

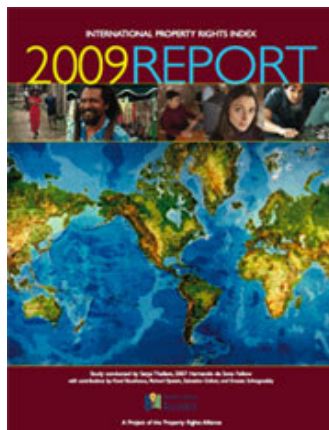
Property rights and lefts

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The ability to own or control, to keep or exchange, to sell or give away, a particular product or service, is one major indicator of how free an individual is. For instance, a person owns a car but he believes or suspects that his car can also be claimed as a private property by other people, especially the bully and high-ranking government officials. The result is that he will have no peace of mind, always on his toes that his car can be taken or confiscated by other people any day and anytime. So he seldom uses his car, or he may have to hire a private security guard to help him guard his car. Lack of peace of mind means lack of energy to work productively and earn higher, while hiring a private security guard would mean higher monthly expenses and hence, lower disposable income and lower savings for the family.

Thus, societies that have well-defined private property rights and the rule of law is properly and strictly observed, tend to have more economic stability. Consumers and producers, workers and entrepreneurs, have peace of mind knowing that whatever contract they will enter with other people within or outside the country will be honored and respected. That whatever commodity or service they will buy or receive as grants from other people, will be protected as their own private property, and no other people can claim ownership or control of those commodities and services.

This philosophy and sentiment is captured by a Report released this week entitled [“International Property Rights Index \(IPRI\), 2009 Report”](#). This study is done and commissioned annually by the [Property Rights Alliance \(PRA\)](#) starting in 2007.



The 2009 IPRI Report compared the protections of physical and intellectual property to economic stability in 115 countries representing 96 per cent of the world's GDP. The Report is a composite ranking of three comprehensive areas of property rights: Legal and Political Environment (LP), Physical Property Rights (PPR), and Intellectual Property Rights (IPR).

The components or determinants of each of them are as follows:

- (1) LP: Judicial independence, Rule of law, Political stability, and Control of corruption.
- (2) PPR: Protection of physical property rights, Registering property, and Access to loans.
- (3) IPR: Protection of IPR, Patent protection, and Copyright piracy.

Among the general findings of the Report are the following:

a. Countries that protect the physical and intellectual property of their people enjoy nearly nine times higher GDP per capita than countries ranking lowest in property rights protections.

b. Of the 115 countries included, the top quartile averaged \$39,991 in GDP per capita while the average in the bottom twenty per cent was only \$4,341 per capita. The second, third and fourth quartiles averaged \$23,982, \$11,748, and \$4,891 respectively. The nearly linear data trend shows that countries placing a high priority on property rights see increased economic security.

c. The result of scoring and ranking of each country and city, especially for Asian countries, is shown in this table below:

Table 1. Overall IPRI score and ranking, 2008

| Rank | Country | Score | Rank | Country | Score |
|------|-------------|-------|-----------|--------------------|------------|
| 1 | Finland | 8.7 | 17 | Japan | 7.6 |
| 2 | Netherlands | 8.5 | 19 | Hong Kong | 7.3 |
| | Denmark | 8.5 | 24 | S. Korea | 6.8 |
| 4 | New Zealand | 8.3 | 29 | Taiwan | 6.5 |
| | Sweden | 8.3 | 36 | Malaysia | 6.2 |
| | Germany | 8.3 | 46 | India | 5.6 |
| | Norway | 8.3 | 51 | Thailand | 5.4 |
| 8 | Switzerland | 8.2 | 68 | China | 4.7 |
| | Australia | 8.2 | 71 | Sri Lanka | 4.6 |
| 10 | Austria | 8.1 | 74 | Philippines | 4.5 |
| | Iceland | 8.1 | 77 | Vietnam | 4.4 |
| | Singapore | 8.1 | 87 | Indonesia | 4.1 |

As shown above, the Philippines ranked poorly, landing in 74th place out of 115 countries surveyed and studied. The country had a respectable score in PPR (5.5) but was pulled down by a low score in LP (3.3), so that based on LP score, the Philippines ranked 95th out of 115 countries!

It is not healthy therefore, for an economy to embrace left-leaning policies that attempt to disrespect individual talents and performance, and forcibly collectivize things. Property rights is not a result of positive accidents that allowed the rights owner/s to own and control something without hard or meaningful work. Neither is it a privilege that was bestowed by the Gods of the Earth to their current right owners. Leftism cannot guarantee the respect and expansion of private property rights.

Minimal Government Thinkers, Inc. is the only Philippine-based think tank that partnered with PRA in popularizing the concept of IPRI and in explaining the result of the study to the public. PRA is careful of course, in choosing their international partners – to those think tanks and public policy institutes that strongly believe in private property rights, limited government, low taxes and regulations, and the rule of law or full application of the law to everyone and exempts no one in particular.

The other international co-sponsors of PRA are respected and independent think tanks that openly and explicitly believe in market competition and less government regulations and taxation.

I am glad and thankful to PRA for inviting MG Thinkers to be their partner in the Philippines.