

"THE Miracle of Korea" refers to an underdeveloped nation which, in 15 years, has almost reached the rank of developed nation, with the fastest growth rate in the world, a 3.8% unemployment rate, a rural income higher than the white-collar income, a booming export trade in light and heavy manufactures as well as services, an embarrassingly high dollar surplus, almost complete agricultural self-sufficiency, and no population problem, in spite of having one of the world's densest populations.

Apart from Hong Kong, Korea (South Korea, that is), Taiwan, and Japan have the world's densest populations in relation to arable land. If length of growing season is computed, the Republic of Korea and Japan stand practically alone in the world in density of population against agricultural potential, yet neither suffers from "overpopulation."

These countries amply prove that "overpopulation" is a serious misnomer and euphemism for improper land use due to landlordism: absentee landlords and real-estate speculation. Taiwan, Japan, and Korea all underwent land reforms following World War II, and now operate with somewhat similar land-tenure systems.

The Korean land reform was introduced only a few months before the outbreak of the Korean War and some time after land reform was reputed to have been introduced in North Korea. When the war ended and the borders were sealed, it was discovered that more than half of the population of North Korea had moved south

ARCHER TORREY reports from Korea

Land reform and an economic 'miracle'

◆ARCHER TORREY, an American missionary at Jesus Abbey, Kangwondo Province, evaluates the impact of changes in the distribution of land.

◆The picture was taken in 1950—before the land reforms were implemented—showing labourers in the paddy fields watched by the landlord's overseer. Today a new class of yeomen derive a good living from their own land.

and only a handful from South Korea had moved north. Whatever "reform" had been instituted in the north it did not hold the people. South Korea was overwhelmingly agricultural and yet had to absorb a 50% surplus population, amounting to some 10 million people. This provided the manpower for a rapid transition to industrialization (as did the Enclosure Acts in England). But this manpower was also augmented by

a mass migration to the cities from the rural areas, and the rural population dropped from 85% in 1957 to 45% in 1947. The 45% which has remained now feeds the entire country and enjoys a higher standard of living than the average white collar urban worker.

At the base of this miracle is the land reform which limits the acreage that can be held by one man and prevents farm land from being owned by non-residents of

LESSONS FROM A TURNIP FIELD AND A CAB

AN illustration of the ineffectiveness of the rules-and-regulations approach compared with the taxation approach is our experience with homesteading efforts by landless farmers. When the military revolution took place in 1961, a law was introduced which sought to allocate unused land to landless farmers. Half of the acreage in our village was at that time unused and belonged to a single powerful corporation since it had never been registered as farm land. It was suitable for development as forest, orchard, grazing, or (much of it) market-garden land. Because it was right on the edge of Seoul, there

was easy access to a growing market. The local people who would have liked to use the land had no funds to do the necessary paperwork. A considerable amount of mission funds was used and the applications were filed. In the end a combination of bureaucratic carelessness and pressure from the owner combined to block the project and no one had the funds or influence to fight it further. I discussed it with the Minister of Agriculture, a former army general, and he said: "I have tried my best to administer these laws on behalf of the poor and all I have succeeded in doing is to make the rich people

richer."

Later, the American Korean Foundation helped settle 20 indigent families on reclaimed land in Kangwon Province 200 miles from Seoul. A fine crop of turnips was produced in the first year, but the sale price exactly covered the cost of transportation to the market, with nothing left over for fertilizer or labour! Land value taxation would have made the land on the outskirts of Seoul available and there would have been only a negligible cost of transport, to say nothing of the simplicity of not having to move an entire community of 20 families 200 miles into a wilderness setting.



the village. In spite of a certain amount of conniving to circumvent the law by those with more money than morals, the individual Korean farmer generally owns his own land and gets more out of his four acres than almost anyone in the world. At the same time, he is trying consistently to beat his own records and to learn all he can from abroad. But there is constant pressure on the government by big speculators to "mod-

ernize" the laws to make large-scale (i.e. mechanized and inefficient!) farming possible.

The government also struggles constantly to prevent real-estate speculation in the rapidly expanding urban areas. One measure, a year ago, closed all the real-estate brokers' offices south of the Han River in Seoul. But the techniques employed are complex, subject to bureaucratic inefficiency, and lay officials open to temptation.

One wonders about the demographic background. The land reform has been popular and was relatively easily enforced because so much of the land had been held not only by an effete aristocracy that could no longer command respect or support, but by foreign—mainly Japanese—landlords. The land reform created a yeoman class for the first time in Korean history, and this yeoman class is at present only 28 years old. Regulations and restrictions are familiar patterns of life. Taxes are not. Before the land reform these people had nothing taxable—either land or income—and therefore it seems more natural to solve prob-

lems of allocating space by regulation than by the simpler, but unfamiliar, technique of a tax on land values. If such a tax were imposed the rural people might well feel that they were being reduced once more to tenancy.

On the other hand, real estate dealers and owners of urban property have always had to pay taxes, and a land value tax is easily imposed in urban areas. The Korean government is familiar with the concept and goes considerably further in this direction than its American mentors (subjecting this country to the embarrassment of a currency worth steadily more in relation to the American dollar and having to be pegged artificially at lower levels in order to maintain the foreign trade which is still predominantly with the US). Between the pressure of urban landlords and American advisors, it would be a second "Korean miracle" if a wholehearted dependence on land rents, comparable to the remarkable base for the "Miracle of Hong Kong," were to be enacted and enforced.

While there are many factors

AGE PATCH

Jesus Abbey is also located in the same setting because of the inflated value of land in the Seoul area, and faces the same problems. However, God has come to the rescue of the settlers from the city! The high elevation provides the right conditions for cabbage production when the rest of Korea is too hot. Now the trucks come from all over the country to pick up the crop at the fieldside, paying cash on the barrelhead. After 12 years of struggle, the settlers are at last making an excellent income, but no thanks to the inefficiency of bureaucratic techniques, just Divine intervention!

affecting the fantastic construction boom and urban development in this erstwhile rural country, significant land value taxation is certainly a factor. Especially when the building of a new bridge or highway suddenly raises land values, the government has been alert to control speculation and land value taxation has been one of the most effective measures. (Another has been a progressively higher tax on the transaction each time a piece of property changes hands).

It is difficult to compare Korea's progress with that of Western nations, because it is hard to evaluate how much of the development may be due to each factor. The prodigious energy, intelligence and enthusiasm of the Korean people is related to the long period when Korea's development, originally a century or two ahead of Japan's, was suddenly held to a standstill by military force in order that Japan's might go ahead. Japan's rise to power in the 20th Century was based squarely on the exploitation of Korea's human and natural resources. After more than 30 years the forests are only just beginning to recover from the ruthless war-time emergency cutting (without reforestation) of everything within reach of transportation. Now that the Koreans are

free to use their own human and natural resources for themselves they are once more surging forward.

whatever techniques may be available to Western nations to achieve similar results, the Korean performance clearly indicates basic factors: the vital importance of proper allocation of space (or land use) and the value of high population. Korea's population would be even higher were there not a continuous demand for Korean skills in other countries. One of Korea's most significant exports is skilled labour: construction workers, engineers, nurses, doctors, architects, top-level brains. The land problem is not—as the general public so often thinks—primarily an agricultural problem. For any kind of production—agricultural, fisheries, mining, commerce, transportation, manufacturing, useful work of any kind—there must be suitable space available at a reasonable price. Space speculation is a crime against the community beside which strikes, lock-outs, and even wilful destruction of stocks of food stuffs are mild misdemeanours! When any government vigorously prevents the misuse of space and actively promotes its proper use by land reform, tax on brokers, or site-value rating, that government is promot-

ing the common welfare. And the government that permits the abuse of valuable sites by a policy of taxing improvements but not site values is a government that is robbing its own people and conniving at the development and protection of a landed aristocracy, even though the landed gentry be life insurance companies rather than ancient genealogies.

Having praised the Korean people and the policies of the present government for stimulating and maintaining a breathtaking level of production and development, I ought to raise the question of whether applying site value taxation whole-heartedly would be of any additional benefit. My moral opinions have been aired above. Turning to purely pragmatic considerations, the first is the question of whether the people could be "sold" on the idea. With the current atmosphere of "new village," "new mind," and "revitalising reforms" movement being constantly promoted by the government and taken seriously by the public, a well-thought-out and carefully formulated educational campaign could be launched to put across the principles of land value taxation and free trade (Korea is moving toward a greater degree of freedom in international trade even now, but with more caution than necessary due to the fact that most of her economists have been trained in the US). Having instituted land value taxation, the country would soon find that automatic controls would replace bureaucratic controls and that they would be more effective and less open to corruption. The struggle against corruption is a running battle today as the twin pressures of a traditionally venal civil service and a greedy and ambitious class of newly rich with no moral restraints (the old religions have lost their grip and Christianity has been largely bought out) threaten to undo the reforms constantly being introduced and promoted by the Government. I believe that a vigorous application of land value taxation would enable the government to maintain development and provide public services of every sort, while at the same time serving as a brake on both public and private corruption.

Vacant Land and Vacuous Words ?

BOTH Labour and Tory Parties are relying on words to cajole local authorities into releasing vacant urban land for development.

On June 29 Hugh Rossi, the Opposition spokesman on planning and land, said that when returned to power they intended to scrap the Community Land Act. No compulsion would be used to force councils to give up land. The Tories would ask councils to publish a register of their holdings, and urge them to release vacant land onto the market.

Neither has the Government any more effective method for dealing with the waste of natural resources. Housing Minister Reg Freeson rebuked the guilty authorities when he addressed the Royal Institute of British Architects on July 14. Idle land, he declared, "seems to have been

bought with little thought for its future use and . . . held onto in the Micawber-like hope that something will turn up."

Most councils with valuable tracts of inner city land are Labour-controlled. The Labour Party believes in the municipalization of land. In Liverpool, for example, it is the Labour Party which has strongly opposed Liberal schemes to make land available to private developers. So the Government's current attitude—that land should be sold off at whatever price it will fetch—reveals a split in Left-wing thinking.

But without a constructive policy which reveals both consumer preferences (through the market) backed by fiscal pressure on owners, there can be no prospect of mere words having the desired effect.