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Global Taxes on Natural Resources

Paula Casal
Institució Catalana de Recerca i Estudis Avançats (ICREA)
and Universitat Pompeu Fabra
Trías Fargas 25, 08005 Barcelona, Spain
paula.casal@upf.edu

Abstract
Thomas Pogge's Global Resources Dividend relies on a flat tax on the use of natural resources to fund the eradication of world poverty. Hillel Steiner's Global Fund taxes the full rental value of owned natural resources and distributes the proceeds equally. The paper compares the Dividend and the Fund and defends the Global Share, a novel proposal that taxes either use or ownership, does so (when possible) progressively, and distributes the revenue according to a prioritarian rather than a sufficientarian or egalitarian principle.

Keywords
Climate change, geoism, global justice, Pogge, Steiner, world poverty

> Buy land. They're not making it anymore.
> — Mark Twain[1]

I. Introduction

One-fifth of humanity lives in abject poverty on less than $1 per day, and almost half on less than $2 per day. The consequences of deprivation for the children of developing countries are particularly horrific: two in five are stunted, one-third are underweight, and one quarter of all 5 to 14-year-olds

[1] I first heard this quotation from Hillel Steiner, and am grateful to him for written comments on an earlier version of this paper. I am also grateful to Thomas Pogge who responded to the paper at a symposium on *World Poverty and Human Rights* (University of St. Andrews, 2003), and conferences on *Global Justice* at University of Reading and Universidade do Minho in 2005. In addition, I thank Richard Arneson, Simon Caney, Joseph Chan, Jerry Cohen, Íñigo González, David Miller, Hugo Seleme, Uwe Steinhoff, and Andrew Williams.

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work for wages, often under harsh conditions in agriculture, mining, textile and carpet production, or prostitution.[2] Climate change is worsening matters further still, already adding 300,000 deaths annually.[3] Few deny that these figures, which have not changed as we hoped over the years, are shocking and depressing. There is, however, little consensus on how to eradicate global poverty and distribute the costs of doing so.

Thomas Pogge has proposed a global tax on natural resources as a partial solution to this problem. This paper compares Pogge's proposal (section II) to Hillel Steiner's Global Fund (section III) and other global taxes, including a novel proposal, termed the Global Share (section IV). Comparing the three proposals, section V focuses on the tax base, section VI on the tax rate and section VII on revenue distribution. Section VIII explains the Share as a range of amendments to the Dividend and section IX clarifies its justification.

Constructing schemes of this sort is extremely difficult, and nobody should expect to have the last word. I still hope, however, to contribute to the Pogge-Steiner debate and widen our range of solutions to the world's two greatest problems: poverty and climate change.

II. The Global Resources Dividend

Pogge's proposal involves a modest tax on the extraction of natural resources, perhaps as little as $3 per barrel of crude oil.[4] As extractors will tend to pass the tax onto whomever purchases the resources, all consumers would have to pay, but the poor will benefit because the revenue will finance poverty relief. The tax may also reduce natural resource consumption and thus be doubly beneficial.

A. Pogge's Triple Justification

The case for Pogge's proposal need not, however, depend only upon its consequences. It can also invoke *geoism,* a philosophical tradition encompassing the views of John Locke and Henry George that affirms the equal claim of all

[2] World Bank, *World Development Report 1999/2000* (New York: Oxford University Press, 2000) p. 62.

[3] See *New York Times,* 29 May, 2009, attributing the figure to Kofi Anan's Global Humanitarian Forum.

[4] Thomas Pogge, *World Poverty and Human Rights* (Cambridge: Polity Press, 2008, henceforth WPHR), p. 211.

humanity to land and other planetary resources. Doing so widens the constituencies from which Pogge may draw support. For example, even rightwing Lockeans who reject taxation on income earned from labour as a form of slavery may support taxes on natural resources. For they assume that, whilst the fruits of a person's labour are theirs, the fruits of nature belong to all of humanity. On this view, made famous by Locke, individuals cannot exclude the rest of humanity from parts of the world without leaving "enough and as good for others" or granting them adequate compensation.[5] Similarly, Pogge writes:

> "Nations (or persons) may appropriate and use resources, but humankind at large still retains a kind of minority stake, which, somewhat like preferred stock, confers no control, but a share of the material benefits… One may use unlimited amounts, but one must share some of the economic benefit."[6]

The Dividend, Pogge concludes, can be justified "not only *forwardlookingly*, in consequentialist and contractualist terms, but also *backwardlookingly* as a proviso on unilateral appropriation, which requires compensation to those excluded thereby".[7] This often misunderstood claim would be implausible if it meant that these very different, indeed incompatible, approaches happen to lead to exactly the same solution.[8] By contrast, Pogge's more plausible claim is that the Dividend represents a modest departure from the status quo that various ethical perspectives can welcome. When the status quo is objectionable in many ways, there are likely to be improvements that all ethical perspectives regard positively. This allows an ecumenical defence, drawing on arguments of various kinds but non-reliant on any particular position.

B. Pogge's Appeal to Harm

Pogge's concern to accommodate libertarians goes beyond his taxing only non-produced resources. In addition, he insists that his proposal can dispense

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[5] John Locke, *Second Treatise*, Ch. 5, sec 27.

[6] "An Egalitarian Law of Peoples", *Philosophy and Public Affairs* 23 (1994):195-224, p. 200-1.

[7] Ibid. Note that geoist rights do not depend on the contribution that natural resources make to development and are thus immune to Mathias Risse's objection that such contribution is not significant. See his "How Does the Global Order Harm the Poor?", *Philosophy and Public Affairs* 33 (2005): 349-376. Cf. Charles Beitz, "Justice and International Relations", *Philosophy and Public Affairs* 4 (1975): 360-389. Beitz assumes that natural resources "contribute to the material advancement of society" (p. 367).

[8] Roger Crisp and Dale Jamieson, for example, object that none of these views will support anything as moderate as the Dividend. See "Pogge on Rawls", *The Idea of Political Liberalism,*

with any appeal to *positive* duties to aid the needy and invoke only *negative* duties to refrain from imposing harmful global institutions. This claim challenges the widespread misconception that affluent states are merely failing to assist the global poor rather than actively maintaining institutions that impoverish them when alternatives more favourable to them are available. Pogge criticizes Peter Singer's comparison between the global poor and the drowning child a professor encounters as he walks across campus[9] because it "reinforces the common moral judgment that the citizens and governments of the affluent societies, whom he is addressing, are as innocent in regard to the persistence of severe poverty abroad as the professor is in regard to the child's predicament".[10]

Invoking only negative duties also permits an easier response to those appealing to the needs of our nearest-and-dearest to defeat the claims of the global poor since our reasons to refrain from harming others are normally considered more stringent than our reasons to assist them, and less dependent on personal relations. For example, it is wrong to push a child into a pond regardless of whose child it is, and even when it is costly to avoid doing so; yet parentage seems important when deciding how much we must sacrifice to save a child. Thus, prohibitions on *harming* foreigners are far less likely to be defeated by our reasons to display partiality to our loved ones.[11]

III. The Global Fund

Taking a left-libertarian perspective, Hillel Steiner also proposes a global tax on natural resources grounded on negative rights and non-reliant on empirical assumptions about the role unequal resource endowments play in explaining international inequality. Steiner begins his argument by describing his theory of individual rights, all of which must be mutually consistent.[12] These include self-ownership rights prohibiting slavery and servitude, and giving us claims over our bodies as well as our labour and its fruits. The possession of such rights would be of little consequence if we did not also have some rights over

ed. Victoria Davion and Clark Wolf (Lanham: Rowman and Littlefield, 2000): 90-101, p. 96.

9 Peter Singer, "Famine, Affluence, and Morality", *Philosophy and Public Affairs* 1 (1972): 229-243.

10 "'Assisting' the Global Poor", *The Ethics of Assistance* ed. D.K. Chatterjee (Cambridge: Cambridge University Press, 2004), p. 265.

11 See WPHR, Ch. 5.

12 See H. Steiner, *An Essay on Rights* (Oxford: Blackwell, 1994).

the external world. We need the fruits of nature to nurture us, and cannot exercise our freedom without a physical space within which to move. Self-ownership rights must, therefore, be accompanied by ownership rights over the natural world.[13] Since all individuals have the same foundational rights in order to become the rightful owners of more than an equal share, individuals must grant others a compensation equivalent to the value of what has been over-acquired. To ensure that compensation is forthcoming, Steiner proposes taxing the market value of the untransformed resources contained in all territorial sites. Thus, landlords are charged the amount they would have received had they rented their holdings, unimproved by human labour, at market prices.[14] The revenue is collected in a Global Fund, and shared equally amongst all individuals.

Pogge's and Steiner's proposals differ in various respects: Pogge intends to tax the *use* and Steiner the *ownership* of natural resources; Pogge defends a *flat* tax sufficient to eradicate severe poverty, whilst Steiner taxes the *full rental value* of owned resources. Finally, Pogge recommends distributing the revenue to individuals below the relevant minimum, while Steiner advocates distributing it equally among all human beings. Steiner's project is thus closer to a scheme of unconditional basic income, whilst Pogge's benefits are means-tested. The solution proposed more recently by climate scientist James Hansen combines features of the two. He recommends an *egalitarian* distribution of the proceeds of a *flat* tax on fossil fuel extraction, and import duties on products from non-complying countries, proportional to the fossil fuels required to produce them. The latter will fund developing countries' sustainable development efforts, like family planning and forest conservation.[15]

IV. Other Global Taxes

Other global taxes may fund poverty relief. For example, in 1972 James Tobin proposed a currency transaction tax which could both increase financial

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[13] See "Just Taxation and International Redistribution", *Global Justice* ed. I. Shapiro and L. Brilmayer, *NOMOS XLI*, (1999):171-191, p. 175.

[14] Some might object that securing our *basic* rights justifies only an entitlement to enough resources rather than an *equal* share of the *total.* One needs not endorse this sufficientarian objection, however, to recognize that Steiner's focus on the total is problematic: given the entitlements of other generations and species, perhaps existing human beings are entitled only to collectively sufficient resources. Even so, such resources might still need to be distributed equally if our equal rights are to be respected.

[15] See *Storms of My Grandchildren* (London: Bloomsbury, 2009), pp. 209-222.

stability and generate enough revenue to eradicate poverty, even if set below 1%.[16] Peter Singer also proposes a self-imposed income tax of around 10% for the global rich to be distributed globally, presumably following utilitarian distributive principles.[17] Non-voluntary income taxes are also worth considering. According to the U.N.D.P., three people alone "(Bill Gates, Walton of Wal-Mart, and Warren Buffet) have assets that exceed the combined GDP of the poorest 48 countries, containing 550 million citizens", whilst 225 people "have a combined wealth of over $1 trillion, equal to the annual income of the poorest 47% of humanity".[18] A tax of less than 4% on the wealth of these 225 individuals would suffice for "achieving and maintaining universal access to basic education for all, basic health care for all, reproductive health care for all women, adequate food and safe water and sanitation for all".[19] Thus, imperceptible taxes on a few could save millions of lives. Some may, therefore, want to note here that if, when arguing for famine relief, one should avoid comparing the poor with drowning children, when arguing for geoist taxes, one should avoid implying that income taxes are morally problematic. Any such negative claims are unnecessary, moreover, for one can appeal to numerous positive considerations to motivate non-income taxes.

First, many such taxes, including geoist taxes, have sufficient revenue-raising potential. Second, it is easier to raise support for taxes on nature from different philosophical and political constituencies. For example, even thinkers as disparate as Hobbes and Rawls[20] have offered reasons to tax consumption rather than income, with arguments that are especially suitable to justify taxes on environmentally harmful consumption. Third, expenditure taxes, and taxes on natural resources in particular, are less likely to discourage individuals' productive efforts than income taxes. Fourth, taxes like Tobin's or Pogge's can yield a double dividend, as they can also deter speculation or pollution. Fourth, consumption taxes can even yield a triple or quadruple dividend by encouraging savings. Conspicuous consumption and indebtedness are associated not only with environmental damage but with various harmful individual and collective effects, ranging from stress and depression to economic

[16] See *The Tobin Tax* ed. Mahbub ul Haq et al. (Oxford: Oxford University Press, 1996).

[17] Note, however, that other principles, including prioritarian principles, can explain the drowning child intuition. See "The Singer Solution to World Poverty", *New York Times,* 7 September, 1999 and *The Life You Can Save* (New York: Random House, 2009).

[18] L. Elliot and V. Brittain, "The Rich and Poor Grow Further Apart", *Guardian*, 9 September, 1998. See also UNDP (1998), p. 30.

[19] Ibid.

[20] See *Leviathan* (Cambridge: Cambridge University Press, 1991), Ch. 30, and *A Theory of Justice* (rev. ed. Cambridge MA: Belknap Press of Harvard University Press, 1999), p. 246.

instability and financial chaos.[21] Recent decades have shown a persistent tendency towards greater and more widespread indebtedness, and savings are required to finance investment in cleaner and more efficient technologies, and facilitate the necessary accumulation of capital to embark on large-scale infrastructural and organizational improvements.[22]

Having advanced these pragmatic considerations, we should note that geoism is not an improvised compromise to kill several birds with one stone. It is a coherent and well-established philosophical tradition,[23] which defends the equal claim of all humanity to the earth's natural resources. Singling out natural resources is not arbitrary. They have several features which make them a fit subject for distributive principles. They are (i) *non-produced* and so invulnerable to the claim that producers are morally entitled to their products; (ii) *limited*, which means that more for some inevitably implies less for others; (iii) uniquely *essential* for human survival; and (iv) the cause of potentially dangerous, even devastating, pollution and waste.[24] Compared to talents, natural resources are (v) easy to redistribute; (iv) transformable and deployable by everyone and not only their initial possessors; and (vii) as Charles Beitz has argued, distributed even more arbitrarily than talents.[25]

Bearing these considerations in mind, I shall focus on global geoist taxes capable of alleviating poverty, and compare Pogge's scheme with two cognates, Steiner's Fund, and the Global Share. The Share is a poverty-reducing geoist tax which differs from Pogge's and Steiner's along three dimensions. Regarding the tax *base*, in contrast to Pogge's use (or consumption) tax and Steiner's ownership (or effective control) tax, the Share involves taxing both use and ownership. Regarding the tax *rate*, instead of Pogge's flat tax or Steiner's 100% tax, it taxes progressively. Finally, regarding the *distribution* of the tax revenue,

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[21] See, for example, J. Schor, "The New Politics of Consumption", *Boston Review* 24 (1999): 7-9 and *The Overspent American* (New York: Basic Books, 1999); R. H. Frank, "Market Failures", *Boston Review 24* (1999): 11, and *Luxury Fever* (Princeton: Princeton University Press, 2000); and L. Seidman, *The USA Tax* (Cambridge Mass: MIT Press, 1999), p. 6.

[22] See my "Progressive Environmental Taxes: A Defence", forthcoming in *Political Studies.*

[23] Hugo Grotius (1625), Samuel Pufendorf (1672), John Locke (1690), Williams Ogilvie (1781), Thomas Spence (1793), Thomas Paine (1795) Hippolyte de Collins (1835), Francois Huet (1853) Patrick E. Dove (1850, 1854), Herbert Spencer (1851), Henry George (1879,1892) and Leon Walras (1896) defended some sort of egalitarian ownership over natural resources. See *Left-Libertarianism and its Critics* ed. P. Vallentyne and H. Steiner (New York: Palgrave, 2000) vol. I, and "Introduction" to vol. 2.

[24] Although using resources may produce public goods as well as public "bads" there is an asymmetry between these two cases. If I play loud music, my delighted neighbours owe me nothing in return, but I owe compensation to those I disturb. See my "Environmentalism, Procreation and the Principle of Fairness", *Public Affairs Quarterly* (1999): 363-376.

[25] See "Justice", pp. 367ff.

whilst Pogge seems to adopt the principle of sufficiency, and Steiner the principle of equality, the Share employs a prioritarian principle. The Share does not, however, renounce an ecumenical defence in Lockean, consequentialist and contractualist terms. The following sections discuss these differences separately both to ease exposition and to help assess not so much whether any proposal is preferable, but whether any can be improved in any of these respects.

Proposal	**Rationale**	**Tax Base**	**Tax Rate**	**Distributive Principle**
James Tobin	Anti-speculation	Forex	0.01-0.1%	Sufficiency
Peter Singer	Utilitarian	Income	10%	Utility
James Hansen	Environmental	Carbon extraction	Flat	Equality
Thomas Pogge	Ecumenical	Resource use	Flat	Sufficiency
Hillel Steiner	Libertarian	Resource ownership	100%	Equality
Global Share	Ecumenical	Use or ownership	Progressive	Priority

V. The Tax Base: Resource Use or Ownership

Pogge compares his proposal with the status quo rather than with similar schemes, and does not justify all its features. This section considers possible arguments for use taxes.

A. Uncompensated Exclusion

Pogge and Steiner both claim that plausibly interpreted Lockean principles support their favoured tax bases.[26] To succeed, each view must (i) distinguish clearly between "ownership" and "use", and (ii) show that only (uncompensated) over-use or over-acquisition violates Locke's proviso. However, the distinction remains unclear (both sometimes employ each term interchangeably)[27] and it

[26] Steiner claims Lockeans would reject the Dividend because it taxes more those whose consumerist values lead them to consume more ("Just Taxation", p. 184). But Steiner taxes more (much more) those whose acquisitive values lead them to acquire more land. Neither observation is an objection because what matters is not *horizontal* neutrality (affecting equally all individuals with equal pre-tax income) but *justificatory* neutrality (having non-sectarian reasons for taxing land or oil).

[27] Pogge refers to "occupation" and "exclusion", and Steiner to "use". See, respectively, WPHR, pp. 202-205, and "Three Just Taxes", *Arguing for Basic Income,* ed. P. Van Parijs (London: Verso, 1992) p. 82.

is difficult to draw. Have I "used" the fuel that I have purchased but kept unburned? Do we "use" a field we own if we enjoy its view? What if its mere existence attracts business associates or my heirs' loyalty? Is it "used" when employed as collateral? Do we "use" somebody's forest if we enjoy its externalities? Do we "own" a sea if we exploit it in ways that impede others from doing likewise? We need to be able to distinguish "using" and "owning" clearly, unless we are open to taxing both, in which case an overlap or continuum between both concepts is no longer as problematic.

Taxing both also solves the second problem, given that we can fail to leave "enough and as good" for others through over-acquisition as well as overuse. A resource may no longer be there for us to use *either* because others control it *or* because they have transformed it into something else. Many assume the latter to be more detrimental to others' interests, and some examples of over-use are indeed disastrous. Use, however, may also leave a resource virtually unaltered or improved, or result in negligible destruction, as when I eat a cherry. By contrast, keeping an orchard that could feed many people fenced-off over generations is surely against their interests. We may therefore subject others to "uncompensated exclusion" both through over-acquisition and over-use. The proviso, thus, should include the two.

B. Historical Rectification

Disadvantageous locations in *space* and *time* motivate two supplementary arguments for a hybrid base. The first concerns *geographical* location and applies when *natural* resources are very unequally distributed across states. It draws on the suspicion that states which lack such resources as oil in their territory, and so need to import them, will be less able to evade a tax on extraction than states which possess such resources and are able to disguise their extractive activity. A hybrid tax seems preferable insofar as it makes this accumulation of disadvantage less likely.

The second concerns *man-made* rather than natural resources, and applies when countries undergo industrialization in different *historical* periods. It notes that although taxes on use or ownership could be implemented *retroactively*, with charges for those who obtained or consumed more in the past, neither Pogge nor Steiner have a historical rectification plan. It seems, moreover, that the states with the most developed infrastructure consumed large quantities of resources in the past. Having developed more efficient technologies and institutions they will now pay only a fraction in oil taxes per unit of output, whilst late developers are penalized. According to the World Bank, Japan and many European countries produce more than ten times as much

GDP per unit of energy consumed than China,[28] and other developing countries are even less efficient. Insofar as developed countries not only have more efficient means of using resources, but also more resources, like land with higher rental and market value – as Steiner notes – a hybrid base produces a fairer outcome, with current ownership taxes functioning as retroactive use taxes.[29] Taxing only current acquisitions penalizes late-comers, which is precisely what the Lockean proviso meant to avoid. If God left the world to humanity, it belongs to all humans, regardless of arrival time.

C. Disaster Avoidance

When comparing his liberal egalitarian principles with rival utilitarian principles, John Rawls famously recommends imagining that we (or those we represent) would have to live under each principle, without knowing our chances of getting the rough end of the stick.[30] We should then consider the worst that could happen to us under each principle, and select the principle that yields, when things go badly, the least burdensome outcome. We may invoke this reasoning to defend global taxes and to guide our choice of global taxes. Here, the worst imaginable scenario seems to be living in an underdeveloped, landlocked, resource-poor country, whose desperate efforts to industrialize are fettered by a use tax. This would be worse than paying high ownership taxes for owning many resources. A hybrid base spreads the bets and lowers the stakes, offering better chances to avoid disaster.

D. National Sovereignty

Now consider Pogge's suggestion that taxes on use infringe national sovereignty less than taxes on ownership and the analogy with talent taxes.[31] Many who

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[28] International Bank for Reconstruction and Development, *World Development Report* (Oxford: Oxford University Press, 1994), p. 170.

[29] Some Lockeans may prefer some sort of historical rectification to the Fund. One reason is that they may not see the effect of labour in adjacent plots as an unobjectionable pecuniary externality, and object, for example, that London land prices derive from Londoners' labour.

[30] *A Theory of Justice*, p. 132ff.

[31] Pogge writes "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 … But if they chose to do so nonetheless, they would be required to pay a proportional tax", "An Egalitarian", p. 200. See also "A Global Resources Dividend", *Ethics of Consumption,* ed. D. Crocker and T. Linden (Totowa, NJ: Rowman and Littlefield, 1999), p. 511.

accept income taxes because they merely tax the *use* of talent oppose taxes on the possession of talents as rights-violating. Steiner has various responses available. First, he might appeal to the libertarian distinction between self-ownership and world-ownership to explain why the analogy fails. Second, he might recall Pogge's endorsement of Rawls's view that justice is individualistic. If individual sovereignty does not justify uncompensated over-acquisition, why should national sovereignty justify collective over-acquisition? Third, as Steiner does argue, ownership taxes on the oil under Mecca do not force anyone to defile sacred sites. Once they pay the tax, "what they choose to do with that site is justly up to them".[32] A further reply, unavailable to Steiner, is to note that whether taxes are oppressive, or leave payers with only one reasonable way of using their holdings, depends on their rate far more than their base. High use taxes (on either resources or talents) can pose a greater threat (to either individual or national) sovereignty than low ownership taxes.

Critics of ownership taxes might retreat to claims about *symbolism* or *feasibility.* Both options fail, however, because whilst ownership taxes *express* our ownership status, having to pay a tax to use our own home seems to deny it; moreover, a mixed base offers more flexibility to produce a feasible proposal, and is less likely to be rejected by those who need but do not possess oil. Finally, many oppose the claims because they reinforce the harmful assumption that societies,[33] or rather those that invaded others at a particular date, are the legitimate owners of whatever is currently under their control.

E. Environmental Consequences

Pogge assumes that taxing use is environmentally beneficial, and many would assume that it is at least more beneficial than taxing ownership. Dale Jamieson and Roger Crisp, however, have questioned the Dividend's environmental credentials. It may reduce oil depletion, they argue, but it will promote nuclear energy, and do nothing for renewable resources, natural systems, wilderness and biodiversity.[34] These are important considerations, but some replies are available. High taxes on uranium-extraction and radioactive waste could make nuclear energy very expensive, and climate change is the greatest threat to natural systems, wilderness and biodiversity. Thus, taxing fossil fuels helps, and taxing hardwood and other resources causing deforestation could help too.

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[32] See Steiner, ibid. p. 180ff.

[33] For an attempt to put this false assumption at the service of global justice, see Leif Wenar, "Property Rights and the Resource Curse", *Philosophy and Public Affairs* 36 (2008): 2-32.

[34] Ibid, p. 100.

Regarding renewables, Pogge claims that the Dividend's idea "could be extended to limited resources that are not destroyed through use but merely eroded, worn down, or occupied, such as air and water used for discharging pollutants or land used for farming, ranching or buildings".[35] This solution requires scrutiny. First, "the Dividend's idea" is that "one may use unlimited amounts, but one must share some of the economic benefit".[36] This may suggest that one could pollute the whole atmosphere or exhaust the oceans' fisheries provided "one shares some of the economic benefit". Instead, perhaps we should introduce an upper limit on total consumption and some rationing system, or make taxation progressive, and raise upper rates until they are unaffordable. Regarding land, though Pogge generally defends use taxes, and is perceived by critics as doing so, he here recommends taxing "occupation" which may be the same as ownership. Would this make the Dividend more environmentally friendly?

The most obvious environmental case against occupation taxes is that of indigenous populations occupying vast areas of the Amazon or the Australian outback. Such groups would face enormous bills and object to paying taxes on resources which are now scarce because of our habits, not theirs. They might also have to allow oil or uranium companies into the areas they inhabit in order to afford the tax.

The force of the example relies on complicating factors, such as the ecological wealth of the rainforest and the vulnerability of its inhabitants. Other examples elicit very different reactions. Suppose the occupiers were not indigenous hunter-gatherers but aristocrats keeping vast territories to hunt with hounds and gather truffles. Or imagine that as global inequality and climate change increase, the rich buy the best part of the planet, and live there as sustainably as indigenous peoples. Perhaps they employ a fuel, which could satisfy all our planetary needs without pollution or waste problems, but have placed a pantheon near the only energy source, and refuse access to it. As they swing in their hammocks, sipping milk from the coconuts falling into their laps, they cheer for the heavy pollution taxes borne by people crowded in the freezing or torrid parts of the globe who have to over-exploit their land and consume energy to warm or cool themselves.[37]

The Amazonian counter-example to occupation taxes appears persuasive because its indigenous occupants impose no opportunity costs on us, given

35 WPHR, p. 202-3.
36 WPHR, p. 211.
37 See Phillip K. Dick's novel, *The Penultimate Truth* (Vintage Books, 1964).

our independent reasons to preserve the forest. Moreover, they cannot relocate[38] and make ideal forest guardians. These facts provide special reasons to support their undisturbed forest residency, which is different to granting a third of Brazil to a handful of people.[39] For one thing, the moment the indigenous inhabitants started to cut, pollute and burn the forest, they could be dismissed from their guardianship.

Furthermore, the Amazon is threatened not by its peoples but the arrival of immigrants, coming from areas where land is owned by a few landlords who keep it unused as a status symbol or for collateral.[40] Outside the fences surrounding these fertile but unused sites, uprooted landless peasants are forced to emigrate to areas as inappropriate to their crops and lifestyles as the Amazon basin. This colonial legacy of huge estates and landless peasants, known as *sem terra,* still leads to debt-bondage, slavery, and forced labour.[41] Progressive ownership taxes could greatly reduce poverty, inequality and the absurdity of clear-cutting rainforests which soon turn into deserts when land ideal for sustainable agriculture is left unused.

As argued elsewhere, economic inequality is linked to environmental destruction because extremes of affluence and poverty lead to resource misuse.[42] Inequality, moreover, fetters the search for solutions because it splits humanity into two very differently situated parties, neither of which shares both the capacity and the urgent need to avert environmental disaster. Finally, both poverty and destruction depend on population-to-land ratios: the lower the density, the easier it is to live sustainably. The world's population has grown enormously, intensive farming methods are damaging and we need all the land that we can secure to use as sustainably as possible. Consequently, land taxes can be valuable tools against poverty and environmental destruction, and there are neither principled nor consequence-based reasons to rule

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[38] Many Amazonian Indians are immunologically and culturally incapable of surviving elsewhere. Over 300 out of 30,000 Guaraní, for example, have already committed suicide. *Survival International Report* (2004).

[39] For example, 32,000 Yanomami occupy a territory the size of Switzerland; see http://www.survival-international.org/tribes/yanomami.

[40] About 1% of the population…control 47% of all real estate…120 million hectares of arable land has not been utilized…there are 10,735 properties consisting of more than 80,000 hectares each. The Inter-American Commission on Human Rights, *Report on Brazil* (1997) http://www.cidh.org/countryrep/Brazil-eng/Chaper%207%20.htm.

[41] Modern slavery often results from landless peasants being lured to remote farms where they are trapped because they are paid insufficiently to repay their travel and subsistence expenses. See ibid.

[42] See my "Progressive Environmental Taxes".

them out. Instead, we should be open to taxing either use or ownership, as each has different consequences depending on the resource under consideration. The consequences, moreover, cannot always be fully ascertained until taxes are tested. For example, Pogge's taxes may deter acquisition as well as use whilst Steiner's may discourage acquiring large holdings as well as encourage using them more profitably. Much could depend on different factors, including rates and other implementation details, which should be periodically reviewed to promote the sustainable use of agricultural land and forestry.

VI. The Tax Rate

As noted, the Dividend involves a flat tax on natural resource extraction. Assuming that individuals spend a smaller percentage of their income as they become wealthier, and a smaller percentage of their expenditure covers natural resources rather than services and design, such a tax can be very regressive. It unfairly expects less wealthy individuals to contribute a larger percentage of their income to poverty eradication than those who are wealthier. Moreover, regressive taxes are likely to be least burdensome on the heaviest consumers and polluters. In conditions of massive inequality, a tax rate that imposes severe burdens on low-income groups who do not receive the Dividend[43] may still be insufficiently high to substantially reduce high consumption by the wealthy – who would still go on consuming what the poor have painfully saved.

Pogge contemplates tax exemptions for water intended for human consumption and land used for basic staples but also says that the global poor should be "subject to the same incentives toward conservation…as the rest of us".[44] However, it does not establish "the *same* incentives" for the poor to pay the same for resources as the global rich despite having only a hundredth of their income and a tenth of their efficiency. A tax we would barely notice could still be considerably burdensome for them.

The Fund's impact is more difficult to predict. Individuals whose income barely exceeds the rental value of their resources may be unable to afford them. Subsistence farmers will be unable to pass on to customers their increased production costs, and may have to sell to hi-tech, market-oriented corporations

[43] See Dirk Haubrich, "Global Distributive Justice and the Taxation of Natural Resources", *Contemporary Political Theory* (2004): 48-69, p. 63ff.

[44] "A Global", p. 513.

producing for the world's rich rather than the local poor. This trend already produces adverse effects on the poor and the environment.[45] The more farmers sell then the more the price commanded by their land and their labour will fall. Land may concentrate in fewer hands, while landless peasants migrate to find employment. Governments could try to protect the vulnerable but governments in poor countries are also under pressure to sell or allow foreign companies to exploit their territories.

On the other hand, receipt of the revenue may increase the poor's acquisitive capacity, perhaps reversing these tendencies. The overall long-term effects could depend on many factors, including how much revenue the Fund can raise, and are not easy to predict.

VII. Redistributing the Revenue

The final dimension along which to compare the three proposals is revenue distribution, as guided by one of the following types of principle.

(a) *Sufficiency* principles require (i) minimizing the number of individuals below a threshold, or (ii) granting lexical priority to benefiting those individuals.
(b) *Egalitarian* principles require (i) an equal share for each individual, or (ii) minimizing inequality.
(c) *Prioritarian* principles attach diminishing moral value to benefiting individuals as their level of advantage increases.

A. Sufficiency

Pogge's numerical calculations, as well as his references to "poverty eradication", "basic needs" and "the poverty line", suggest he favours a sufficiency principle.[46] This recommendation raises several issues. First, we may wonder why the proviso requires that compensation for exclusion from natural resources is payable *only* to individuals who find themselves below a particular threshold. More plausibly, compensation should accrue to all excluded individuals, with greater

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[45] See Francis Moore-Lappe, *World Hunger* (New York: Grove Press, 1998).

[46] "A Global" refers to eliminating "severe poverty" (p. 512), and WPHR to "exclusively… meeting the basic needs of the global poor" (p. 207). See also p. 211. "An Egalitarian" mentions "the maximum possible positive impact on the world's poorest persons – the poorest quintile" (p. 203) which still involves a threshold, even if comparatively defined.

compensation accruing to those excluded to a greater degree and/or harmed more by the exclusion. Second, Pogge himself has denounced the biases in World Bank poverty measurements, including its estimates of how many individuals live below its nominated poverty lines.[47] Given that the quality of millions of lives will depend on whether we focus on those with less than $1, $1.25 or $1.50 per day, or some other figure, the arbitrariness of any chosen global minimum is of real concern. Furthermore, securing sufficiency in some unstable or inaccessible areas may be extraordinarily costly while a small investment on a larger group just above the threshold may work wonders.[48]

B. Equality

Egalitarians may believe in *minimizing inequality* by giving more to those who have less. If so, applying equality and priority may produce similar results. Steiner, however, plans to give identical sums to rich and poor alike. Doing so avoids any risk of fixating on arbitrary thresholds or creating poverty traps but does not reduce inequality; only the revenue-raising dimension of the Fund will do this. Steiner argues that relatively advantaged individuals generally own more natural resources, including land in cities with high rental values. But many own mainly corporate shares and so may contribute little to the Fund (unless those corporations also own land). The Fund is also regressive in relation to total real estate holdings because it taxes only the unimproved value of the land. Thus, whilst subsistence farmers will pay taxes on all they have, a wealthy person whose land is occupied by mansions or office buildings will be taxed on only a fraction of his total real estate.

C. Public Goods or Individual Cash Payments

Additional aspects of revenue distribution require discussion. For example, charities often avoid using cash payments to individuals because in communities with crumbling traditions, anomie, low alcohol-resistance and sexism, public goods often provide more durable, better distributed benefits, with fewer risks. The Fund's philosophy, however, is different: it is libertarian rather than humanitarian. It seeks to satisfy a condition on rightful appropriation, and is not directly concerned with poverty or the environment. Its anti-paternalism

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[47] See Sanjay Reddy and Thomas Pogge, "How Not to Count the Poor", http://www.columbia.edu/~sr793/count.pdf.

[48] See my "Why Sufficiency is not Enough", *Ethics* 117 (2007): 296-327 and "A Global", p. 515.

favours allowing individuals to decide whether to consume their share or to choose to invest with others in producing public goods. Cosmopolitan duties are exhausted by the payments, even if the payments fail to improve people's lives. Domestically, basic income advocates emphasize its administrative simplicity. Globally, providing public goods is simpler than administering regular payments to over six billion individuals, many of whom lack bank accounts.

Pogge, by contrast, will not grant the Dividend individually and unconditionally but does so collectively and conditional on good behaviour. Uncooperative governments will not receive the share to which their subjects are entitled.[49] Pogge's attitudes to national sovereignty in the revenue raising and revenue distribution phase contrast sharply. Initially, states are free to deplete resources as wastefully and unjustly as they please, provided they pay the tax. Following this hands-off approach, the Dividend becomes a tool to "shift the political balance of forces in the right direction".[50]

VIII. The Share as a Range of Intermediate Positions

The Dividend and the Fund are very different proposals. The first involves a small departure from the status quo whilst the Fund departs so radically from it that it is difficult to picture the result. This section assumes the Dividend is working and discusses the Share as a range of intermediate positions between the pragmatic Dividend and the philosophically coherent Fund.

A. First amendment: a prioritarian distribution

The revenue from the Dividend should be distributed in a prioritarian fashion. A poverty line (or lines) could be employed at the revenue raising stage to help determine tax rates and tax bases, besides oil, that should be taxed in order to raise the target sum. This is different to employing a sufficiency threshold at the distributive stage which, as indicated, is arbitrary, and unjustified from either a backward- or forward-looking perspective. Tax rates on specific items should be reviewed periodically, in light of the impact on different income groups, general economic activity, and the environment.

Prioritarianism offers more sensible guidelines than a rigid rule allocating all disbursements to people below a threshold, regardless of their cost-effectiveness. Its standard formulation considers (i) how many people can be

49 "An Egalitarian", p. 202.
50 "A Global", p. 514.

benefited, (ii) the size of the benefit, and (iii) the level of advantage of the recipient. Since the globally least advantaged tend to be the worst off in different respects little may depend on which form of disadvantage we consider. The revenue could be used in part to provide clean, efficient technologies to enable developing countries to skip the unhindered carbon-intensive industrialization that others have enjoyed.

B. Second amendment: a progressive rate

The impact of a global resource tax, and resulting price increases, depends not only on global decisions but also on each government's reactions. For example, if governments prefer the price of petrol to remain constant, they can reduce domestic V.A.T. or other taxes to make up for the effects of the global tax and raise the funds to pay the price increases in some other manner. After all, many governments not only fail to tax fossil fuels but subsidize them heavily.[51] So even if global taxes are regressive there are various measures that can be taken domestically to modify the impact of the tax, should the Dividend be opposed for this reason.[52]

Furthermore, though we currently lack figures on the environmental consumption of particular individuals, we do have past and present nationwide consumption and pollution records, as well as ecological footprint calculations. We know, for example, which are the countries in the top band of carbon emissions per capita, which ones are near the global average and which ones are below. It may be possible, thus, to achieve a progressive effect by charging those in the top band a higher pollution tax than those in lower bands. Import duties to ensure compliance could also take a progressive form, with duties on major polluters being correspondingly higher than those on countries with low per capita emissions who cause little harm due to their non-compliance. It is also possible that tradable pollution permit schemes, despite lacking a progressive structure, could help create a net progressive effect by allowing the smallest consumers to sell the most permits. If taxes on land were also included

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[51] As noted by Barack Obama when in 2009 he pressed the G20 "to end the billions of dollars of subsidies that encourage the use of fossil fuels around the world and help drive climate change". *Guardian*, 29 September, 2009. Developing countries also subsidize oil and would probably want to use some of the Dividend for this purpose.

[52] Most U.S. and E.U. citizens (87% of Germans, 85% of British, 84% of Italians…) support progressive taxation. See S. Lansley and D. Gowan, *Fair Taxes* (London: *Campaign for Fair Taxation*, 1994), and Peggy Hite and Michael Roberts, "An Experimental Investigation of Tax Payer Judgements", *Journal of the American Tax Association* (Fall, 1991): 47-63.

in the Dividend, they could also make the tax more progressive, with massive estates commanding higher rates. Since what ultimately matters is the aggregate effect of all tax-and-transfer schemes, there might be several methods for eliminating the Dividend's regressive character. All we need to do at this point then is agree that if feasible a progressive tax would be preferable.

C. Third amendment: a hybrid base

It is tempting simply to ignore the case for ownership taxes, but it is possible that some will be feasible and effective. Consider, for instance, the problem of land-locked states, which often have the bleakest prospects of escaping poverty.[53] Some have lost their coastline to wealthier coastal neighbours, which keep them effectively besieged, ignoring their requests for sea access whilst often charging them extortionate fees for not endlessly delaying their shipments. Bolivia, for example, the poorest Latin American country, lost its mineral-rich coast to Chile in 1879 but still has a navy of 5,000 well-uniformed men sailing around Lake Titicaca. Bolivia came close to recovering sea access in 2007 but then Chile backtracked, and is now considering whether to grant Bolivia permission to build a 150km tunnel, leading to an island created using the excavated material in a sea currently the subject of a dispute between Chile and Peru. Its declarations suggest that Chile expects international credit for merely considering a supposedly supererogatory permission for Bolivia to engage in such a desperate, environmentally destructive, and financially crippling tunnel-island solution.[54]

Assumptions over territorial rights probably cause more confusion between "supererogation" and "becoming less unjust" than examples involving drowning children. This is not to say, however, that countries relinquishing the required coastal stretch would not be entitled to compensation from other countries with even more resources and coastline. This would amount to a sea-access funding tax, making global territorial division slightly less unjust. Perhaps those with below average endowments could be exempt, while those monopolizing the best coasts would pay a higher rate than those with barely above average endowments. Depending on funding, sea access can also be provided at very different prices, ranging from tunnels costing a fortune in use

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[53] See David Bloom and Jeffrey Sachs, "Geographic Demography and Economic Growth in Africa", *Brooking Papers on Economic Activity* 98 (1998).

[54] http://www.bbc.co.uk/mundo/america_latina/2009/05/090512_2330_bolivia_tunel_ms.shtmlhttp://www.oas.org/columbus/Bolivia.asp.

taxes alone to U.N.-supervised regimes of joint jurisdiction, or the World Bank designed transit regimes.[55]

It is worth recalling that a frequent objection to poverty-alleviation proposals is that many poor people live in resource-rich countries, like Chile and Brazil, and would not be poor if these countries became less unequal. This problem does not emerge for Steiner as all Brazilian landlords will contribute to the Fund. Without ownership taxes, however, our only real leverage would be withholding the Dividend. By contrast, if both effective control and use of natural resources were on the negotiating table, we would have further options. For example, we could benefit poor Brazilians with the proceeds of the use tax, and require Brazil (or large Brazilian landlords) to pay a coastal tax, grant sea access to deprived Paraguay or support Uruguay's recent efforts to give sea access to Bolivia.

Global land taxes on individuals may also be feasible if they are modest and levied on properties valued above *n* million dollars. Such taxes could have the advantages of the 4% income tax on the richest 225 people mentioned at the start. The fewer the taxpayers, the easier it is to outvote them, and the smaller the administrative costs. And if taxes are global and land-based, the rich cannot threaten to move elsewhere.

IX. Three Proposals, Three Features, Three Perspectives

Pogge is confident that the Dividend is an improvement on the status quo that contractualists, consequentialists and Lockeans should welcome. All three, however, might welcome other improvements even more – including, Steiner claims, his Fund. This final section reviews the Share from this perspective.

Taxing ownership as well as use is more coherent from a *Lockean* perspective, *fairer* from the point of view of historical rectification, and less likely to penalize late developers. A mixed base is also preferable from a *consequentialist* perspective because it can raise more revenue, because land distribution is linked to both poverty and environmental destruction, and because it allows a greater range of solutions, extending the palette of policy instruments. A mixed base is also preferable from a *contractualist* perspective, because a tax on use alone could reasonably be rejected by the resource poor who have to dig tunnels to the sea and pay the highest, least escapable bills.

[55] See Kishor Uprety, *The Transit Regime for Landlocked States*, Legal Vice-Presidency, (The World Bank, World Bank, 2006.

Tax calculations and other implementation details, however, will differ depending on perspective.[56] Libertarians focus on the opportunity cost for contemporaries, who could be exploiting a site, while perspectives including future generations and environmental considerations would set rates that suffice to deter some activities rather than track the exact burden that an occupier imposes on potential occupiers. We need not know the exact cost of oil consumption, only the minimal tax rate necessary to reduce consumption to the appropriate (e.g. climate safe) level. Should we achieve the environmental policy objective without raising enough for our poverty relieving objective, we will then increase the rate or expand the base, including use or ownership, depending on the likely impact that this will then have on our two policy objectives.

Regarding the tax *rate*, as in the case of income taxes, both contractualist and consequentialist perspectives favour progressive over regressive taxation. Lockean principles do not determine a particular rate structure but since they justify financial charges by the *harm* pollution or over-acquisition causes to fellow humans, it is not strange to expect repeat offenders to be charged at higher rates.

Regarding *distribution*, a prioritarian principle is also preferable from a consequentialist or contractualist perspective, for the reasons previously indicated. And again, though Lockean principles are not very specific, it seems arbitrary to appeal to the claims of all humans and then make eligibility for the Dividend depend on remaining below a specific threshold. A prioritarian distribution fits better with the Lockean rationale because it sets no thresholds but compensates more those who are harmed more by the exclusion.

Since the Share is feasible and defensible from the three perspectives, it merits consideration alongside the Dividend and the Fund by those addressing the urgent task of developing solutions to global poverty and climate change.

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[56] The Share need not depart from the standard practice of taxing land depending on market value, feasibility and the consequences of taxation, for example, granting exemptions on per capita calculations for indigenous territories. The Fund's tax calculations, by contrast, depend only on rental value without exception.

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The *Global Fund*: A Reply to Casal

Hillel Steiner
School of Social Sciences, University of Manchester
Manchester, M13 9PL, UK
School of English, Sociology, Politics & Contemporary History, University of Salford
Greater Manchester, M5 4WT, UK
Hillel.Steiner@manchester.ac.uk

Abstract
The *Global Fund* is a mechanism for the global application of the Left Libertarian conception of distributive justice. As a form of luck egalitarianism, this conception confers upon each person an entitlement to an equal share of all natural resource values, since natural resources – broadly, geographical sites – are objects for the production of which no person is responsible. Owners of these sites, i.e. states, are liable to a 100% *Global Fund* tax on their unimproved value: that is, their gross market value *minus* the value of the improvements added to them by human effort. It is argued that the revenue yielded by this tax would be correspondingly reduced by a further tax on the *use* of natural resources.

Keywords
Responsibility, equality, natural resources, ownership, use

Paula Casal's paper explores a number of global taxes for alleviating world poverty, and focuses in particular on Thomas Pogge's *Global Resources Dividend* and my own proposal, the *Global Fund*. She reviews each tax-and-transfer proposal by discussing its normative rationale, the chosen tax base, the tax rate, and the methods and principles which are to regulate the distribution of the funds. In this brief response, I shall follow the same order. I begin by indicating how, on my understanding, global poverty can be an injustice.

Global Justice

As I see it – perhaps as we all see it – the many varied factors that causally contribute to a person's poverty are factors which can all be imputed to one or another of three basic sources: they're either self-inflicted, other-inflicted or

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inflicted by no one – that is, they're inflicted by Mother Nature. In the real world, it's likely that any one person's or group's poverty is *multi-factorial*: that is, it's inflicted by complex combinations of these three sorts of factor – combinations which are the standard subjects of research in a multitude of social science and bio-science disciplines.[1]

Justice, in my view – and in the view of many other current theories – requires that persons be compensated for all, and only, those elements or proportions of their poverty that are not *self*-inflicted.[2] Or, to put it another and slightly more specific way, just compensatory liability for *all* causes of poverty should vest in whomever and whatever contributed those causes, and in proportion to their respective contributions.[3] So, if the existence of global poverty does represent an injustice – and it clearly does – then we can best conceive of its remedy as being justly achieved through two mechanisms, though what I'm mainly going to focus on is only one aspect of only one of these mechanisms.

The first mechanism, about which I'll say almost nothing, consists in *restitution*: payments whereby past wrongs – including, but not confined to, the killings, thefts and exploitations that are associated with imperialism, colonialism and domestic tyranny – are redressed through compensation: compensation to be paid *by* the net beneficiaries of those wrongs *to* the net victims of them.[4] There are, to be sure, well-known problems besetting the choice of counterfactuals to be used in identifying many of these parties and the amounts thereby owed. Nonetheless, that *some* such redistribution is mandated by the demands of justice seems reasonably uncontroversial.

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1 Cf. Hillel Steiner, *An Essay on Rights*, (Oxford & Cambridge MA: Blackwell: 1994), pp. 277-8; 'Choice and Circumstance', *Ratio*, X (1997), 296-312, reprinted in *Ideals of Equality*, (ed.) A. Mason, (Oxford: Blackwell, 1998), and *Rights, Wrongs and Responsibilities*, (ed.) M. Kramer, (London & New York: Palgrave, 2001).

2 The theory of justice relied upon here is developed in *An Essay on Rights*. It takes, as foundational, each person's right to equal freedom, and has since come to be known as (one form of) *Left Libertarianism*. I've elsewhere argued that it can be identified with that family of responsibility-sensitive theories associated with *Luck Egalitarianism*, which construes the demands of justice as ones to equalise individuals' opportunity-sets.; cf. Steiner, 'Choice and Circumstance', and 'Responses' in *Hillel Steiner and the Anatomy of Justice: Themes and Challenges*, (eds.) M. Kramer, S. de Wijze & I. Carter, (London & New York: Routledge, 2009), pp. 242-4.

3 In the case of Mother Nature's contributions, I've argued that this liability justly vests in Mother Nature's owners – just as compensatory liability for harms done by domestic animals vests in their owners; cf. Steiner, 'Responses', pp. 249-50.

4 Such past wrongs also include, of course, detentions of what has been owed, but not paid, to the beneficiaries of the *Global Fund*; cf. Steiner, *An Essay on Rights*, p. 279.

The *Global Fund*

The second mechanism involves the idea of what I've called a *Global Fund*: a fund, to an equal portion of which each person – each moral right-holder – has a claim.[5] The payment of this claim could take the form of an unconditional basic income, an initial capital stake or various possible combinations of these. In any case, the *Global Fund* has two components, two distinct sources of revenue. The first of these, about which I'll again say virtually nothing, is a 100% tax on bequests. According to the *Choice* or *Will Theory* of rights, which I've defended elsewhere and which is presupposed by Luck Egalitarian conceptions of justice, being empowered to exercise a right is at least a necessary condition for being the possessor of that right.[6] Hence dead persons have no rights and, therefore, whatever they own at the time of their death is construable as unowned once they die. Being unowned, its just distribution is governed by whatever justice rules apply to other ownerless things. And, for reasons which I'll presently discuss under the *Global Fund's* second component, those justice rules entail that any persons wishing to acquire ownership of them – say, by inheritance – should pay for them.[7] Again, there are familiar problems surrounding issues related to this claim, such as whether irreversible comas count as death, what about *pre-mortem* trusts, what happens to dead persons' debts, and so forth. All of these warrant discussion: discussion which I won't be giving them.

What I want to focus on is the second source of revenue for the *Global Fund*. This is a 100% tax on natural resource ownership. By natural resources, I mean, at its broadest, portions of physical space. This compendiously includes all global surface areas and the supra- and sub-terranean spaces contiguous to them, as well as the natural objects they contain.[8] Owners of these locations owe, to the *Global Fund*, the full competitive rental value of these

5 Ibid, p. 270.

6 Cf. Steiner, *An Essay on Rights*, pp. 59-73; 'Working Rights', in *A Debate over Rights: Philosophical Enquiries*, with M. Kramer & N. Simmonds, (Oxford: Oxford University Press, 1998).

7 Steiner, *An Essay on Rights*, pp. 249-58, 273.

8 Natural resources also include certain (spatially mobile) elements of the biosphere, including human germ-line genetic information. For the sake of expository brevity, I shall leave discussion of these aside; cf. Steiner, *An Essay on Rights*, pp. 237-48, 275-80; 'Silver Spoons and Golden Genes: Talent Differentials and Distributive Justice', in *The Genetic Revolution and Human Rights: 1998 Oxford Amnesty Lectures*, (ed.) J. Burley, (Oxford: Oxford University Press, 1999), reprinted in *The Moral and Political Status of Children* (eds.) D. Archard & C. Macleod, (Oxford: Oxford University Press, 2002).

locations. That is, each person on the globe is entitled to an equal portion of each such location's value.

The Tax Rationale

Presenting the full theory of justice in which this claim is embedded would be both too space-consuming and probably unnecessary[9] – probably unnecessary, because the core idea here is familiarly Lockean in provenance and relatively simple.[10] In a world in which nothing is *a priori* justly owned except our own bodies (which are justly owned by ourselves), we're each fully at liberty to occupy and use any of the world's locations: we each have an equal liberty to do so. So if one of us wants to privatise one of those sites – to reserve it for her *exclusive* use and thereby deny to the rest of us our equal liberty to use it – it seems straightforwardly just to require her to compensate each of us for that loss of liberty.

How much should that compensation amount to? Presumably, it should be an equal slice of that site's value: that is, an equal share of the maximum amount that would be bid for rights to the exclusive use of that location. Thus suppose I would have bid £80 for it, and she would have bid £100. In a 2-person world, she gets that right to exclusive use if she pays me £50. In a 20-person world, where her £100 bid is still the highest one, she gets that right if she pays each of us £5. Obviously, exclusionary rights over different locations have different values: the right to an acre in central Manhattan is going to be worth more than the right to an acre in the Sahara Desert; and some portions of space 100 feet above or below an acre in central Manhattan are going to be worth more than their supra- and sub-terranean counterparts in the Sahara. Regardless of how these locations are demarcated, and regardless of how ownership of their incidents is consolidated or partitioned, rights to them each have a value. And an equal portion of that value justly belongs to each person, regardless of where on the globe he or she lives.

The Tax Base

Now, nation-states are themselves simply corporate *private* owners of particular locations: they claim exclusionary rights in respect of all the sites over

[9] See fn 2, above.

[10] 'Relatively simple', in comparison with Casal's hybrid proposal, discussed below.

which they exercise sovereignty. It's true that, *within* the territorial jurisdiction of any particular nation-state, the rules that govern private ownership of its component sites may differ from the sort of rule I've just described. Those local rules, and the particular rights and duties they generate, may be the products of that nation's culture or political system, or whatever. But however much local consensus these local rules may lack or enjoy,[11] and however much they may deviate from the one constituting the *Global Fund*, they obviously can't thereby displace it. That is, they cannot be conceived to alter the requirement that what is aggregately owed *to* the *Fund* by any one nation is the full competitive value of its territorial sites,[12] and that what is owed *by* the *Fund* to any one nation is a *per capita* equal share of that aggregate revenue. For, trivially, a local rule can apply only locally. What it cannot, coherently, determine are the boundaries of its own jurisdiction – the boundaries of that locality. Only a global rule can do that. And the global rule embodied in the *Global Fund* does that by attaching a price tag to each nation's territorial ownership – a price tag derived directly from each individual person's *negative* Lockean entitlement to be left the unencumbered use of 'enough and as good' natural resources as everyone else.

The Tax Rate

Casal is concerned that the tax rate I defend – 100% – may encourage site owners to engage in environmentally destructive activities in order to meet that tax liability. In relation to this worry, several responses are warranted. First, *any* activity that damages the person or property *of others* without their permission is, of course, justly prohibited and, if nonetheless performed, creates a compensatory liability in the performers; damaging the environment of others, in ways unlicensed by them, evidently counts as an instance of this. Second, and in respect of these kinds of negative environmental spill over effect, there are numerous currently proposed mechanisms for securing such licences at national and global levels, including the purchase of 'pollution

[11] That is, however just or unjust *they* may be.

[12] 'Full competitive value' means just that: the maximum amount that would be paid by bidders in a *global* auction. There can be no presumption that a nation justly owns a site until/unless it pays that amount. Hence, whatever restrictions which a nation might wish to impose on the use of a site it justly owns, these cannot be presumed to have effect unless it makes that payment. Nor, therefore, can those restrictions be presumed to affect that amount since, trivially, nations must bid successfully for the ownership of sites *before* they can acquire owners' powers and liberties to impose restrictions on their use.

vouchers', the value of such vouchers being one of the elements in the computation of what is owed to the *Global Fund*. Third, for the same reason that dead persons can have no rights against living ones, the Will Theory of rights cannot sustain rights in *far future* persons against living ones.[13] Accordingly, concerns for environmental degradation that damages no living persons, or that is licensed by them, may well be grounded in other moral values but are *not* demands of justice.

Casal proposes a 'hybrid tax' which would include both my tax on land or natural resource ownership and Pogge's tax on their use. I have serious doubts about the merit of this proposal. The first is simply that there's no obvious *just* reason to tax use: such taxes look like being unjust encumbrances on what people (or nations) justly own. But second, and leaving justice considerations entirely aside, it's hard to see how that hybrid tax could be expected to raise more revenue than the ownership tax alone. For consider: when persons bid for the purchase of *any* piece of capital equipment, the maximum amount that they're willing to pay for its ownership (MVO) will not be greater than the maximum amount of value they can secure from its use (MVU). If they know that in order to be allowed to use it, they will also have to pay a tax on that use, its MVU will be correspondingly reduced by the very amount of that tax. Accordingly, that tax will correspondingly reduce its MVO: people will only pay correspondingly less to acquire its ownership. And consequently, if that piece of capital equipment is a land site or set of natural resources, its owner's tax liability to the *Global Fund* will be correspondingly reduced. In short, *a tax on use can be only parasitic on – not supplementary to – a tax on ownership*.

The Revenue Distribution

Casal raises the issue of how these tax funds should be distributed. As we've seen, the distribution rule for which I've argued is one mandating equality. Since any person's (or nation's) land ownership deprives all other persons of their equal liberty to use that site, it seems straightforwardly to follow that the compensation justly owed to each of them for that deprivation should be equal. Even apart from this argument from the foundational right to equal

[13] Cf. Steiner, *An Essay on Rights*, pp. 259-61. 'Far future persons' refers to persons whose lives share no element of contemporaneity – no temporal overlap – with those of living persons. These do *not* typically include persons who are the children or grandchildren of living persons; cf. Steiner, 'Responses', pp. 241-2.

freedom, one ancillary advantage of equal distribution is that the universal basic income or capital stake entitlement, which it entails,[14] eliminates the familiar problem of 'poverty traps'. It does so by dispensing with the means-testing that's involved in applying sufficientarian and prioritarian distribution rules, and that presents even more formidable difficulties when required at the global level. Moreover, when human germ-line genetic endowments are taken into account, in computing the value of differentially possessed natural resources and their owners' corresponding liabilities to *Global Fund* taxation,[15] there are good reasons to expect the *Fund's* equal disbursements to generate a considerable reduction in interpersonal inequality at the global level.

Precisely how much global redistribution this would achieve – how much poverty it would alleviate – is, I fear, something about which I'm almost completely uninformed. One relevant 1985 estimate, which I *do* know of, suggests that the aggregate value of *American* natural resources would have yielded a guaranteed annual income of $20,000, under that entitlement, to each average size American family.[16] But to determine its *current* redistributive significance, this figure would, of course, need to be adjusted for several obvious reasons. It would need to be adjusted *upwards* to take account of net locational appreciation over the 25 years that have elapsed since then. And it would need to be adjusted *downwards,* to take account of the fact that what we're talking about is a redistribution that is *global* – and not just American – in scope. But it would also need to be adjusted *upwards* again, to take account of the fact that we're talking about revenue that is based on the value of *global* – and not just American – natural resources. Whatever aggregate revenue these – and other warranted – adjustments would yield for the *Global Fund*, it seems undeniable that the net effect of such a redistributive mechanism would be to transfer substantial funds from wealthier societies to poorer ones.

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[14] It seems consistent with this theory that *Global Fund* revenue can also be applied to offset the costs of public goods.

[15] See fn. 8, above.

[16] Cf. Alfred Andersen, *Liberating the American Dream* (New Brunswick NJ: Transaction Books, 1985), p. 153.

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Allowing the Poor to Share the Earth

Thomas Pogge
Philosophy Department, Yale University
PO Box 208306, New Haven, CT 06520, USA
thomas.pogge@yale.edu

Abstract
Two of the greatest challenges facing humanity are environmental degradation and the persistence of poverty. Both can be met by instituting a Global Resources Dividend (GRD) that would slow pollution and natural-resource depletion while collecting funds to avert poverty worldwide. Unlike Hillel Steiner's Global Fund, which is presented as a fully just regime governing the use of planetary resources, the GRD is meant as merely a modest but widely acceptable and therefore realistic step toward justice. Paula Casal has set forth various ways in which this step might be improved upon. Solid counter-arguments can be given to her criticisms and suggestions. But to specify the best (effective and realizable) design of an appropriate global institutional mechanism with some confidence, economists, political scientists, jurists, environmental scientists, and activists would need to be drawn in to help think through the immense empirical and political complexities posed by this urgent task.

Keywords
conservation, future generations, Global Resources Dividend, global warming, natural resources, pollution, public goods, regressivity

I am grateful to Paula Casal and Hillel Steiner for giving me this opportunity to think anew about how access to the world's resources can be made more just. We are united in the conviction that all human beings have a fundamental right to share the Earth and that those who are currently using vastly disproportionate shares of the wealth of our planet are violating this right by excluding the poor. That small global elite — citizens of the rich countries, and the holders of political and economic power in the resource-rich developing countries — is enforcing a global property scheme under which they may claim the world's natural resources for themselves and can distribute these among themselves on mutually agreeable terms. Denying the poor a fair share constitutes a great injustice in view of all the suffering and premature deaths it causes. We must end this exclusion through institutional reforms that would

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allow also the poor adequately to partake in the value humanity derives from the use of planetary resources.

Beyond this fundamental agreement lie a difference and disagreements. The difference, mainly with Steiner, is one of approach: while he is developing an ideal of fully just institutional arrangements governing the use of natural wealth, I am proposing, far more modestly, a relatively minor institutional reform that is politically achievable in the world as we know it and would go a long way toward protecting the poor. While he denies any special place to the actual institutional arrangements which happen to have evolved in human history, I am strongly focused upon these existing arrangements with an eye to designing a realistic and effective first step of reform. In taking this approach, I am not holding that the *status quo* deserves any special moral standing. I am merely recognizing that, to make progress, we need to start from where we are. Whatever may be the ideally just way of structuring the world economy, I am trying to map out a plausible first step in the right direction.

The disagreements are mainly with Casal. They can be reduced through a clearer understanding of the Global Resources Dividend (GRD) I have proposed. I will try to explain why I am unconvinced with respect to the differences that remain.

1. Hillel Steiner's Global Fund

Steiner envisions a fully just world as one in which all human beings receive an equal basic income from the revenues of a Global Fund. This Global Fund would be fed by collecting the full competitive rental value of all locations in space. Persons, companies, or societies would bid competitively for each location, the highest bidder would rent the location at the bid price, and the rent would be collected by the Global Fund and distributed to all human beings (including the successful bidder). This proposal faces obvious and serious problems concerning the principled resolution of disagreements over how rental lots will be spatially and temporally delimited, but I will here leave these problems aside.

It is worth noting that Steiner's ideal world is inhospitable to resource conservation. Take any location rich in natural resources, say an oil field. Such locations will attract high bids, and whoever wins the bidding will feel the pressure to extract in order to meet these rent payment obligations. In fact, any such renters have powerful incentives to extract as quickly as possible: for the natural resources extracted become theirs alone while the consequent reduction in the location's future rental value will be borne by all of humankind.[1] This incentive will promote rapid depletion of planetary resources, which will impose heavy burdens on future generations. These burdens may not concern Steiner, whose will theory denies that the members of these generations have any rights that might provide moral reasons today. But these burdens do concern me. I believe that we have strong moral reasons to slow resource depletion and pollution for the sake of future generations, and my proposed GRD is conceived with this objective in mind.

A second worry, noted by Casal as well, is that poorer households and societies may find their lives disrupted when they cannot win the bidding for the location they occupy. Brazil, for example, may not be able to afford outbidding, again and again, a well-funded consortium of timber companies determined to harvest the wood of the Amazon rainforest — or Brazil may have to use up this rainforest itself in order to pay the rent. In fact, even affluent households, corporations, and societies may find themselves at risk: a wealthy family may lose its home as an even wealthier family seeks to enlarge its garden; a major company may lose its signature headquarters as a stronger competitor executes a publicity stunt; and a middle-income country may see its national territory diminished as a richer neighbor expands by acquiring new land near their common border. Given such threats, the agents of Steiner's ideal world will tend to work very hard toward accumulating more money than others so that they can defend the locations they occupy in the next round of bidding.

An analogous problem arises if rent is also owed on genetic endowments, as Steiner advocates.[2] Because such collected rent is again paid out to all human beings in equal shares, people with middling endowments will not be affected by it. Well-endowed people, however, would be required to make net payments to the Global Fund for their talents and would thereby be compelled to work in higher-earning jobs.

My three critical comments on Steiner's ideal are surely too brief to do justice to his views. But I hope they convey the values my proposed GRD is meant to serve and thereby set the stage for my more detailed discussion with Paula Casal.

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[1] The less oil will remain in the location, the less will be bid for it the next time it is rented.

[2] "Natural resources also include certain (spatially mobile) elements of the biosphere, including human germ-line genetic information" (Steiner p. 330, n. 8; see also Steiner p. 334). Simple page numbers preceded by "Steiner" or "Casal" refer to their respective essays in the present journal issue.

2. Paula Casal's Critique of my Proposed Global Resources Dividend

The GRD is a mechanism that serves a good purpose by how it collects revenues and another good purpose by how it expends these revenues. Levied on countries, the GRD is meant to incentivize a more economical treatment of (especially non-renewable) resources that would better protect the environment as well as the interests of future generations. Spent on avoiding severe poverty, the GRD is meant to ensure that present and future poor people receive a fairer share of the benefits humanity derives from the resources of our planet.

Casal attacks my specification of the GRD on all fronts. For clarity of exposition, I organize my responses under the three headings she employs. Her first two headings are concerned with how the GRD raises revenues. Casal criticizes that the GRD is too narrow in its targeting and she advocates that countries should be charged on the basis not merely of the resources they use but also of the resources they own. In addition, she objects that the rates at which dividends are charged should be progressive rather than flat. Under her third heading, Casal presents various criticisms of how she takes me to envision the spending of GRD revenues.

Let me reiterate in advance that the GRD was never meant to be a comprehensive solution to the problem of global justice. It was meant merely as a good seminal first step in the right direction. I see it as an important merit of the GRD that, once established, it could remain in place as other parts of our global institutional architecture develop or are reformed. To be sure, there would be adjustments to the GRD mechanism along the way, adapting it in response to practical experience, to reforms of other institutional arrangements, to varying pollution and depletion threats, or to scientific and technological advances. Still, the GRD is not merely a plausible reform here and now, but also capable of evolving into a plausible element of a fully just world order.

To vindicate these optimistic assertions, one must analyze how the GRD would work in specific global contexts — in the context of the present institutional arrangements, for instance, or in the context of a modified future world order. Is it better that the GRD be present rather than absent in these contexts? If so, are there alternative mechanisms that, in these contexts, could contribute even more toward justice and the human good? These questions cannot be answered by examining the GRD in isolation. Casal discusses various examples involving real and fictional groups that in her view are being treated too well or too harshly by the GRD. Some of these counterexamples may have force on the false assumption that the GRD is, or will be, the only institutional mechanism mitigating inequalities of income and wealth.

In reality, however, the GRD would be added to a complex network of existing national and supranational institutional arrangements that condition the distribution of income and wealth; and the GRD would also, in a future better world, work within a much larger structure of global institutional arrangements that would *jointly* realize distributive justice.

2.1. What should be the bases of GRD obligations?

Casal presents me as having a somewhat fetishistic commitment to the principle that the GRD should target only the *use* of resources, not their mere *ownership*. Opposing this commitment, she prefers that we be open to targeting both use and ownership of resources through what she calls a "hybrid tax."

Two key features of my GRD proposal are that countries endowed with non-renewable natural resources (such as crude oil, metals, or minerals) should retain full control over whether and how fast to extract these resources and should owe dividend payments only on resources they actually extract. The main reason for the former feature is political: the less developed countries had to fight hard for the right to control the natural resources within their territorial jurisdictions, and their attainment of this right (at least *de jure*) was a prominent victory in their emergence from the colonial yoke. Reversing this victory, which both UN human rights covenants have enshrined in their respective first Articles, is politically unrealistic and also unnecessary relative to the GRD's purposes.

The main reason for the latter feature is environmental: a requirement on countries to make payments based on resources they choose *not* to extract would undermine the conservational purpose of the GRD. When countries are charged for their unextracted natural resources, then they may have to extract more in order to pay what they owe; and when countries anticipate being charged for unextracted natural resources in every future year, then they have additional reason to extract and sell these resources quickly.[3] To be sure, when many such countries raise their supply, then prices fall, and lower prices may moderate the additional supply coming to market, especially if some political leaders and corporate executives look beyond their own expected term in office and act in the best long-term interest of their country or firm.

[3] This predicament weighs especially on producers whose reserves are high relative to their rate of extraction. Seven major oil producing countries — Iraq, Canada, Kuwait, Iran, Venezuela, Kazakhstan, and the United Arab Emirates — have proven recoverable oil reserves in excess of 90 years of their current production. These countries would be most likely to try to raise their production in response to any levy on ownership.

Still any financial penalty on unextracted natural resource endowments would clearly cause higher supply, hence lower prices, hence higher consumption of such resources than would the GRD, which targets extraction only. A levy on natural resource endowments penalizes exactly what we ought to encourage: the preservation of (esp. non-renewable) resources for the benefit of the environment and future generations. By forswearing any such penalty on unextracted non-renewable natural resource endowments, the GRD slows their depletion, thereby slowing pollution-induced climate change and postponing the day when humanity will face catastrophic resource scarcity.

Casal worries that "when *natural* resources are very unequally distributed across states … states which lack such resources as oil in their territory, and so need to import them, will be less able to evade a tax on extraction than states which possess such resources and are able to disguise their extractive activity. A hybrid tax seems preferable insofar as it makes this accumulation of disadvantage less likely" (Casal p. 315). I am not convinced. The countries in whose territories natural resources are being extracted are the same as the countries in whose territories natural resources are located. If we have reason to fear that some such countries are disposed to cheat by understating their resource extraction, then we also have reason to fear that they will be disposed to cheat by understating their resource endowments. A hybrid tax could thus reduce cheating only if such a country's natural resource endowments were easier for foreigners to track than its natural resource extractions. But the opposite is true. It is relatively difficult for foreigners to estimate the unextracted natural resource endowments of a non-cooperative country and far easier for foreigners to estimate what natural resources this country is exporting and consuming domestically.[4] A hybrid tax would, if anything, lead to larger assessment errors than the GRD which targets natural resource extraction only.

Appealing to a Rawlsian original-position thought experiment, Casal writes that "the worst imaginable scenario seems to be living in an underdeveloped, land-locked, resource-poor country, whose desperate efforts to industrialize are fettered by a use tax. This would be worse than paying high ownership taxes for owning many resources. A hybrid base spreads the bets and lowers

[4] Suppose that what I write here is wrong — or becomes wrong through the introduction of new technologies that allow foreigners to measure rather precisely a country's endowment with various relevant natural resources. Then these same technologies could also be used to measure, indirectly, the resource extraction taking place in that country. To be sure, annual extraction estimates might be subject to larger errors (in percentage terms) than endowment estimates. But as measurements are extended over longer time periods, the expected error of extraction estimates would approximate that of endowment estimates.

the stakes, offering better chances to avoid disaster" (Casal p. 316). This argument is essentially sound. By also targeting resource ownership, Casal's hybrid tax could raise as much revenue as the GRD while adding less to the prices of extracted natural resources. So the worst-case country she is imagining would indeed contribute more to the GRD than to Casal's hybrid tax: it would contribute only (*via* a small increase in the prices of non-renewable natural resources) to the use component of the hybrid tax but not to its ownership component. (With the GRD, by contrast, this country would, *via* a larger increase in the prices of non-renewable natural resources, contribute more.)

Sound as it may be, this argument is still not a reason for favoring the hybrid tax over the GRD. This is so because the argument ignores the expenditure side of the two mechanisms. Because the poor people of Casal's imaginary country would be hit harder by the GRD than by the hybrid tax, they would also have a stronger claim to the funds collected by the GRD. If expenditures of the GRD and the hybrid tax are both focused on poverty avoidance, then the population of Casal's country will do roughly equally well under each. This population would pay more and receive more under the GRD than under the hybrid tax — while the populations of poor but resource-rich countries would pay more (and perhaps receive more?) under the hybrid tax than under the GRD. By Casal's Rawlsian standard, then, the GRD does at least as well as the hybrid tax — bringing much larger benefits than costs to poor populations. Such parity suggests that the GRD should be preferred for its triple conservational advantage (which protects the interests of present as well as future generations): Casal's hybrid tax adds less to the prices of non-renewable natural resources and therefore does less to discourage their consumption. It also encourages additional extraction by countries that face high resource ownership taxes or seek to reduce their future taxes on unextracted natural resource endowments.

A third criticism Casal advances is this:

> "the Dividend's idea" is that "one may use unlimited amounts, but one must share some of the economic benefit". This may suggest that one could pollute the whole atmosphere or exhaust the oceans' fisheries provided "one shares some of the economic benefit". Instead, perhaps we should introduce an upper limit on total consumption and some rationing system … (Casal p. 318).

But then the GRD is exactly such a rationing mechanism. To be sure, the GRD does not specify rigid global consumption ceilings for any natural resources. It raises the world market prices of some such resources and thereby reduces their consumption. After the GRD is introduced, one can observe the reduced consumption levels of the non-renewable resources subject to the GRD, and one can then further adjust the various dividend rates in order to achieve the desired conservational effects. Though different from a quota, a dividend levy can be adjusted to have exactly the same effect as any given quota.

This is not to say that the various dividend rates should be determined solely on the basis of conservational desiderata. A central purpose of the GRD is to create a stream of annual revenues — which I tentatively fixed at about $300 billion or (in 2010) about half a percent of the sum of all gross national incomes — that would suffice to design and implement the structural reforms and policies that would end severe human poverty once and for all. I argued that it is possible to generate such

> a sufficient revenue stream from a limited number of resources and pollutants. These should be selected carefully, with an eye to all collateral effects. This suggests the following desiderata. The GRD should, first, be easy to understand and to apply. It should, for instance, be based on resources and pollutants whose extraction or discharge is easy to monitor or estimate, in order to ensure that every society is paying its fair share and to assure everyone that this is so. Such transparency also helps fulfill a second desideratum of keeping overall collection costs low. The GRD should, third, have only a small impact on the price of goods consumed to satisfy basic needs. And it should, fourth, be focused on resource uses whose discouragement is especially important for conservation and environmental protection.[5]

While I envisioned the bases of GRD obligations to be specified by appeal to various pragmatic considerations, Casal presents me as committed to the principle that GRD must be charged only on the use and never on the ownership of resources. I did not mean to endorse any such abstract principle. To be sure, I do hold — for the conservational reasons already explained — that in the case of non-renewable natural resources (such as crude oil, metals or minerals) the GRD should be levied only on quantities extracted and not on quantities left underground. But I also wrote that the GRD can be extended beyond natural resources "to limited resources that are not destroyed through use but merely eroded, worn down, or occupied, such as air and water used for discharging pollutants or land used for farming, ranching or buildings" (WPHR 203). This passage shows my openness to extending the GRD levy to land that a country occupies.[6]

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[5] Thomas Pogge: *World Poverty and Human Rights: Cosmopolitan Responsibilities and Reforms*, second edition (Cambridge: Polity Press 2008), 212. Henceforth WPHR.

[6] I am also open to extending the GRD levy to coastlines and natural harbors which, as Casal (pp. 325–326) points out, confer substantial economic advantages on their possessor countries.

If this extension to land is adopted, then it makes sense to exempt certain land uses that we have reason to encourage: rainforests and other wilderness areas as well as lands used for planting basic foodstuffs for human consumption should be exempted from the GRD and thereby be favored over the remaining uses of land for buildings, roads, golf courses, and the raising of animals (whose greenhouse gas emissions might be subject to additional GRD levies).

Casal (p. 319) worries that the GRD would also exempt large land holdings whose owners make no use of the land. But such an exemption (beyond the special cases of rainforests and wilderness areas as well as unusable lands such as some deserts and rockface) would be diametrically opposed to the purposes of the GRD. The exemption would forfeit revenues that could be directed toward poverty avoidance. And it would provide perverse incentives for countries to condone large holdings of unused land, which have adverse environmental effects by causing the remaining land to be farmed more intensively with greater reliance on fertilizers and pesticides.

By holding that the GRD should target only natural resource extraction and not (unextracted) natural resource endowments, I am, *pace* Casal, not committed to advocating that land, as well, should be subject to the GRD only insofar as it is actively used. The two cases are very different. Mere passive occupation of land diminishes the potential use the rest of humanity can make of this land: occupation reduces the total number of acre-years available to others. This contrasts with the case of unextracted natural resource endowments which cause no environmental harm and also do not reduce the value these resources can help create when they are finally used. A country that contains large fertile areas on which nothing is produced withholds a lot of potential food from the present generation without leaving anything extra for future generations. A country that leaves untapped large underground crude oil reserves withholds much oil from the present generation but is also increasing by the same amount the quantity of oil available to future generations (which are likely to face greater scarcity of oil and other natural resources). The former country is imposing a net loss on the rest of humankind; the latter country is imposing no loss and is even benefiting humanity by slowing pollution and global warming. Or, if I must put the point in terms of a use/ownership distinction: the former country is in the relevant sense using the land — just as you would be in the relevant sense using the bathroom if you locked yourself in there without availing yourself of its facilities — while the latter country is in the relevant sense not using the oil.

2.2. At what rates should the GRD be levied?

I had described the GRD as levied at a flat rate, using \$3 per barrel of crude oil extracted as my paradigm example. The levy would be owed by countries in whose territory oil is being extracted. But much of this cost would be passed along, through higher world market prices, to the end users of petroleum products who would, for instance, pay up to 2 cent per liter (7 cents per gallon) more for gasoline, diesel or heating oil (WPHR 211). These price increases would dampen demand for GRD-targeted natural resources with the result that part of the cost of the GRD will be borne by the extractors of natural resources.

The main thrust of Casal's critique is that a flat rate is regressive and so unfair to the poor. The regressivity claim is true. While lower per-capita incomes are associated with lower natural-resource consumption, they are also associated with higher natural-resource consumption *per unit of income*.[7] This is true for households as well as for countries; and therefore, if GRD were charged at a flat rate, poor people and poor countries would end up contributing a larger percentage of their income than rich people.

Casal suggests that the GRD levy should be made progressive. This could be done either at the level of individuals (or households) or else at the level of countries. Casal seems to favor the former option; but progressivity at the household level is impossible to achieve. Just imagine the apparatus required to ensure that every person or household pays for gasoline the price per gallon that befits its income level. Such an apparatus would be impossibly expensive, intrusive and corrupting (causing a lot of cheating). Now imagine such a differential-pricing apparatus extended to all commodities whose provision involves any resources subject to the GRD. Clearly, this sort of progressivity is wholly infeasible.

Progressivity at the country level would aim for a world in which the GRD component embedded in the price of any commodity would be adjusted up or down according to the per-capita income of the country in which this

[7] Citing data from 1992, Casal claims that "Japan and many European countries produce more than ten times as much GDP per unit of energy consumed than China, and other developing countries are even less efficient" (Casal pp. 315–316). But when China's 1992 gross domestic product is valued at Western prices, this ratio falls to 4:1 (Yearbook Statistical Energy Review 2010, available at http://yearbook.enerdata.net/energy-intensity-GDP-by-region.html, accessed on March 31, 2011). More recent data for 2009 show that energy intensity of GDP at purchasing power parities was 0.32 in Russia, 0.28 in China, 0.25 in Africa, 0.21 in Canada, 0.20 in India, 0.17 in the United States, 0.14 in Latin America, and 0.12 in Europe and Japan (ibid.). Overall, energy efficiency in the rich countries is not even twice that in the poor countries.

commodity is consumed. Given the enormous complexity of the international division of labor, it would be extremely difficult to estimate the GRD component embedded in the various commodities. It would also be expensive and cumbersome to make the needed adjustments. Confining adjustments to a few important products, such as fuels, would lead to errors as when in a rich country high-GRD fuel is used in the manufacture of products whose end users are residents in poor countries. Additional errors arise from high rates of intra-national inequality. Millionaires in India would fly their private planes on low-GRD fuel while poor people in the United States would have to fill their tanks with high-GRD fuel.

Until we have a clear and feasible proposal of how progressivity would work, I will continue to defend the GRD with a flat rate. This defense can invoke two additional thoughts. First, Casal is right that we should aim to avoid large economic inequalities. But this is best achieved through a small number of institutional mechanisms and policy instruments that are best suited to this task. It is foolish to complain that the prices of all government services (such as public transportation, utility rates, passport fees, and postage stamps) as well as value added taxes on goods and services are regressive when they are not properly graduated according to each consumer's economic circumstances. Such "regressivity" should be acceptable so long as the overall organization of the economy ensures a reasonable distribution of income and wealth.

The second point is that it is not even true that the GRD is regressive once one considers, as surely one must, not merely its revenue collecting but also its expenditure side. Current global household income is about $35 trillion annually of which less than 3 percent, or about $1 trillion, goes to the poorer half of the human population.[8] Suppose that the GRD, through the higher prices it would cause for many commodities, would indeed hit this poorer half disproportionately so that their contribution to overall GRD revenues would, say, be four times higher: 12 percent ($36 billion annually if the GRD is set at $300 billion per annum). Given that all GRD revenues are to be spent on poverty avoidance, the poorer half would still end up with a net gain of

[8] Distributional data from Branko Milanovic (World Bank), who reports that the poorer half controlled about 2.92 percent of global household income in 2005 (e-mail of April 25, 2010). Milanovic is the leading authority on the measurement of inequality, and his published work contains similar albeit somewhat less updated information. See his "True World Income Distribution, 1988 and 1993: First Calculation Based on Household Surveys Alone," in *The Economic Journal* 112 (2002), 51–92; *Worlds Apart: Measuring International and Global Inequality* (Princeton NJ: Princeton University Press 2005); and *The Haves and the Have-Nots: A Brief and Idiosyncratic History of Global Inequality* (New York: Basic Books 2011).

88 percent of the GRD volume ($264 billion annually) while the richer half would be net losers by the same amount.

But would not the poorer half do even better if their contribution to the GRD could somehow be lowered or even avoided altogether? As we have seen, this is not feasible. And, even if it were feasible, the case for such an exemption is less than compelling. If exempted, the poor would save money on GRD contributions, but they would also lose an equal amount in GRD funds spent on poverty avoidance. Though the amounts are equal, exemption from the GRD would cause the poor to end up with slightly preferred modified consumption patterns that are more slanted toward resource-intensive commodities.[9] Although a universal GRD deprives the poor of this small benefit (which could be easily compensated by slightly enlarging the GRD volume), it is morally undesirable to exempt the poor — as if they did not care about, and could not share, our generation's responsibility for the environment and toward future generations and other species.

[9] A more accessible analogy may convey the point. Suppose you and some honest friends start a green club. Each of you agrees to pay $1 into a common kitty for every gallon of fuel used, and the money is divided equally among you. With net annual income of $21,600 you used to spend $3,500 to buy 1,000 gallons of fuel per year, spending the remaining $18,100 on other commodities and savings. After joining the club, maintaining this habit starts costing you an additional $1,000. Fortunately, as an average club member, you can afford this amount if you receive $1,000 from the kitty. Maintaining your habit, you would now be spending roughly 20 percent of your net income on fuel ($4,500 out of $22,600). Realistically, however, the increased price of fuel will change your spending pattern away from fuel (that was the point of the green club!) toward other consumption and greater savings. Suppose that maximizing your welfare in this way reduces your fuel consumption by ten percent to 900 gallons a year. You are now clearly better off than you were before joining the club. The catch is, of course, that other club members also shift their consumption away from fuel, and so you (an average club member) will probably receive only about $900 from the kitty. The new equilibrium is that you will have $22,500 per annum, will spend $4,050 on 900 gallons of gasoline and $18,450 on other things (including savings). This expenditure pattern was already open to you before you joined the club. Then you could have spent $3,150 to buy 900 gallons of gasoline and the remaining $18,450 of your $21,600 income on other things. The fact that you did not do this shows that you prefer 1,000 gallons plus $18,100 for other things over 900 gallons plus $18,450 for other things. (The story shows how agents can have moral reason to create for themselves a multi-person prisoners' dilemma that, by giving them a compelling prudential incentive to "defect" toward using less fuel, causes them to stick to their shared moral commitment.) So joining the green club leads you to a somewhat dispreferred outcome but it also ensures that you take fuller account of the burdens your fuel consumption imposes on the environment and future generations. The poor joining the GRD is analogous: it would encourage poor people to shift their spending to a somewhat dispreferred less resource-intensive pattern that takes fuller account of the burdens their consumption imposes on the environment and future generations.

This response leaves two open problems. First, GRD spending may not reach some poor people who may then face higher prices for resource-intensive consumption without compensating benefits. This problem would certainly arise if we attempted to pay out all GRD funds as cash (either as a need-based flow of basic income or as a need-based stock of starting capital[10]), because it would be very difficult to reach people in remote locations and to ensure delivery of the funds to people living under tyrannical or corrupt regimes. For this reason and also to curtail embezzlement and corruption, it would be better to diversify by spending some of the GRD funds differently, especially on institutional redesign and global public goods. For example, if pharmaceutical innovators could opt to sell their patented products at cost in exchange for being rewarded from GRD funds according to the health impact of their innovations, then all poor people would benefit through much lower prices of advanced medicines (if not directly, at the point of sale, then indirectly: through lower health insurance rates or greater access to drugs provided at public expense).[11] Similarly, if firms developing patented new plant varieties had the option to license their innovations at zero-cost in exchange for being rewarded from GRD funds according to increases in nutrient yield and reductions in pesticide and fertilizer use, then nearly all poor people would benefit through lower prices of more nutritious foodstuffs as well as through an environment less polluted by pesticides. And again, if those developing patented new clean/green technologies could opt to license their innovations at zero-cost in exchange for being rewarded from GRD funds according to emissions averted, then all poor people would benefit environmentally (as such clean technologies would be more widely used) and also financially through lower prices of energy and commodities produced with such technologies.[12] Using the GRD to fund such public goods as well as clean water, adequate sanitation, basic health care, basic education, careful redesign of national and supranational institutions/legislation, land reform, and measures against corruption, human trafficking, smoking and alcoholism, ensures that its introduction brings net benefits to nearly all poor people. The case for this conclusion becomes even stronger if we add in the environmental impact deriving from

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[10] The idea of such a starting capital is interestingly explored in Anne Alstott and Bruce Ackerman: *The Stakeholder Society* (New Haven: Yale University Press 2000).

[11] See Aidan Hollis and Thomas Pogge: *The Health Impact Fund: Making New Medicines Accessible for All* (Oslo and New Haven: Incentives for Global Health 2008).

[12] The latter two suggestions of Agricultural and Ecological Impact Funds are discussed in somewhat greater depth in my "Keynote Address: Poverty, Climate Change, and Overpopulation," in *Georgia Journal of International and Comparative Law* 38 (2010), 525–542.

the revenue collection side of the GRD: we all benefit from the slow-down in pollution and global warming to the adverse effects of which poor people are especially vulnerable. Overall, there can be no doubt that creation of the GRD would massively reduce the depth and breadth of poverty, and might well, in time, eliminate altogether the severe poverty that currently blights and endangers the lives of roughly half the human population.

The other open problem is that the GRD would impose, relatively speaking, more of a burden on merely economically secure households than on very rich ones. This problem, too, would be offset or at least mitigated if some of the GRD funds were spent on the provision of global public goods as the resulting savings would constitute a higher fraction of income for households living on lower per-capita incomes. In any case, as stressed above, the GRD cannot achieve distributive justice on its own. This task requires other national and supranational mechanisms which could easily be adjusted so as to offset any undesirable distributional effects the GRD might be found to have within the non-poor population.

As a further criticism, Casal points out that the GRD ought not to ignore past pollution and natural resource use. She does not advocate that GRD payments should be sought from those who polluted and overused decades ago. Instead she reiterates her proposal of ownership taxes on tangible property and specifies that such taxes should be based on the properties' market value. If this is done, she contends, "a hybrid base produces a fairer outcome, with current ownership taxes functioning as retroactive use taxes" (Casal p. 316).

While I am open to extending the GRD to land that countries occupy, I believe that the rate of the levy should be based on the unimproved quality of the land — perhaps exempting unusable lands such as deserts, rockface, steep inclines, extreme altitudes or temperatures, and inaccessible locations — rather than its market value.[13] The market value of land is affected by many causes that are inappropriate modifiers of the GRD levy. For example, land prices in Bangladesh are driven up by this country's extremely high population density. Should the GRD penalize Bangladesh's impoverished population for this? And should the GRD ask very little of Namibians for the cheap land they occupy when this cheapness is due to their occupation of enormous areas? If the GRD followed this rule, it would incentivize thinly populated countries to

[13] It probably makes sense to fix the quality of all usable land once and for all when the GRD is introduced. Countries that, through poor husbandry or neglect, render some of their lands unusable should not be rewarded with lower GRD obligations.

restrict immigration and would thereby aggravate inequalities of access to the world's resources.[14]

Another hugely important contributor to the market price of land is human improvement. Farmland is more valuable when it is properly cared for, and urban land is more valuable when the city is well-governed and provides attractive opportunities for recreation, sports, and culture. I would not want to rule out taxes that penalize such good husbandry of resources — national income and wealth taxes involve similar penalties, and I am not opposed to global taxes on income and wealth. But if such a tax were to be introduced, it should not be biased against countries that invest in adding value to their real estate while exempting countries that invest in US Treasury securities. The GRD, in any case, is not a global tax on income or wealth. It is a dividend owed by those who make *disproportionate* — as distinct from *good* or *efficient* — use of the natural resources of our planet to those whose access is thereby reduced below a fair share.

Casal's suggestion that populations with more valuable real estate have probably benefited more from past pollution and natural resource use may well be broadly correct. But this correlation is also very imprecise, as shown by other factors that greatly influence real estate prices, such as the two just mentioned. Moreover, this correlation is bound to become weaker and weaker. The GRD is conceived as a mechanism that — although it should obviously be periodically adjusted — can last indefinitely. If we want to institute a retroactive use tax designed so as fairly to share the present benefits from disproportionate pollution and resource use before the GRD was introduced, it makes little sense to build this into a permanent mechanism like the GRD. Such a mechanism would, even centuries later, still charge countries according to the market value of their real estate on the increasingly bizarre hypothesis that, if their real estate is more valuable, then they must be beneficiaries of disproportionate pollution and natural-resource use before the GRD was introduced. Rather than using real estate prices as a proxy in perpetuity, it would make much more sense to create a separate one-off mechanism that would, within a few years, adjust once and for all the differential benefits national populations derive from pre-GRD pollution and natural-resource use.[15]

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[14] Namibia has about 6 times as much land area as Bangladesh which in turn has about 75 times as many people as Namibia.

[15] I suspect that the call for such a retroactive adjustment is politically unrealistic and I see this as a further reason against building it into the GRD proposal.

2.3. How should GRD revenues be spent?

Casal presents the GRD proposal as incorporating "a rigid rule allocating all disbursements to people below a threshold, regardless of their cost-effectiveness" (Casal p. 323). This presentation involves two misunderstandings of what I have proposed. The first misunderstanding is a failure to appreciate the distinction between the purposes the GRD is supposed to serve and the rules governing GRD spending. Suppose I were committed to a sufficiency principle, as Casal surmises, and were thus committed to designing the GRD so that it minimizes the aggregate shortfall from some rigid threshold of sufficiency. This would not commit me to favor GRD spending rules that would divide the funds among those living below this threshold. On the contrary, if such spending rules would not be effective at averting poverty, then the sufficiency principle would commit me to reject these rules. The sufficiency principle requires that we design the GRD mechanism so that it has the greatest possible effect on the magnitude of world poverty which, for sufficientarians, is the aggregate shortfall from the threshold.

The second misunderstanding is that I rest my case for the GRD on a sufficiency principle. I have not done this and instead have aimed to show that the GRD is a plausible institutional reform that can be accepted by a wide diversity of mutually incompatible normative views as an important step in the right direction. Thus I have, as Casal understands, given different arguments in favor of the GRD, one appealing to the Lockean proviso, one appealing to historical injustice, and one appealing to the distributional effects of institutional arrangements. This last appeal to distributional effects was also meant to be ecumenical, attempting to show that the proposed GRD should be appealing to sufficientarians, prioritarians, and egalitarians by realizing what all three camps would recognize as substantial reductions in injustice relative to the status quo. To be sure, these three camps systematically disagree about how distributional effects of institutional arrangements should be assessed[16] and would therefore probably favor somewhat different designs of the GRD. In my discussion, I was not entering into such details but merely sketching the GRD in enough detail to show that, on any further specification, it would be a tremendous gain by sufficientarian *and* egalitarian *and* prioritarian standards.

[16] For an excellent discussion of these three approaches to distributive justice, see Paula Casal: "Why Sufficiency is Not Enough" in *Ethics* 117 (2007), 296–326.

In the wake of these clarifications of the spirit and content of the GRD proposal, I can embrace much of what Casal has written with critical intent. As I have made clear elsewhere, I am sympathetic to her prioritarian position by supporting a certain (non-lexical) priority for the worse-off and also by rejecting the idea of some arbitrary rigid threshold above which improvements in socio-economic position cease to matter.[17] I also agree that "globally, providing public goods is simpler than administering regular payments to over six billion individuals, many of whom lack bank accounts" (Casal p. 323) — though it should be added that delivering cash to poor people is becoming vastly easier now through various electronic services accessible through cell phone technology. We should explore all promising ways of spending GRD funds on poverty avoidance and adopt a diversified approach that makes it possible to reach each impoverished population in the most effective ways. Diversification also allows us to take advantage of incentive effects: all agents and agencies involved understand that they will lose funding if they do not work effectively in the interest of the poor. Global public goods such as the Health Impact Fund and its two siblings certainly have a role to play: they would not merely ensure that nearly all poor people benefit, but would also unlock huge collective gains by reducing the massive inefficiencies involved in the current method of rewarding innovation through patent-protected mark-ups.[18] And they would also (as shown above) offset or at least mitigate the problem that, by increasing the cost of resource-intensive consumption, the GRD would impose, relatively speaking, more of a burden on merely economically secure households than on very rich ones.

On closer examination of the GRD and Casal's criticisms of it, there seem to be no irreconcilable difference between our positions. This result may not hold up as we go forward in developing more detailed designs of the kind of resource-based mechanism we are both advocating. This is the task that should now command serious interdisciplinary and political attention: the task of designing in full detail, and presenting a comprehensive justification for, a global funding mechanism that would produce massive environmental and conservational gains through its revenue collection as well as massive poverty

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[17] See my "How International Non-Governmental Organizations Should Act" in Patricia Illingworth, Thomas Pogge and Leif Wenar, eds.: *Giving Well: the Ethics of Philanthropy* (Oxford: Oxford University Press 2010), 46–66.

[18] "The Health Impact Fund: enduring innovation incentives for cost-effective health gains," in *Social Europe Journal* 5/2 (Winter 2010/2011), 5–9, www.social-europe.eu.

reductions through its targeted expenditures. Achieving such a mechanism would slow depletion of natural resources and the deterioration of our environment while also greatly reducing the huge unjust burdens now imposed on the world's poor. Working on its design is an essential step toward this achievement.[19]

[19] Many thanks to Shan Ge for her helpful comments and suggestions

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Rejoinder to Pogge and Steiner

Paula Casal
Institució Catalana de Recerca i Estudis Avançats (ICREA)
and Universitat Pompeu Fabra
Trías Fargas 25, 08005 Barcelona, Spain
paula.casal@upf.edu

I am grateful to Thom Brooks, Thomas Pogge and Hillel Steiner for this exchange, which I think has made progress in understanding global *geoist* taxation and clarifying our respective proposals. These remarks summarize my view of the main fruits of the discussion. I hope others will take the discussion further and develop more detailed tax proposals to combat poverty and environmental destruction.

Steiner's scheme differs from Pogge's and mine in part because he sets aside issues in non-ideal theory, including feasibility but also because he evaluates various possible consequences of his scheme quite differently. Despite these differences, we have still reached some agreement, as I shall explain. My agreement with Pogge was always greater. In some respects, it has grown through this exchange.

Pogge's reply emphasizes that critics should assess his Dividend in conjunction with other institutional reforms yet to be specified (pp. 336, 338, 345, 348). This was always clear to me. Indeed, my paper begins (p. 308) by introducing the Dividend as merely one *part* of a solution to world poverty, and I assumed the same applies to all the other tax proposals, Steiner's included, which could also avail themselves of this defence. In both cases, however, I think it is preferable to avoid creating problems that other institutional reforms need to counteract. For these complementary reforms may never take place, may come too late, or may not work as expected. It is also important to examine the specific problems tax proposals may create so we can discuss which specific complementary reforms – such as Steiner's pollution vouchers – could reduce the problems identified. I now turn to examine more detailed issues about the tax base and rate, and revenue distribution.

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I. The Tax Base

Steiner

In response to my concern about the environmental impact of his tax, Steiner replies that he agrees that there may be reasons against harming future individuals (either through pollution or depletion), but describes them as *moral* reasons rather than reasons of *justice* (p. 333). Regarding environmental damage harmful to contemporaries, he proposes supplementing his tax with other economic instruments such as "pollution vouchers" (pp. 333–4). This reduces our disagreement to some extent. In effect, with "the value of such vouchers being one of the elements in the computation of what is owed to the Global Fund" (p. 333), it seems that Steiner is also advocating some sort of hybrid use/ownership scheme, which combines *land ownership* taxes with other charges on the *use* of some natural resources.

Pogge overlooks this amendment when he predicts Steiner's plan will cause rapid depletion (p. 337). Depletion will now depend on legal restrictions on extraction or pollution, and the rates land occupiers will have to pay for either, in the form of permits, which will also affect whether there will be high bids.

Its impact on the environment, however, makes Steiner's proposal objectionable for several reasons. First, there is no guarantee that the balance of contrary tendencies (respectively caused by oil ownership taxes and pollution vouchers) will always resolve in favour of appropriate conservation. Second, libertarian owners may consent to living with high levels of pollution. Finally, libertarian owners may introduce restrictions that protect contemporaries, but cause unlimited harms to their descendants, for example, by leaving radioactive time bombs. If Steiner denies our moral duties to protect future generations from such harms because they do not supply reasons of *justice*, his theory is not only inhospitable to conservation but very implausible.

Another problem with Steiner's proposal that Pogge finds "obvious and serious" (p. 336) also affects Pogge's own proposal to tax land but is, fortunately, soluble. The problem concerns the division in rental lots, and the solution is to start with existing land divisions and tax years. Divisions will then evolve with subsequent agreements and transactions.

Pogge's final objection to Steiner is that if "natural resources also include certain (spatially mobile) elements of the biosphere including human germ-line genetic information" as Steiner suggests, "well-endowed people will be compelled to work in higher earning jobs" (p. 337). However, whether taxes "compel" depends on the rate and not just the base; and second, as Steiner's proposal implies that only those who choose to become the *parents* of well-endowed children will contribute to the Fund, there will be no slavery of the talented nor any possible conflict with self-ownership, which libertarians like Steiner doubtless prefer to avoid.[1]

Pogge

Pogge suggests that my paper presents him "as having a somewhat fetishistic commitment to the principle that the GRD should target only the use of resources" (p. 339), and claims that land "could be subject to the GRD only insofar as it is actively used" (p. 343). His suggestion, however, does not accurately represent my paper. I did report Pogge's statement that "while each people *owns and fully controls* all resources within its national territory"[2] they nevertheless can "be required to share a small part of the value of any resources they *decide to use or sell … if indeed the decision is to use*" their resources.[3] Following other commentators[4] and Pogge´s own practice (pp. 335, 336, 339–42, 344, 349)[5] I referred to his taxing resource use as shorthand, when sketching various views or focusing on other matters. When discussing whether he would endorse land taxes, however, I noted that both Pogge and Steiner employ the terms "occupation" and "exclusion" as well as "use" (p. 314), and I cited (p. 318) the statement of the Dividend that could charitably be interpreted to suggest ownership taxes:

> This idea could be extended to limited resources that are not destroyed through use but merely eroded, worn down, or occupied, such as air and water used for discharging pollutants or land used for farming, ranching or buildings.[6]

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[1] See H. Steiner, *An Essay on Rights* (Oxford and Cambridge MA: Blackwell: 1994), pp. 237-48, 275-80; "Silver Spoons and Golden Genes", *The Genetic Revolution and Human Rights: 1998 Oxford Amnesty Lectures*, ed. J. Burley (Oxford: Oxford University Press, 1999); "Universal Self-Ownership and the Fruits of One's Labour: A Reply to Churchin", *Journal of Political Philosophy* 16, pp. 350-355, and "Sharing Mother Nature's Gifts: A Reply to Quong and Miller", *Journal of Political Philosophy* 19, pp. 110-123.

[2] "An Egalitarian Law of Peoples", *Philosophy and Public Affairs* 23 (1994):195-224, p. 200.

[3] *World Poverty and Human Rights* (Cambridge: Polity Press, 2008, pp. 202-3. See also "An Egalitarian…", p. 200, and "A Global Resources Dividend", *Ethics of Consumption,* ed. D. Crocker and T. Linden, (Totowa, NJ: Rowman and Littlefield, 1999), p. 511.

[4] Steiner, for example, writes that in "Pogge's account, that base is the aggregate value of only *used* resources…Whereas for the Global Fund (and, I think, for Beitz) that base is the aggregate value of owned resources." "Just Taxation and International Redistribution", *Global Justice* ed. I. Shapiro and L. Brilmayer, *NOMOS XLI*, (1999):171-191, p. 183.

[5] WPHR, p. 202, 203, 210, 211, 212, 213, 217, 218.

[6] WPHR, p. 202-3.

This statement might mean that (a) the tax base will include "air and water *used* for discharging pollutants or land *used* for farming, ranching or buildings". At some stretch, it might instead mean that (b) the base will include land that is not occupied by buildings or used for farming or ranching or any other purpose, as well as water or air that is not used to discharge pollutants or for any other purposes, so long as others are excluded from it.

Although the first more literal interpretation fits better with Pogge's statements of the Dividend as a tax on use I advanced the second interpretation (p. 318) because, thus construed, Pogge's view is more plausible and coherent with the Lockean rationale he also employs. Doing so also enabled me to complete my defence of the Dividend against Roger Crisp's and Dale Jamieson's environmental criticisms of Pogge's scheme. Those critics argued that the Dividend focuses on depletion of non-renewable natural resources, an outdated fear which economists have proved unjustified, and is ill-equipped to deal with today's environmental problems which concern renewable natural resources, and the natural systems that maintain them. Besides pointing at the multiple environmental benefits of taxing oil use, I appealed to the ambiguity in the cited phrase to argue that the Dividend may be able to protect the environment more than the critics allowed (pp. 318–20).[7]

My paper, then, rather than making accusations of fetishism or claiming land "could be subject to the GRD only insofar as it is actively used" attempted to address an unclarity in Pogge's position (p. 314–15). It kept the interpretive options open, suggesting the less obvious but most charitable interpretation of the above phrase ("he here recommends taxing 'occupation', which may be the same as ownership" (p. 318)), and noting some advantages of endorsing this interpretation.

Some clarification has been achieved, as Pogge now explicitly endorses my charitable interpretation of his phrase (p. 343), and for the same Lockean and environmental reasons that I provided (at pp. 315 and 318ff). He also endorses my openness to including coasts and even natural harbours in the tax base (p. 342, n. 6).

So the main issue regarding the tax base is now settled. Steiner may use the language of property to describe the use of the atmosphere and other environmental sinks, and Pogge may employ the term "use" to refer to the ownership of unused land, but nothing much turns on this.[8] We converge on the

[7] "Pogge on Rawls", *The Idea of A Political Liberal,* ed. Victoria Davion and Clark Wolf (Lanham: Rowman and Littlefield, 2000): 90-101, p. 100.

[8] I use the term "ownership" because although one may own something and not exclude anybody from it, this is not the typical case, and here attending to exceptions would be impracticable.

permissibility of taxing both use and ownership in the normal sense of these terms, and thus allow what I called a hybrid base. Moreover, Pogge and I agree on what could in principle be eventually part of the base as well as on the importance and convenience of starting with oil use (pp. 317, 325).

Some readers may now wonder how to reconcile Pogge's endorsement of occupation taxes with his claim that "each people owns and fully controls all resources within its national territory",[9] and with his remarks about sovereignty and hard-earned territorial rights (p. 339).[10] They may also puzzle about the claim that countries with oil and other limited resources will "retain full control over whether and how fast to extract these resources" (p. 339) and "may use unlimited amounts" (p. 341) with his plan to "adjust the various Dividend rates to achieve the desired conservation effects … exactly … [as with] quotas" (p. 342).

One possibility would be to withdraw the remarks about sovereignty. They are inessential to a defence of the Dividend and do not fit well with its justification on grounds of the unfairness of uncompensated exclusion and the unjust, violent, and arbitrary ways in which borders have been drawn.[11] Another possibility is to understand these remarks as "pragmatic" (p. 342), defeasible considerations to be balanced against the demands of justice in some unspecified way. A final option I mentioned (p. 317) involves claiming that modest, or at least non-prohibitively expensive, taxes are consistent with freedom to use or extract a resource unlimitedly, and that ownership taxes actually express the ownership status an individual has over her possessions. To be sure, one may insist that even *deterrence* taxes that rise until they *ensure* resource use or extraction stops before some limit still in some sense permits freely using and extracting unlimitedly. Going so far, however, will be very controversial. Many theorists, including the libertarians Pogge intends to persuade, will deny that taxes – and other costs – that rise as much as effective deterrence requires are consistent with owners preserving "full control".

Pogge's statements rejecting ownership taxes and descriptions of the Dividend as taxing only extraction[12] also require qualification to accommodate

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The same applies to the legitimacy of taxing "extraction", despite the fact that in principle one may extract something and neither use it, nor exclude others from it.

[9] "An Egalitarian Law of Peoples", *Philosophy and Public Affairs* 23 (1994):195-224, p. 200.

[10] At p. 339 Pogge writes: "the less developed countries had to fight hard for the right to control the natural resources within their territorial jurisdictions, and their attainment of this right (at least *de jure*) was a prominent victory in their emergence from the colonial yoke. Reversing this victory, which both UN human rights covenants have enshrined in their respective first Articles, is politically unrealistic and also unnecessary …"

[11] WPHR, pp. 205ff.

[12] WPHR, pp. 201, 202, 210, 211, 213 and 217, and here at pp. 339 and 340).

taxes on territorial occupation. One possible qualification would be to advocate taxing the *use* of depletables and the *ownership* of renewables. Conservation, however, defies such simplistic rules. Even in the case of fossil fuels, we may worry about those fuels precisely because they are nowhere near depletion, and we may not want to tax gas, for example, to allow a faster reduction on the use of even more pernicious coal and oil. For this reason, my paper avoided rigid rules, and recommended being open to taxing use or ownership depending on the consequences of the decision for poverty and conservation (pp. 319–20, 327).

Pogge initially reports my view correctly as being "open to" (p. 339) either option depending on the case, but later (pp. 339–40) misattributes to me a proposal to tax countries for the fossil fuels they leave undisturbed inside the earth, thus spurring their rapid depletion and pollution. This interpretation is contrary to the spirit of my paper and my emphasis on consequences, and conservation, as well as against my explicit statements. I wrote that we should be "open to taxing either use or ownership, as each has different consequences depending on the resource under consideration" (p. 320), and that we should consider "including use or ownership, depending on the likely impact that this will then have on our two policy objectives [reducing pollution and poverty]" (p. 327). In fact, the paper even states that we should revise the tax base depending on its environmental impact, even in the event that we managed to achieve our initial environmental policy objective without reaching our poverty objective (p. 327), and insists that we should update the tax regularly in view of its impact in promoting sustainability (pp. 320, 323).

Had I proposed levying ownership taxes so unreflectively and indiscriminately, there would have been no point in my explaining at such length the distinct consequences of taxing use or ownership of different resources, nor would I have referred distinctively to "oil taxes" (pp. 308, 316–18, 327) on one hand and "land taxes" on the other (pp. 318–21, 325–26). In fact, my main argument begins with the very assumption that ownership taxes are likely to threaten conservation (p. 317). It then proceeds to explain how, less obviously but more accurately, ownership taxes on *some* resources – such as unused agricultural land, sea access, and clean energy sources – can, unlike taxes on oil and uranium, become the allies of conservation rather than its enemies (pp. 315, 318–19, 325–26).

Tax evasion and disaster avoidance

I stress the previous point as Pogge relies on misconstruing my proposal as a tax on unextracted oil to reject two of three considerations (pp. 340–41) my paper mentions in support of remaining open to occupation taxes, and thus in support of what is now Pogge's explicit view. Given Pogge's critical comments on them, however, it is worth clarifying these considerations.

Although neither of us affirms either tax, Pogge compares an *extraction only tax* (p. 340) with a *non-extraction tax* on the mere ownership of depletable resources still lying underground. He argues that calculating what is extracted is easier than calculating what remains unextracted. This may be so but it does not affect Pogge's proposal or mine since neither involves taxing underground deposits. If we focus instead on the tax base we both explicitly endorse, it is clear that it would be easier for a state to under-report domestic use of its domestic oil or coal than to deny the possession of the large, fertile and coastal territory it occupies. So, including elements of the latter in the base could diminish the ability to cheat of resource rich states. This was my first consideration.

My second consideration concerns Steiner's remarks that land prices are high in the metropolises of the most developed countries, and low in poor parts of the world (p. 331) giving land taxes great potential to advance global justice. In fact, introducing a land component in the tax base could even balance to some extent the fact that whilst some states industrialized earlier, consuming large amounts of resources, unhindered by any tax, others will do so burdened by taxes and in competition with those using more efficient technologies.

Pogge describes this observation as "broadly correct" but argues that "it would make much more sense to create a separate one-off mechanism that would, within a few years, adjust once and for all the differential benefits national populations derive from pre-GRD pollution and natural-resource use" (p. 349). Such a mechanism, however, is probably infeasible as well as unlikely to cease to be justifiable because of a small oil tax. On the other hand, since Pogge is already favourable to land taxes my point being "broadly correct" does not require any change in the Dividend. Pogge worries that a corrective mechanism should not operate "in perpetuity" but the worry does not apply to my proposal since it recommends that the tax base be regularly revised (pp. 320, 323).

My final supporting consideration was that since a broader tax base spreads the bets and lowers the risks, the parties in Rawls's original position are more likely to select it. Pogge says that this argument is "essentially sound" but that compensation for the greater costs an extraction-only tax would impose on the least fortunate could occur later at the distribution phase. I agree about this possibility but also think that risk-avoiding agents will have reason not to rely on this possibility, because of the greater uncertainty and indeterminacy that surrounds the distributive phase of the Dividend. In spreading the bets, a broader base also leaves us in a better position to respond to charges of unfairness based on the possibility that a narrow base might place unequal burdens on two equally poor (or wealthy) countries that depend on mining or farming to varying degrees.

Unlike Pogge, then, I persist in thinking that there are some additional considerations supporting the mixed tax base we both affirm.

II. The Tax Rate

Steiner

As Steiner rightly observes, my concern that his proposal is environmentally destructive and socially disruptive stems partly from his chosen tax base, and partly from his chosen rate (p. 332). Besides introducing environmental quotas, Steiner maintains his position in both respects. He also rejects my suggestion that the possibility of taxing use as well as ownership offers greater revenue-raising potential than taxing only ownership. Steiner argues that his own proposal is revenue-maximizing since it taxes resources at the highest price that bidders are willing to pay to become their owners in a global auction. (p. 333). Steiner's argument here regarding the optimal tax *base* depends on the adoption of the highest *rate* and so does not apply to the moderate rates Pogge and I advocate.

Pogge

Pogge objects to two proposals he misattributes to me, states that I favour one over the other despite my never mentioning either of them, and describes as foolish some complaints my paper never voiced (pp. 344–45). However, Pogge does not challenge the view I stated, and so when it is reported accurately perhaps little disagreement remains. For the sake of clarification, then, let me remind readers of the view my paper advanced.

Having noted the regressive impact that flat taxes may produce in conditions of extreme inequality, I observed that states often take measures to soften the impact on consumers of global price increases for resources, such as oil. For this reason, whether global resource taxes have a net regressive impact therefore depends "not only on global decisions but also on each government's reactions". I added that "various measures…can be taken domestically to modify the impact of the tax, should the Dividend be opposed for this reason"

(p. 324). For example, the government of a country where only the rich fly may raise its international geoist dues through aviation taxes that lack a regressive impact. I also pointed out that "since what ultimately matters is the aggregate effect of all tax-and-transfer schemes, there might be several methods for eliminating the Dividend's regressive character" (p. 325). As information about the net effect would have to be gathered at the time of introduction, I concluded that all we needed to agree at this point was that reducing regressivity was desirable. The conclusion is important because of the difference between (i) deeming inequality or regressivity just or irrelevant and (ii) accepting only the inequality or regressivity that is ineliminable because without it the worst off would be even worse off.

Pogge's position regarding regressivity is not easy to ascertain. He claims it is foolish to complain about regressivity in public transport or utilities[13] when "there is a reasonable distribution of income and wealth" (p. 345), but he does not say if it is foolish in the relevant circumstances for which the Dividend was proposed. He then denies the impact will be regressive if we take revenue distribution into account, which is, as I noted, the way to determine the impact of a tax reform. Pogge then qualifies this claim (p. 347), admitting that redistribution may not reach individuals who are in remote locations, under tyrannical or corrupt regimes, or who are poor rather than extremely poor.

Pogge's solution to the regressivity problem then is to reduce the payments made exclusively to the poor and spend the funds on incentives for technical innovations and other public goods (p. 347). If those innovations take place, and individuals unreachable via transfer payments still benefit on balance by innovations and public goods, then we have an answer to the problem of the Dividend making some poor people worse off than before. It might remain the case, however, that those individuals have made a disproportionately large contribution to public goods production. Those groups may sometimes particularly benefit from these goods but we cannot take for granted such correlation will obtain.

Market rates

Pogge's reply raises an important issue concerning the employment of market rates. He writes that "While I am open to extending the GRD to land … I believe that the rate of the levy should be based on the unimproved quality

[13] Incidentally, it is not foolish to grant transport discounts to students or the unemployed, or, as some countries do, charge for utilities in excess of a minimum.

of the land – perhaps exempting unusable lands such as deserts, rockface, steep inclines, extreme altitudes or temperatures and inaccessible locations – rather than its market value" (p. 348).

If this means that we should employ market rates but may sometimes have reasons to diverge from them we do not disagree. As I had explained, whilst Steiner's taxes will correspond to the highest rental market value of unimproved land and make no exceptions, the Share would employ only modest rates, be guided by feasibility considerations and the consequences of taxation, and make exceptions, for example, for wilderness areas that indigenous peoples occupy (p. 327, n. 56). However, we disagree if, as it appears, Pogge means the tax rate should be based on "the unimproved *quality* of the land … rather than its market value".

Pogge advances two arguments for this conclusion. One argument is that taxes on natural resources should be levied on natural resources and not labour. Nobody disagrees. We can only tax "the value of unimproved land", or we would not be advocating what I described as geoist taxation. Pogge misdescribes me as supporting a tax on the full value of real estate (including monuments, wells, and so on) (p. 348) although I never advanced such a proposal. He also objects to Steiner because of his employment of market rates. Both the Fund and the Share, however, tax only the value of the unimproved land. That value can, of course, be positively or negatively affected by what somebody has done in a nearby area. But this is what economists call a *pecuniary externality* (as I note at p. 316, n. 29) and the tax base remains the value of unimproved land.

Pogge's other argument against market rates draws on a comparison between Namibia and Bangladesh (pp. 348–49). Pogge objects that if one of the reasons for lower land taxes is lacking sought-after territories, and one of the reasons for land being less sought-after is a lower population density, then states will have some incentive to contain population growth, and one of the ways in which they could do so is by restricting immigration in ways harmful to the poor. This connection, however, is very indirect and easy to block. First, land tends to be cheap when it is arid which in turn typically explains low population densities. In Bangladesh, land is so fertile that additional farm hands have continued to add to its domestic product even after high densities were reached. In Namibia, by contrast, soils are fragile and unproductive, and most inhabitants live below the poverty line. Namibia will have to pay geoist taxes because its main source of wealth is mining, uranium included. But it seems only fair that its land taxes should be lower than those in Bangladesh. Immigrants do not normally want to go to places like Namibia, but if they did, they would bring with them their entitlement to a share in the value of global resources.[14] If this was not enough to incentivize their acceptance, we might grant additional allowances to countries for accepting displaced populations. It is the creation rather than relocation of humans that poses the least escapable problem, and we certainly do not want to encourage others to emulate Bangladesh. The concept of a disproportionate share of planetary resources, which justifies geoist taxation, is a per capita concept, and it would be disastrous if countries could increase their fair share through population growth.[15]

I thus remain unconvinced that we should disregard market prices. To "Fix the quality of all usable land once and for all" (p. 348, n. 13) will be to impose a very unfamiliar and poorly defined system which will be unfair under climate change, which people can contest as unpredictable and arbitrary, and which will be unable to measure opportunity costs to others – for Pogge has not offered any method to determine the value that oil or diamonds have for others independently of their willingness to pay for them. The cold, rocky areas with steep slopes Pogge wants to exempt (p. 348) may, for example, be pricey sites due to their location or their potential as profitable skiing resorts.

III. Revenue Distribution

Steiner

Steiner's approach to distribution has always been clear: equal cash payments for all individuals. As I noted, this option has important advantages, and could bring great improvements for the poor if it was feasible to levy taxes as high as those Steinerian justice requires. If the revenue we can realistically hope to raise is much smaller, however, targeting it towards the poor is more likely to have the greatest impact on them.

Pogge

Pogge's approach to revenue distribution, by contrast, was less clear than Steiner's position. Insofar as it involved a principle of distribution, it appeared to me to be the principle of sufficiency. This was the only type of principle

[14] Economies that depend on extraction, unlike those that depend on agriculture and manufacture, lose per capita income if the population grows. This factor, rather than a desire to keep land prices low, can largely explain, for example, the Emirates' immigration policies.

[15] One possibility is to fix per capita shares when the tax is introduced, and maintain them for long periods.

mentioned in the text, for example, by Pogge's references to distributing tax revenue to meet "the aggregate consumption shortfall" of all the people below the severe poverty line.[16] Since, as Pogge's reply puts it, the sufficiency principle requires that we have "the greatest possible effect on … the aggregate shortfall from the threshold" (p. 350) it is unsurprising that I noted that his view "suggests" (p. 321) a sufficientarian rather than egalitarian or prioritarian principle.

Pogge has now clarified his approach in at least two respects. He first states that he never proposed sufficiency as a rule favouring transfer *payments* directly to individuals below some critical threshold, and suggests that I misattributed such a position to him (p. 350). It is is possible to read the sentence to which he appeals in this way although doing so would have been contrary to my intentions. When I contrast Pogge's and Steiner's views on distribution, I attribute monetary payments to individuals only to Steiner (p. 322). More importantly, nothing turns on this, as none of my objections to sufficiency rely on treating it as a rule allocating direct transfers rather than a principle favouring the promotion of certain outcomes. Moreover, Pogge does not challenge my view that outcomes that minimize insufficiency are not always better than outcomes favoured by a rival prioritarian principle.

Pogge's second clarification is more significant. He explains that he did not mean to advocate the principle of sufficiency and instead intended the distribution of the Dividend to be ecumenical in the sense that the outcome could be regarded as an improvement "relative to the status quo" (p. 350) from a prioritarian, egalitarian or sufficientarian perspective.

Thus stated, Pogge's ecumenical distributive requirement provides severely incomplete guidance. In a world like ours where the status quo is appallingly bad it can be satisfied in very many ways; for example, by distributing revenue equally, as Steiner and James Hansen propose,[17] or by investing the whole revenue in incentivizing innovation. In fact, the Dividend could result in an improvement in the status quo even if much of the revenue was simply wasted.

This incompleteness is unsatisfactory for at least two reasons. First, contributors normally expect to hear a good deal about how a proposed scheme will deploy their tax payments, or donations. A tax-and-transfer scheme where only the first element is determinately stated is unlikely to provide the reassurance necessary to gain widespread support. Our chances of building support are therefore greater if we can offer a more specific proposal. One such possibility involves starting with an extreme poverty line and then departing in a

[16] WPHR, p. 211.
[17] *Storms of My Grandchildren* (London: Bloomsbury, 2009), pp. 209-222.

prioritarian direction, taking into account how much we can benefit individuals as well as the number and level of deprivation of the beneficiaries.

Second, incompleteness is unsatisfactory when a scheme's proponents answer different potential objections by appeal to the effects of distribution. One possible distribution may provide the best answer to a concern regarding the very poor in the original position, another to a concern with regressive impacts on other income groups, and so on, so a commitment to a particular distribution is necessary to respond to these different concerns.

Given these problems, Pogge has good reasons to supplement his ecumenical requirement with a more specific proposal like the prioritarian principle that I recommended. The Dividend would then avoid the problems generated by an indeterminate distribution. Moreover, since a prioritarian distribution is so likely to constitute an improvement on the status quo recognizable from egalitarian, sufficientarian and even utilitarian perspectives, the refinement would still have the ecumenical appeal Pogge favours.

I thus agree with Pogge about the absence of irreconcilable differences between our positions (p. 351). It goes without saying that any remaining differences between us pale before the massive difference between supporting and opposing a global tax on natural resources to combat the twin evils of global poverty and climate change.[18]

[18] I am grateful to Thomas Pogge and Andrew Williams for helpful comments on various versions of this rejoinder and to Hillel Steiner for discussion of several aspects of his view.