a tax or to which countries, among the poor, the priority in a possible redistribution is to be given. More precisely, if a poor country is relatively well-off in comparison to another poor country, it is plausible that the former would not count as a country in the least advantaged group. But when compared with a wealthy country, the relatively well-off poor country may be very poor, and a tax proposal levied on her natural resources

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<sup>4</sup> Some 852 million people do not have food security in 2000-2002, according to FAO. Developing countries contain 815 million—as opposed to 9 million of the industrialized countries and 28 million people in countries in transition, who do not have food security. Among developing countries, Sub-Saharan Africa contains 234 million; Near East and North Africa 39 million; Latin America and Caribbean 53 million; China 142 million; India 221 million; and other Asia and Pacific 156 million. See Food and Agriculture Organization of the United Nations (FAO), *The State of Food Insecurity in the World*, 2004, available at <<http://www.fao.org/docrep/007/y5650e/y5650e00.htm>>.

obtained from another poor country may increase the number of the worst-off in the relatively poor country. As a result, proceeds from the GRT seem to ensure access to food, shelter, health care, and education services at the cost of depriving another nation from these opportunities.

### **Progressive Taxation of GNP**

As an alternative approach, I suggest that all countries—except those whose GNP cannot secure their people the right to subsistence and physical security, even after a domestic redistribution of wealth and income—must be subject to progressive taxation<sup>5</sup> in accordance with their GNP, and the resulting capital ought to be used to guarantee subsistence and physical security of the world's poor. Everyone's basic rights ought to be socially guaranteed because they are the conditions to enjoy any other right. As Henry Shue argues:

No one can fully, if at all, enjoy any right that is supposedly protected by society if he or she lacks the essentials for a reasonably healthy and active life. Deficiencies in the means of substance can be just as fatal, incapacitating, or painful as violations of physical security (Shue, 1996, p. 25).

The vital importance of protection of subsistence and security is one of the primary reasons that justify redistribution of income and wealth through taxation.

Everyone's basic rights ought to be socially guaranteed not only because of the vital importance of the right to subsistence and physical security but also because everyone has an equal right to the means of securing basic rights. If boundaries did not exist, or they were not protected, those whose basic rights are jeopardized by natural disasters or institutional failures, could emigrate to the safer or resource-wise affluent regions of the world.<sup>6</sup> Provided that states generally strictly protect their boundaries, then they ought to compensate those who are excluded benefiting from natural resources to which outsiders have an equal right the same as insiders.

To back up everyone's equal claim to natural resources, it would, I surmise, be adequate to recall some of Henry George's arguments against private possession of land.

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<sup>5</sup> A tax is progressive if its rate is greater on those who earn more or have more of the things taxed than others. Progressivity is generally defined in terms of income—though it might be applied to wealth as well. “A progressive income tax,” notes Ronald Pasquariello, “is one that simply would take a higher percentage of income from the rich than from the poor.” He provides the federal income tax as an example of a progressive rate structure: “The rates on unmarried individuals in 1983 rose from 12 percent on the first \$ 3,400 of taxable income to 14 percent on the next \$ 1000, to 16 percent on the next \$ 2100 and so on up to 50 percent on all income over \$ 55,300.” (Pasquariello, 1985, p. 44).

<sup>6</sup> In this context, it would be appropriate to recall immigrant societies who were, in the past, freely changing—to a lesser extent some still changing—their place of residence according to seasons.

The land is a natural resource, like air and sea, and it does not belong to anyone, according to him (George, 1904, p. 336). Alternatively, it has infinitely many owners—not only all people who lived and now live on the earth have a claim to it but also those who are not born, yet. The equal right of all men to the use of land is a natural and inalienable right like their equal right to breathe the air; it is a right one is entitled to at birth (George, 1904, p. 337). No power can assure one the exclusive ownership of land for him. Even if all men upon the world consented to recognize one's exclusive right to a piece of land, this would not be sufficient to entitle one to possession because men so united could not recognize it in the name of future generations. They can dispose their equal rights to use the land but cannot sell those of the unborn (George, 1904, p. 338). Neither force nor mixing labor can give one an exclusive right to land. If force is accepted as the basis of a title to land, he says, then no complaint can be made in the name of justice when another power annuls that title by force (George, 1904, p. 340).

If George's argument is valid, and no one has an exclusive right to land, then no one has an exclusive right to the natural resources that are a part of the land that happens to be under one's feet. If no one has an exclusive title to natural resources, then boundaries drawn among individuals for private ownership of land, and boundaries among countries drawn for national ownership of land and natural resources are morally illegitimate, especially provided that these borders are a reason for some individuals' being deprived of subsistence. Justice requires the recognition of each person's equal right to reach natural resources and physically more secure regions of the world, and in case such accessibility is not feasible or impractical, those who are excluded ought to be compensated by transfer payments based on a proportion of GNP of insiders.

### **Objections and Replies**

Some philosophers contend that taxation must be justified to the property holders in order to be accepted as legitimate. It is, they say, contrary to the fundamental law of property to coerce people to surrender their property without their consent. John Locke who has originally underscored the requirement of appeal to the consent of people in taking decisions about their liberties and properties, writes that:

'Tis true, Governments cannot be supported without great Charge, and 'tis fit everyone who enjoys his share of the Protection, should pay out of his Estate his proportion for the maintenance of it. But still it must be with his own Consent, i.e. the Consent of the Majority, giving it either by themselves, or their Representatives chosen by them. For if any one shall claim a *Power to lay* and levy *Taxes* on the People, by his own Authority, and without such consent of the People, he thereby invades the *Fundamental Law of Property*, and subverts the end of Government. For what property have I in that which another may by right take, when he pleases to himself? (Locke, 1988, p. 140).

Locke argues that an individual has the unquestionable right to his labor because labor is an extension of the individual's body to which he has a natural right. If so, an individual's investment of his/her labor or energy on a natural resource such as land provides the individual the full title not only to the product of his/her labor but also to the natural resource itself (Locke, 1988, p. 140). As individuals have natural right to the fruits of their labor, arbitrary expropriation of their properties acquired by their honest industry is wrong. That is, the state has to justify its action when it levies taxes on individuals if the right to property has any sense at all.

The most prominent argument for imposing a tax burden on people is by reference to benefits received in return. To be free of risk of aggression, individuals surrender their right to use force to the state. Richard A. Epstein interprets this contractarian justification for the use of coercion by the state by appeal to the notion of Pareto-superior exchange:

Starting from the original set of entitlements, the formation of the state looks very much like a Pareto-superior move in which some natural rights are surrendered in exchange for the greater protection of the natural rights that are retained. Taxation is the form of surrender, and security is the good received in exchange (Epstein, 1986, p. 43).

Goods, which are difficult to acquire privately, must be provided publicly. Security is one such good in return of which individuals pay taxes to the government. Although the conception of tax as a burden in exchange for some benefits justifies its imposition on people who are the beneficiaries of these benefits, the critics argue, it does not justify taxation levied on people for redistributive purposes. The right to property, they pretend, is a basic human right, which ought not to be violated for redistribution (Rand, 1961, p. 116).

It is, nevertheless, highly contentious that the right to property—as is conceived by Locke and his followers—is a basic human right such as the right to life. Charles Sampford and David Wood incisively point out that “rights” that can only be enjoyed by a few citizens are more accurately termed ‘privileges’ than ‘rights’ and should not be given the rhetorical status of a ‘Human Right’”(Sampford and Wood, 1991, p. 186). This difficulty can be overcome by holding that all human beings have the right to property if some have. Jeremy Waldron, for example, effectively argues that not only those who turned out to be “closest in time and space to unappropriated resources” have the right to private property but everyone has a right to some quantum of property (Waldron, 1988, p. 275).

Even if we see the right to private property as a universal human right, still this does not constitute a barrier to taxation for redistribution. Rights claims might conflict and it is not certain that the priority should always be given to the right to property. Having a



human right makes sense in many cases only if resources are available for their exercise. And frequently there is no possibility of the enjoyment of a human right such as the right to subsistence without state provision which depends to a great extent on the collection of taxes. As Sampford and Wood sharply observes,

... we should not always assume that taxation is always a threat to rights ....

Most disputes over taxation involve a struggle between the person trying to protect his extra two, three or four million dollars against a state that wishes to tax him to pay for some public purpose. Where that public purpose is to raise revenue for income support schemes, it is the "tax-payer" who will not pay his taxes rather than the tax collector who could be portrayed as an enemy of human rights "(Sampford and Wood, 1991, p. 187).

A more convincing argument against taxation of income and wealth for redistribution is provided by Robert Nozick. He says that "taxation of earnings from labor is on a par with forced labor." (Nozick, 1974, p. 169). The primary function of the state is to protect individual liberty and property against theft, murder, fraud, etc. Such a theory of minimal state is hard to defend as the state might have some morally permissible social goals requiring collective action beyond those minimum functions. But Nozick's argument against taxation has some deeper roots that deserve closer scrutiny. On the ground of his entitlement theory of justice, he propounds that an individual is entitled to property only if the property has been acquired in one of three ways: First, one is entitled to the property one possesses if it is initially unappropriated and it is acquired in accordance with the Lockean principle of just acquisition of property. Second, one is entitled to the property one owns if it is acquired in accordance with the principle of justice in transfer. Third, one is entitled to one's property if it is acquired in accordance with the principle of rectification of injustices arising from breaking the first two principles. Nozick notes that transfers of property outside the application of these principles, such as, for example, transfers funded by taxation are unjust (Nozick, 1974, p. 151). So we need not appeal to the rhetoric of human rights in order to defend rights of property holders against taxation. If a person's holdings have been acquired justly, then the person might have a legitimate claim against taxation on the ground of justice.

Nozick's principle of acquisition—though critical to his historical entitlement theory as the justice of the final distribution depends on just acquisition of property initially—is found to be naïve and controversial by his critics. A strong argument against the right to property based on unilateral actions of property holders in the state of nature is offered by Waldron. He argues that the idea of mixing labor with an object as the principle of just acquisition is barely accepted by all parties to a hypothetical contract because by agreeing to such a principle of acquisition, those who come later "would be committing themselves to refrain from using resources to satisfy their pressing physical

needs in circumstances where it would otherwise be open and perhaps sensible for them to do so" (Waldron, 1988, p. 276).

It seems plausible to supersede the difficulty with the principle of just acquisition of property by appeal to the notion of equal claim of everyone to natural resources. Hillel Steiner is among those who make use of this assumption to back up the idea of redistributive taxation. He argues that the right to equal negative freedom engenders "the right to self-ownership and to an equal share of the value of natural resources (Steiner, 1992, p. 82). Everyone has an equal right to natural resources because no one can justifiably interfere with a person's use of natural resources if the person does not violate others' right to make use of natural resources freely. Steiner's argument tacitly presupposes that natural resources have a value independently of human labor invested on these resources.

On the basis of the assumption that natural resources have no value other than the one created by labor invested on them and by market relations, Narveson objects to Steiner's argument. The claim that we have a right to an equal share of the "value" of natural resources runs into the problem that the value of natural resources is what you can get for them in free exchange with others, and that is always and necessarily a function of what others have done, according to Narveson. If the value of natural resources in aggregate goes up, it is because of the labors of the many people who have found better ways of using them. This supposed right to an equal share of the value of resources is therefore a right to the labors of others for him (Narveson, 2002, p. 193).

Perhaps Narveson is on the right track by protesting the right to an equal share of the value of natural resources so long as that value is created by labor. Intuitively, it seems unjust for a person to make a claim for the value of some property on which the person exerts no labor. As long as the value at issue is totally generated by others' work, the person may not legitimately demand a share of the value engendered as such, especially if we recognize the right to self-ownership and one's right to the products of one's labor. However, Narveson is mistaken in insisting that "the only way any land has any value at all is by somebody doing something with it or to it. There is nothing left after all such are removed" (Narveson, 2002, p. 193). Narveson's statement is wrong because not all value is a product of sheer labor invested on some natural resources. Recall John Roemer's argument against the labor theory of value. Roemer correctly holds that in the case of the scarcity of capital stock, the owners of the relevant stock would impose an extra rent on the value of the stock (Roemer, 1988, p. 45). So, it is hard to accept that the value of a natural resource is zero in the absence of improvements made on it by some people's labor.

Nonetheless, suppose that Narveson is correct in arguing that the value of natural resources is zero in the absence of any improvement on them. But if so, why should we

believe that the claim for their redistribution in their raw state is nonsense or even an evil? After all, as being valueless things, the call for redistribution of raw materials on the ground of everyone's equal right to them—not to their value—should not pose any difficulty for us. It is thereby obscure why we should embrace the idea that each individual's equal claim to natural resources is "a myth, a dish of romantic political nonsense." What is still more in the dark is how in the absence of an equal right to natural resources, those who "come later, either by being born later or by moving into the area from elsewhere" are to negotiate with their predecessors who have already appropriated natural resources, and find "mutually agreeable ways to make use of the particular bits of the world that are in question." It seems that everyone's equal right to raw materials is a good reason—rather than a simple piece of romantic parlance—to reconcile the interests of the late comers with those of their predecessors. On the ground of everyone's equal right to resources, the loss of non-appropriators can be restored by a taxation policy. A progressive tax on GNP of each country comes to be a viable option at this point.

Even if we accept taxation as a legitimate ground of redistribution, however, it is not so evident that the tax levied on individuals must be progressive rather than proportional. Some argue that it is unfair for the wealthy to pay more than others in the form of taxation. John Lucas, for example, holds that progressive taxation is unjust because the rich are liable to pay taxes mainly for what they get back from public services. Although he does not object to redistribution or the use of taxation for a general redistributive function of the state, he thinks that there are good reasons for limiting taxation:

... I cannot see that there is, or even could be, a cogent argument, either of justice or of expediency, for holding that the relief of poverty or the amelioration of misfortune is not a proper object of public concern or public expenditure; I can, however, see arguments, both of justice and of expediency, for saying that the tax burden should be fairly borne by the whole community and not put disproportionately upon the shoulders of the rich (Lucas, 1984, p. 104).

A cogent argument for the progressive tax rate is offered by Ronald Pasquariello. Pasquariello advocates progressive taxation as opposed to proportional taxation, which requires that everyone is taxed at the same rate, e.g. 20 percent on all incomes. On the ground of 20 percent flat tax, a person who earns \$ 10,000 would pay \$ 2000 while a person who earns \$ 100,000 would pay \$ 20,000 in income taxes. Pasquariello correctly points out that proportional tax might be unfair to those who earn less:

... \$ 2000 is more important to the person earning \$ 10,000 than is the \$ 20,000 to the person earning \$ 100,000. This is because the person earning \$ 10,000 spends a greater percentage of his/her salary on basic necessities. Each dollar has a greater impact on the livelihood, quality of life and well-being of lower income person than higher income persons (Pasquariello, 1985, p. 46).

It is manifest that the progressive tax rate fits better to the principle of taxation according to the ability to pay. The progressive tax might be levied on people as a requirement of fairness in another respect, as well. "The flat tax rate," properly maintains Pasquariello,

assumes that the pre-tax tax distribution of wealth is just. We pointed out ... that it is not. The flat tax does not mesh with our principles, because taking the same percentage from income leaves individuals in the same relative position regarding income. It simply does not redistribute income (Pasquariello, 1985, p. 46).

The progressive tax is an indirect way of restoring past justices that are hard to trace and yet recognized as clear cases of injustice in the conscience of people.

Even if we admit that the progressive tax is a requirement of justice for this or some other reasons, one might say, still it is scarcely acceptable due to its negative consequences. Epstein, for instance, argues that progressive taxes encourage individuals to hide their revenue from the government officials and social losses caused by the progressive tax can be prevented by the flat tax (Epstein, 1986, p. 69). In other words, heavy tax burden imposed on people in the form of the progressive tax motivates people to conceal their income and wealth from government officials, which causes significant losses in total revenue gathered through taxes. Moreover, the progressive tax, it might be maintained, has a negative effect on investments necessary for the economic growth. With a high taxation rate, individuals can barely save money to make investments. This in return results in economic stagnation if not a recession.

First of all, it is not so clear that the progressive tax actually imposes a heavy burden on the rich. For a person who has an income of \$ 100,000, \$ 20,000 at a tax rate of 20 percent might not be so high as it is thought to be. The crucial thing in determining the weight of tax burden is the rate of percentages rather than gradation in the rates. A flat tax at a rate of 50 percent imposes a heavier burden on the person having an income of \$ 100,000 than a rate of 20 percent determined by grading percentages of income to be taken as a tax. In addition, if people in general have tendency to evade from taxes, they may do so whether the taxes are levied on their incomes proportionally or progressively. It is hard to establish a direct correlation between the progressive tax and people's evading from taxes.

With regard to the objection concerning investments, the first thing to be said is that it is not certain that the fraction of the income expropriated as a tax was going to be used to make investments. It might have been used for purchasing luxuries of life or used in another way depending on the individual preferences. Moreover, to encourage capital investment, investments that contribute to the growth of economy might be exempt from taxation. In this way it is possible to eliminate negative side effects of the progressive

taxation on investments if it is indeed a cause of reduction in investments. Finally, if fairness requires the progressive taxation of income and wealth as I tried to show above, the priority from moral point of view ought to be given to such taxation; economic growth and efficiency might properly be considered as second-order social goals.

### **Conclusion**

On the ground of the idea of arbitrary distribution of natural resources, Pogge holds that a resource tax based on the amount of natural resources each nation extracts from the earth should be levied on the relevant nation. Pogge's proposal has been charged with being biased against natural resource-wise rich countries while excluding some rich countries from the tax burden just because they do not possess important natural resources. Instead of GRT, I argued for the progressive taxation of GNP of each country. There is no compulsory argument for us to accept initial acquisition of property in the state of nature as just. Also, without giving due consideration to the rights of later generations, it seems hard to admit the current distribution of property as a morally justified distribution.

To sum up, the progressive taxation of GNP of each country for redistribution is necessary not only as a requirement of the relief of poverty but also as a requirement of justice. Arguments against taxation for redistribution assume the justness of current distribution of property holdings, which is a highly contentious assumption. Progressive taxation of income and wealth as the basis of redistribution is necessary and morally permissible both at the domestic level and at the international level. Due to the limited scope of the paper, I did not focus on the questions of how income obtained through taxation is going to be distributed among the poor; whether a world state is necessary to realize such distribution, etc. I leave the discussion of the plausible replies of these questions to another paper.

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