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## Two Dozen Days in Taiwan

by Jeffery J. Smith, Portland, OR



At the dawn of the new millennium in Taiwan, the presidential candidate ahead in the polls is Ah-Bian of the Democratic Progressive Party (and still is as of mid-January, according to Business Week). The recent mayor of Taipei, Ah-Bian centers his campaign on the issue of "black gold", the graft wrung out of real estate deals by the current regime and its cronies. Ah-Bian has yet to specify a solution, but he counts among his advi-

sors three academics dedicated to "geonomics" which is the collection of ground rent for social betterment. How best to inject geonomics into this escalating political campaign was the topic of talks held by these academic advisors with Geonomy Society President Jeffery Smith, who spent much of December touring Taiwan.

The Taiwanese Green Party hosted Smith for three weeks in December and for two days in the new millennium. The TGP activist who organized Smith's itinerary, Linda Gail Arrigo, Ph.D., did a phenomenal job. Waiting for Smith at the airport late one night was Stephen Chung, successful devel-

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oper and member of the national legislature, who whisked Smith thru customs with barely a pause for initialing some document. Not only did Dr. Arrigo arrange presentations to major audiences and meetings with people key to advancing geonomics in the former Formosa, she also interpreted for Smith. By the end of his stay, all Smith had to was hang up his visual aid, say one syllable, and Linda would take over. Our presentations were so well received that a talk arranged for one hour routinely lasted two; some two hour presentations even lasted four hours. After Smith departed, Arrigo, a radio reporter, made geonomics the topic of one of her broadcasts.

Geonomics' big-picture view resonated with the Taiwanese who easily distinguished between land reform and rent reform. One version of the latter they were already familiar with - the tax on land value. Not only is this levy part of their history and its remnant extant, the proposal to raise its rate from the current 1% pops up periodically. Not long ago, a minister proposed doing so; he was sacked. The same ruling party which foisted LVT upon landowners when it arrived a half-century ago without a title to a square inch of soil now rejects the same medicine, having invested itself in the most valuable locations. Their official veneration of Sun Yat-sen, the land reformer and follower of American economist Henry George, has made his memory a joke to everyone else. Each time I showed his photo, the audience tittered.

Land rent makes the Kuomintang (KMT), the corrupt ruling party that has been in power since Chiang Kai-shek took refuge on Formosa over fifty years ago, the richest political party in the world. Not only does the KMT own about a quarter of the island's economy legally, they also collect an enormous amount of graft. Usually, where governments are this corrupt, the people are impoverished. But not the Taiwanese. Their per capita income is probably second to Hong Kong's. Add in their black market income, it's probably much more than anyone else's.

The Taiwanese work very hard and trade with everybody. Somehow, they openly invest in China while the mainland repeatedly threatens reunification. To keep the cash flowing in, Taiwanese work almost around the clock.

What the Taiwanese do with all that income is buy, buy, buy more cell phones than anyone, big-screen TVs, new cars, and homes - with cash. About 80% of households are owned by occupants, most of them outright, sans debt. But each home may contain three generations of one family. How much they must spend is staggering. Real estate in rich, dense Taiwan is some of the most expensive in the world. If you could afford Taiwan, you could buy the entire West Coast of the US, from Seattle to San Diego with LA and the Bay Area in between.

While showing no taste for architecture, the Taiwanese do love their food. Perhaps the indulgence in the immediate gratification of food and the indifference to the durable looks of buildings follows from being under the constant threat of a mighty next door neighbor; "here today, gone tomorrow"?

The attitude of the ruling elite - since they own the best sites, the concrete, and the construction companies - is they'll make another fortune rebuilding to suit a more refined taste. One wonders if removing the building tax, even as small as it is at under 1%, might help nurture a market for built beauty, more in line with Hong Kong and Singapore.

Hong Kong makes for an uneasy comparison for the Taiwanese, since the city was recently returned to China whose rulers, also corrupt, command a billion people and a nuclear arsenal. Yet many Taiwanese felt stronger antipathy for their current rulers, the second generation of immigrants who had fled defeat on the mainland at the end of the Civil War. Numbering two million when the rest of the population was six, this minority of outsiders behaved like an occupying army, imposing land reform and establishing monopolies in fertilizers and other goods in order to feed their army, their bureaucrats (China invented bureaucracy), and their families. From that greedy beginning, the KMT has grabbed ever more.

As some Poles and Czechs reserve greater ill will for Russia, the most recent oppressor, than for Germany, the second most recent oppressor, so do many Taiwanese prefer Japan to the mainlander minority. Japan, whose islands are not much farther away than the mainland, ruled Formosa during the first half of the last century. Many older Taiwanese still speak Japanese. Lots of Taiwanese people vacation in Japan, despite the expense.

While Japan has yet to recover from the burst of its land price bubble, Taiwan has maintained its stratospheric values for all the 90s. People do realize that land value is cyclical and must fall some time. The more serious consider ways to provide for a soft landing. Smith proposed gradually letting the air out by increasing the LVT rate. Rather than simply disappear, land values could be harnessed for the public good.

The coming drop in site values provided an easy entry point to discussing geonomic policy with experts, as did addressing the issue of "black gold". With these two issues, three more made the timing of Smith's trip nearly perfect: earthquake recovery, farmland preservation, and land use planning.

Outside the Himalayas, Taiwan has the highest and steepest peaks in South Asia. When the earth quaked last fall, the violence shook the trees, grass, and soil clean off the pates of mid-island mountains, leaving nothing but huge bald mounds, a mirror image of a clouded sky. Mantou, the mountain-nestled town leveled in September, has been cleared of rubble and awaits rebuilding. Removing the building tax now would make adhering to stricter seismic standards in new construction more affordable. At the same time, raising the LVT rate would make available to builders the flat, safe sites now held out from use by speculating owners and increase park space for residents dodging falling buildings.

In December, the ruling party announced its intent to lift the ban on selling farmland to non-farmers. At a press conference in the capitol building orchestrated by legislators from all major parties including the KMT, Smith was invited

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to air his views. He noted that as society collects more rent, speculation becomes less profitable and zoning more feasible, that appropriation of publicly-generated rent drives efficient use of urban land which eases the pressure on rural land, that getting some ground rent via deposits, insurance, and the like would make riskier uses of land inherently more expensive than mere farming, and that disbursing some collected rent as a dividend could supplant subsidies to farmers.

The fifth entry point was Taiwan's need for land use planning. From nearby mountains, Taipei's skyline of widely scattered skyscrapers looks nothing like the steep bell curve typical of other cities, more like an overgrown clear-cut with a few, tall, isolated stalwarts still standing. In narrow alleys laid out in the era of muscle-drawn carts, cars line both sides while others squeeze thru with less than an inch to spare, roaming endlessly, seeking a vacant parking spot. In the heart of the city, on some of the most prime sites, there on large, weedy and littered lots sit tiny dilapidated Japanese shacks, covered with a tattered tarp over a leaking roof, defying the vacant land tax and the city's land use mandates (politics, politics). On river banks, right in the flood plain, are erected factories that pollute the water. Sporadically, stench from sewers wafts up from grates in the street to assail the nostrils of visitors; residents have adapted.

Given how crowded, haphazard, and misused Taiwan's land now is, what's needed is more than just planning. The island desperately needs the market on the side of planners, not speculators. Collecting site value while de-taxing buildings would automatically motivate owners to use land more efficiently, making any rational plan more feasible.

Our geonomic presentation flowed from any of these entry points to cover much more including price integrity, feedback loops, the subsidy shift, historical antecedents, famous endorsements, and political strategy. Delivering the talk engaged movers and shakers among activists, academics, bureaucrats, elected officials, and the media. Among the many dozens met, some stand out in this reporter's memory. One Oriental leader against nuclear power somehow got himself named Ssu-Ming Smith; half of each other's names we could pronounce. Three groups merit special note.

\* George Cheng of Taiwan Watch, a spin-off of Worldwatch, translated my articles which will appear in his quarterly glossy magazine, gave me free reign in his office (he has a cutting-edge computer graphics company), took me to meet a major KMT official, and offered to publish my book in Chinese as soon as it's out in English (such a long labor it has been, but I do feel the final contractions). Even though I cost George much sleep, expense, and time away from his lovely wife, he remained incredibly buoyant and funny.

\* Lin, Sang-Yuh, General Secretary of Taiwan Agenda 21, knew of reformer Henry George, was impressed by the Housing Voucher formulation, and promised to help expand awareness of the proposal amid his active circle of housing advocates.

\* Jill Liao of the National Alpine Association of Taiwan arranged some delightful extra-curricular diversions. Her

group of middle-class mountain hikers is big and powerful enough to be the first organization to be permitted to use "national" in its title. Both the ruling party in Taiwan and the one on the mainland refuse to accept the reality of Taiwan as an independent nation and adhere to the myth that there is one China whose rule is still disputed by two warring factions, the KMT and their brother authoritarian communists. Interestingly, while Americans know of the KMT as capitalist or rightist, originally it was leftist (as were the National Socialists, another strong-arm group). The KMT still refer to their leader as "secretary general", now the top title in all Taiwanese organizations.

The category of activist overlapped with academic (you know you've gone global when you see the word "geonomics" in Chinese characters on posters plastered all over university campuses). Many professors also ran volunteer organizations (and couldn't be bothered with sleeping). The Green Party founder, Dr. Kao, teaches at the National Taiwan University. Dr. Liang, professor in the Graduate Institute of Environmental Policy, had Smith speak to his faculty and students and promised to propose a separate Geonomics Institute to his department head. Dr. Hua of the Graduate Institute of Building and Planning, National Taiwan University, dubbed the "godfather of land economics", introduced Smith to his colleagues and co-convened the first meeting of the Geonomics Society -Taiwan Branch. Dr. Lee Yung-Jaan, professor of land economics at the National Chengchi University, runs the Taipei branch of the Environmental Protection Union, co-sponsors major campus conferences, co-organized the ag-land law press conference, and also arranged many of Smith's talks. Since Smith's departure, Yung-Jaan has called for the second meeting of the Geonomics Society -Taiwan Branch.

As activists and academics overlap, so do academics and bureaucrats. The heads of two national parks, Houng and Tsai, gave Jeff and his entourage private tours on days the parks were closed. A researcher at the Taiwanese EPA, Tu Shih-Liang, appreciated how geonomics might "internalize the externalities" sans a myriad of intrusive, regulatory minutiae, to complement Taiwan's already-in-place taxes on some wastes, fuels, smog, and carbon (forthcoming). The director of the institute that delivered the famous "land to the tiller" program, and who tried something similar while the KMT was still on the mainland, Chang Wei-I, had Smith present to his staff and student guests. The Chief of Agricultural Administration, Lee Yuan-Ho of the KMT, gave Smith an hour of his time a week after his boss quit in protest over the pending farm land liberalization act, but kept his cards very close to his vest. The former head of the National Park System and current head of the President's Council for Economic Planning and Development, Chang Lung-Shong of the KMT, needed no convincing that geonomics makes perfect economic and environmental sense but took a wait-and-see attitude toward the reform's political feasibility.

Outside of the KMT, bureaucrats were much more enthusiastic and encouraging. Huang Fu-Tzu, the founder

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of the Mattamir Heritage Workshop in the hometown of candidate Ah-Bian and an advisor to aspiring politician, promised to urge his nominee to take geonomics to the voters. Cheng-Tan Ho (double sir name, single given name, very unusual), the soft-spoken head guy at the Chinese Institute of Urban Planning, who used to be Ah-Bian's Transportation Dept. Head when Ah-Bian was mayor of Taipei, described geonomics as "beautifully elegant" and offered to convey it to Ah-Bian with the help of the candidate's economic advisor, Dr. Yang Chung-Hsin.

Dr. Yang was the most recent administrator of Academia Sinica, lavishly funded by the ROC and headed by a Nobel laureate in chemistry to whom Smith was introduced. Dr. Yang hand-wrote his data for Jeff and gave Smith four hours of his time (one was planned). Dr. Yang also took Smith to the fancy restaurant on the Sinica campus, and was an all-around fine host. When head administrator, he included the restaurant and hotel into the design. Besides that post, he also designed much of the country's recycling program (using end-of-the-pipe rewards rather than sooner ones which never got the job done) and was also the most recent past president of the Asian Regional Science Association. After the sacking of the minister who proposed a higher land tax, Yang wants to leave the rate at 1% but modernize the assessments (some now as low as 10% of current value) and reduce the high transfer tax rate (40% -60%). His numbers show that pair of moves raising enough revenue to pay for all breadths of Taiwanese government with change leftover. (I think as the price comes down the rate will have to go up, but we can save something for later.)

As elsewhere, highly-placed officials play musical chairs with seats in the legislature. Elected officials from all parties found time to discuss geonomics, including Ms. Fan Sun-Lu, Chair of the Committee on Sustainable Development, who invited Smith to testify to her committee. As the lone witness, he was fed lunch and kept for two hours instead of one. Even though KMT are on this committee, no one wanted to introduce geonomic legislation without much, much more KMT backing which initially appeared unlikely.

To win over the rulers, Smith suggested presenting the reform not as a tax but as a tax "shift". The building tax is so little, it could be wiped off the books over night and no one would notice. Next, the income tax -never very popular anywhere - could shrivel as the LVT rate were to rise. Plus, much of the collected rent could return to residents as a Housing Voucher (Taiwan just passed school vouchers). Good for purchase or lease of land or improvements, the Housing Voucher would have to be spent in ways sure to make the construction industry, the main asset of the ruling elite, happy. One legislator, Charles Tsao, was so taken with the strategy he had his chief aid meet with Smith two more times.

Agreeing with and introducing geonomics are two different animals. The sacking of the minister who had proposed a higher land tax rate came up repeatedly. Just as frequently Jeff had to remind people that the minister had failed to propose a tax "shift" and the rebate - a voucher or Citizens

Dividend.

One evening meeting with politicians and academics took place at a tea house made famous during the heyday of the pro-democracy movement (Ms. Arrigo was prominent then and fondly remembered today by cabbies and everyone). The gathering spontaneously evolved into the founding meeting of Geonomics Society - Taiwan Branch. Everyone was in total agreement with geonomics, enough so that they're not afraid to use the word. We planned to follow up on Smith's groundwork by inviting top geonomist academics over to a conference sponsored by the National Science Foundation in late March (around election day). We also toyed with applying to the Lincoln Foundation for funds. Lincoln is active in Taiwan (their Pres. James Brown was there the same time Smith was, but kept to the shadows; at every university, no one but Smith knew of his presence).

Without exception, everyone declared that geonomics is elegant, efficient, just, and necessary. Everyone also added that nothing was impossible as long as the ruling party is not on board. Hence the packaging of geonomic policy as a Housing Voucher funded not by a tax but a tax shift. Smith left the Taiwanese willing to try out this bifurcated proposal of voucher cum tax shift. But to get something this novel off the ground, constant networking will be required.

Our last meeting was on New Year's Eve. After dinner in the office, we left our hosts who, worried about Y2K, were working feverishly to save everything on all their computers before midnight struck. Outside in the crowded streets, Arrigo and Smith ambled and rode over to a huge public square where the government was sponsoring a free concert. Back home with our hosts, we watched TV and waited to see what Y2K would bring. Close as we were to the International Date Line, few cities had welcomed the new year before us. Nothing happened. Unencumbered by computer bugs, the year 2000 presented the world a clean slate, a chance to change from hoarding Earth to sharing her.

Since the foreign names mean nothing to Americans, let's review Smith's three-week trip to Taiwan by the numbers. Smith was privileged to spend time with:

- \* 22 key activists, including three artists, who are with 10 major groups working for the environment, peace, and housing,
- \* 22 academics, including three department heads, at all the major Taiwanese universities and research institutions,
- \* innumerable students at nine presentations, many of whom asked to be the first to buy Jeff's book, even the English version,
- \* nine officials, seven of whom headed their agency, in preservation, restoration, sustainable development, and civil affairs,
- \* six legislators, including two committee chairs, and five top aids, including one who met repeatedly over strategy,
- \* three business people, including a successful builder and the head of one of the government's biggest food monopolies,
- \* three reporters, resulting in air time on International Community Radio - Taiwan in English and a quote in the main English daily.

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Three weeks, a half dozen legislators, even more top officials, three advisors to the leading presidential candidate, two media appearances, all top economists, earned honoraria at all major universities and organizations, catalyzed activist groups who'll push geonomics - anyway you look at it, the trip was a worthy investment of time and money.

If this itinerant geoist proselytizer did anything differently from others, perhaps it was to not bury the idea in tax reform but present revenue policy last as a consequence of an alternative science, to rely on visuals when addressing non-English speakers, to totally revise the talk after being there a few days and tuning in to the hot topics, asking questions and urging everyone (students as well as faculty) to ask Smith questions, and discussing near-term, real-world implementation. At each talk and meeting I learned a lot, but I'm alone responsible for any mistakes herein.

What kept me going, even enthused, was the overflowing generosity of my Taiwanese hosts. Besides the Green Party leaders, also there were: Jonathan Dushoff of Academia Sinica and Essential Information and his wife Chin who

welcomed a complete stranger and offered friendship with lodging, Mr. Huang Jin-Yeh, retired karate instructor to the wealthy, who opened his luxury apartment (albeit showing cracks from the recent earthquake) to this fellow monolingual impossible to speak with and whose hours were much later than the retired, Ms. Yvonne Huang, bountiful benefactor to others less fortunate, who conducted a tour south of the Tropic of Cancer, and the precious Ms. Heidi Lin of Green Formosa Front whose happy family took in this unknown guest and made him feel like a visiting potentate. It was the kind of experience that lets one fall in love with a foreign land.

*Jeffery J. Smith is President of Geonomy Society, and is also an at-large director of Common Ground-USA and the chairman of the CGUSA Washington State/Oregon chapter. The Common Ground-USA Board of Directors awarded a \$1,000 grant to Smith for his trip to Taiwan. Smith can be contacted by email at [geonomist@juno.com](mailto:geonomist@juno.com) or by phone at 503/236-1968, or written at: 1611 SE Nehalem St., #2, Portland, Or 97202. Web site is [www.progress.org/geonomy](http://www.progress.org/geonomy).*