

Bangkok but is published by German scholars. This suggests that its circulation is likely to be delightfully wide.

Abstract

The philosophical grounding of Thailand's Land and Building Tax, now (2017) being phased in, has had little abstract discussion. But each part rests on very different foundations. Both components are ad valorem taxes, but the tax on land is based on the flow of what economists call rental value, while the tax on buildings, in contrast, is a tax on their value as stock. Stock and flow are basic differences in economic theory.

This presentation will explain the economic dynamics, as they are understood in textbooks of public finance: that stock values derive from two factors of production, labor and capital, which are typically consumed and depreciated over time. But land values reflect the yield from the third factor, socially-created flow of ground rent as understood in classical economics, which reflects the productivity worth of locations. Classic Thai civilization treated all land for its rental value, payment for which was mostly in the form of corvée labor or in crop yield to the King (or his proxy) who was viewed as the owner of all land (pra-jao-pan-din).

Taxing buildings has profoundly destructive economic results: by its losses in economic efficiency, equity, neutrality, administrability, transparency, simplicity, and, ultimately, for its legitimacy, both for the tax itself and to the state. Taxing land rent has no downsides. If Thai government revenue were to rely solely upon land value flows of socially created ground rent, it would more closely resemble the historic source of financial support for government goods and services. It could also still be recaptured in pecuniary form, even if no longer from labor and goods as was once the case. Most significantly it would comport more closely to contemporary textbook principles of sound tax theory.

SECOND VISIT TO SEOUL, KOREA

For the second time when returning from Thailand, I elected to spend time in Korea, where there is a very active and committed Georgist network. It was originally inspired by Rev. Archer Torrey, who spent the better half of the last century teaching Koreans, especially Christians, the ideas of Henry George. On this trip I was able to visit the office of the Georgist community, see the library they have collected, and look at the books in Korean, either translated from English or written by Korean Georgist scholars.

A number of national political leaders in Korea count themselves as Georgists, including the country's president, Moon Jae-In and the mayor of Seoul, Park Won-Soon. There are frequent meetings among acolytes, and a pilot study has been done for one special region, the island of Jeju. There are plans for the Korean Georgists to purchase their own building next year, attesting to the growth and success of the movement.

I was fortunate this year to not only visit the office and meet some of the leading adherents, (cont'd on p. 13)

REPORT ON RECENT THAILAND VISIT

By H. William Batt, Albany, N Y



This past month of December, 2017 was my seventh trip to Thailand since my Peace Corps service in 1962 to '64. My primary goal has been to visit friends, witness the country's changes, and to maintain Thai language facility. But with my retirement in 1992 and my commitment to Georgist philosophy and economics, I have sought with each visit to purvey this thinking in universities,

government ministries, and the media. With this visit I seized the opportunity to present a paper at a conference, the 7th Asian Constitutional Law Forum, this time hosted by Thammasat University in Bangkok. Academics, not just legal scholars, mostly from Pacific Rim nations gathered to discuss matters of interest for three days.

I elected to address the present Thai government's progress instituting a "Land and Building Tax," somewhat like what we in the US Georgist movement know as a "two-rate" property tax. I prepared charts for this report indicating the final schedule that the National Legislative Assembly adopted from the Ministry of Finance recommendations. In fact, approval of the final design was voted on after my paper was presented, and is expected to take effect in January 2019 after the completion of 30 million property parcels are assessed.

My paper was intended to show that the Land and Buildings tax design departed from sound tax theory in significant ways, and grew further away from the basic ideas about land ownership in classical Siamese civilization. The Abstract of the paper is included below, and presents a more theoretical perspective that I hope may inform tax thinking in Thailand and the wider Asian world. Fortunately, the full paper will be printed both in the Conference Proceedings and in the European-Asian Journal of Law and Governance. The latter is based in

KOREA (from page 4)

but also celebrate with them at their office in a sumptuous and delicious Christmas Eve dinner. This was a party with the families, an opportunity that matched my welcome in 2013 when I met with an even larger congregation. We can expect that we will learn more about the progress of the Korean Georgists when they have their own website, home, and publications available to the wider English-speaking world. It is something that they now envision.

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