

known to Western Canada through *Progress and Poverty*, would have reminded them that foreign capital can never own a people who take the precaution of retaining the community-produced rent of land for their public service expenditures.

On the U.S. side of the river valley where the warnings of the "prophet of San Francisco" were ignored, land values go largely untaxed. Instead there are taxes on personal property, tools

and livestock. By recent legislative fiat a young calf can cavort taxfree until its 366th day, when it becomes taxable. Thus there is the familiar incentive to lie about one's personal property, hide one's tools and sell the mature stock.

With fraternal good will we could suggest to our Canadian neighbors that they make use of U.S. capital without malice but assiduously avoid adopting our peculiar taxes on labor products.

Hong Kong's World Market

THE population of Hong Kong has increased within the short span of a decade from two million to four million. Government efforts in resettlement and low housing schemes, though spectacular, were still insufficient to cope with the needs of this fast growing population. Heavy demand for land led to rising land costs, medium and small-sized factories can no longer meet such heavy costs and therefore new factories cannot start and old ones cannot expand. This artificial slowing down of industrial growth, contrasted with the obvious rise in property values, not only shook people's confidence in industry but led to their withholding or diverting financial resources earmarked for the manufacturing sector. It is indeed very fortunate that Hong Kong industry has weathered the storm, we have proven our vitality, but the causes of the storm have yet to be removed. Government should review its land policy and our banks must give priority to industrial development. Our present credit facilities are not sufficient if we plan to accelerate industrial growth. Hong Kong has fluid capital, what is lacking is investment opportunities and to this, industry is the obvious answer.

Although Hong Kong has no natural resources of its own to supply its

factories, yet our industries are growing because we are capable of producing goods needed by various regions at a competitive price and of competitive quality. Of course our services are rendered for profit but this profit is not unilateral. Hong Kong prospers on its exports and importing countries are benefited by our products. Our growth is in itself a vindication of the principle of mutuality. The industrial revolution and advances in modern communications have made the world one; we all depend on each other. The far-sighted Adam Smith advocated free trade and it is indeed regrettable that protectionism should put the clock back two centuries. We must advance the banner of economic freedom and rebuke the short-sightedness of protectionists. Growing inter-dependence is a natural trend. Hong Kong, with its excellent geographical location and the determination of its people to overcome all obstacles, is surely destined to play an important part in the economic development of this part of the world.

From an address by a prominent industrialist, Wong Tok Shu, at the opening ceremony of the Hong Kong branch of the Henry George School. The speaker is a former student of Dr. Wong Po-Shang, director of the HGS in Hong Kong.