

A Letter from Korea

AUGUST & SEPTEMBER, 1965

I AM living in a tent with ten Korean friends on a mountain site, starting a farm, building a house, and laying the foundations (we hope) of a communitarian experiment that may make a contribution to Korean life and economics.

Recently the Korean government concluded a treaty for the "normalisation" of relations with Japan. The two countries have been nominally at war since 1945, although the struggle for Korean independence goes back another forty years. It is felt in some circles that the treaty was practically forced on Korea by the United States, whose only proposal for solving Korea's economic problems is to allow Japanese capital to come in.

Discussions with the highest ranking U.S. advisers with regard to land-value taxation reveals that they are opposed to it, the arguments offered being amusingly contradictory. The arguments are:

1. It is a difficult, if not impossible, tax to assess and collect.
2. It is being assessed and collected anyway. (There is truth in this — the trouble is that the application is too timid and piecemeal.)
3. It is doubtful if it really would release any significant amount of land for development.
4. All the arable land is now being used to the full.

Actually, responsible and highly placed officials have told me, off the record, that land-value taxation might very well be the solution — that of the present total land area of South Korea, approximately one quarter is under cultivation, another quarter is usable for terraced fields or for pasture but is now completely waste, and half is, or ought to be, in forest. This waste land, which, if used, would double Korea's agricultural acreage, is nearly all in private ownership. The government has devised elaborate stratagems for taking this land under its right of eminent domain and giving it to those who would till it, but the working of the law is so complex that the previous Minister of Agriculture, one of the army generals who participated in the Military Revolution 1961, said to me: "I have tried and tried to apply this law to enable the poor to get land to farm, but all I have succeeded in doing is making the rich people richer." Even the few wealthy persons who have presented elaborate schemes for developing this land and have gotten tracts of it under the Land Conversion Act have been, I am sure, more interested in speculation than in production.

In fact, nearly all the potentially available capital in Korea is tied up in real estate speculation in cities and their adjacent rural areas. Huge fortunes have been made in land speculation, with a resulting increase in land prices and rents and a general inflation of the economy which

has wiped out the profits of many productive enterprises. While Korean production increases and Korean skill and ingenuity are manifest in the steadily increasing quantity and quality of locally manufactured goods, the expansion of this side of the economy is cancelled by the increase in real estate values. As the economy becomes more and more insecure, more and more capital gets tied up in real estate.

Korea is relatively rich in mineral resources; tungsten, gold, fluorite, iron, coal, limestone, copper, zinc, lead, marble, kaolin, and many other resources exist and are being exploited in a limited way, but many owners of potential mineral properties are doing nothing with their properties, waiting for a good offer and hoping for handsome royalties. The forests are mostly in government ownership and are deteriorating steadily through poor management practices — no thinning of weed trees, overage trees, etc. — and private forestry is hampered by rigid regulations revealing an almost paranoiac attitude toward conservation (nothing can be harvested or thinned except for mine timbers — pit props).

With a courageously applied tax on land values, Korea's capital could be released overnight and this country's wealth of mineral, agricultural and human resources could be combined to make it one of the world's great nations. "But," a very high U.N. adviser said to me, "that would take political courage of a high order."

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