

REVIEW TITLE?

From Poverty to Prosperity by 2000.

Edited by Walter Rybeck,
Center for Public Dialogue, 10615 Brunswick Av,
Kensington, Maryland 20895, USA. \$12.50.

This report is subtitled "Prospect for reviving West Virginia's Economy" and grew out of the Prospects for Appalachia Conference held in Charleston, West Virginia, in 1990.

Appalachia is often viewed as a kind of Third World problem area in the midst of the USA. Indeed West Virginia ranks almost at the bottom, 49th among 50 states, in personal income. Why a state so richly endowed with natural and human resources is so economically depressed was the question tackled by 70 participants along with 20 national experts. This report is the conclusion of their deliberations.

One example put forward for the state to emulate showed how a poverty stricken Third World nation - Taiwan - became a thriving, powerful country in a single generation. Taiwan, which is half the size of West Virginia, is equally mountainous. Close examination showed just how remarkable its transformation was. Possessing neither oil nor mineral wealth it raised its GNP of \$1.2bn in 1951 to \$150bn in 1989, making it 19th in the world GNP ranking.

It is no surprise to learn that land reform was a key factor in this remarkable expansion. The Taiwan constitution is quite specific about land and Article 143 says:

1. Privately owned land shall be liable to taxation according to its value.
2. Government may buy such land according to its value.
3. If the value of a piece of land is increased not through the exertion of labour or the employment of capital, the state shall levy its own increment tax, the proceeds of which shall be enjoyed by the people in common.

Item 22 is the Catch 22 of the policy, because the land tax is levied on a self-assessed value and the government has the right to purchase your land at your declared price. Clearly you won't undervalue it nor, since the amount you pay is based on this price, will you overvalue it.

The experts at the conference made no effort to arrive at a consensus, but were in near unanimity on most of the major points given in the report. An urgent task, they felt, was to close loopholes that have let large land holdings of absentee resource owners escape fair taxation. Land and buildings should be appraised separately and revenues from taxes on land values should be used to reduce taxes on wages and taxes on goods - particularly those on necessities such as medicines, food and shelter.

It will be interesting to see what in reality follows from this report. Will West Virginia become the Taiwan of the USA? The example is there for its citizens to see. But, as one speaker at the conference said, "to change our being like a Third World country will take a collective will". Do they have that will?

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