

DISCUSSION OF "HENRY GEORGE, HIS ENDURING CONTRIBUTION TO PROGRESS"

BY

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Most criticisms on Mr. Henry George's theories center around three things; Progress amid poverty, single tax to finance government expenditures and common property of land. Professor Harriss has in his paper discussed the first two aspects. His criticisms are primarily based on the situation in the United States. It is true that the United States economy has not developed as Mr. George had predicted.

I agree with Professor Harriss on his observation about Mr. Goerge's understanding of capital and interest and their inter-relationship. As Professor Harriss pointed out - and I have gotten the same kind of impression, Henry George seemed to have had a vague idea about these two terms. At least he used capital and interest in a sense not as we understand them today.

Let me say something about the area which I know best. In many countries of Asia traditional development has created many large landlords. They, in some rural areas, have indeed become land monopolists. With a large population and few off-farm job opportunities, laborers have no place to go but remain on farms and compete for limited land. Under such a situation rent is bound to be high, and on some occasions it is almost as high as the landlords ask. Even worse is that land under this situation is very likely to become an object of capital investment and prevent capital from being invested in industry. In short the traditional land system is very much a barrier to economic development in many countries of Asia. Land reform has been proposed or carried out in these countries and Mr. George's influence was often felt. Taiwan's land reform was carried out in accordance with Sun Yat-sen's teachings in which, however, Goerge's opinion can be detected.

Professor Harriss pointed out and discussed in detail that Henry George's teaching may have enormous potential in the future, especially on the use of land value as a basis for taxation. It seems to me that Professor Harriss' proposal of site value tax is similar to the land value tax carried out in Taiwan. I agree with him that site value tax provides a reliable revenue source for many local governments.

Professor Harriss made some comments on land value increment tax. In his opinion, this kind of tax program might have an effect in obstructing shifts of land ownership for a better use. This, I think is a very important point, because the land value increment tax has been implemented in Taiwan for many years. It is thought that land value increment tax can discourage land speculation and prevent windfall profit of landowner. It is a major instrument of our land policy. However, if Professor Harriss' point I have just mentioned is relevant, we should pay attention to it. I think it may be a good idea to make a careful study of this problem. That is to examine the impact of land value increment tax on the transfer of ownership and the land use in the Republic of China.