

## Korea And The International Market.

By Fr. Archer Torrey

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Dear Father Torrey:

It was a pleasure to hear your lecture to the Christian group at the Ministry of Foreign Affairs. I am not a member of that group, but because of my keen interest in our country's affairs, both foreign and domestic, I invited myself to the meeting! You seem clearly to believe that God has a will for this country and that, if we use the Bible as our starting point, we can find out what that is. We were pleased to see, on TV, you and Mrs. Torrey talking with President Kim Youngsam. I wonder if you had an opportunity to discuss any such matters with him? If so, did you talk about international trade?

Like our President, I am concerned about Korea's weak position in international trade. We seem to be losing our competitive position to countries with much lower standards of living and much lower wages. Do we have to sacrifice all the progress we have made in the last fifty years in order to stay in the race? Or is there a Biblical principle we can apply that will make it possible both to maintain our high standard of living and to continue to be competitive in the international arena?

What is your understanding of the Biblical principles that can keep our nation prosperous? Doesn't the Bible say a great deal about prosperity? Isn't it God's will for us to be prosperous? I really want to know.

Yours in Christ,  
Om T'ae-ch'ol

Dear Brother Om:

Thank you for your letter and for your concern for applying the Bible to both domestic and foreign affairs. The question you raise, with regard to international competitiveness, is both a domestic and foreign issue. I will deal with that, in a moment, but first I will answer your last question: Does God want us to be prosperous? The answer is simple: God wants us to be prosperous in order that we may be generous. As he has been generous to us, giving us not only all we need for everyday life, but his own son to teach us, to heal us, to bring us into fellowship with God, so he expects us to be generous in giving to others. If we are prosperous as individuals, we have a responsibility to use our wealth in the struggle for justice and also to do mercy for those who are the victims of injustice. If we are prosperous as churches, he wants us to share that prosperity with people all over the world who still have not heard God's good news to the poor, and to spend an absolute minimum on ourselves. If we are prosperous as a nation, he wants us to behave decently and to use our prosperity for universal justice, for constructive research, for assisting poor nations, and not for an artificially high "standard of

living,” loading our houses with things we do not really need, much less using our prosperity for drunken and immoral living. It is heartbreaking to see America becoming more and more immoral and cynical as she becomes more and more prosperous, and it is frightening to see Korea starting down the same downhill track. It may be that, in his mercy, God will withdraw the blessings he has poured out on Korea until such a time as people repent and decide to live by his laws. God’s laws include economic laws, scientific laws, laws of health, social laws, moral laws, ethical laws, and spiritual laws. We cannot choose to keep some and not others. We Christians must exhort our fellow countrymen to regard God’s laws in every area.

Now, with regard to the specific question of our role in international trade: I didn’t get a chance to discuss it with the President, but I was able to hand him a memorandum on the subject. I have been pleased to see the President trying to stop corruption and dishonesty in business and government, and I appreciated his remarks at the prayer breakfast and, especially, his request for prayer. He made it clear that there are forces that oppose reform and that he needs God’s guidance and God’s courage. I hope every Christian is praying, every day, for the President to know God’s will and to have the courage to do it. I am distressed that there are so many of us Christians who do not exhibit concern for the nation and for our society but, rather, seek only their own interest. It is shocking to realize how many of the people who have engaged in all sorts of corrupt practices have been claiming to be “Christians,” and have been encouraged by their clergy because they gave “generously” to the church from their loot.

To understand the international trade issue one must realize that the land problem is connected with it and is still the biggest problem we face. Land speculation is far and away the fastest way to get rich – until the bubble bursts. Under the existing system the only people who haven’t engaged in land speculation at some level are the ones who were too poor or too powerless to do so. They would have if they had had the chance.

This seriously affects Korea’s role in world trade. As we face the problem of the cost of production being too high to compete effectively with other countries, many people point to the high cost of labor in Korea. But they consistently avoid calling attention to the other cost of production, the rent of land. The rent of land affects both the cost of housing for the workers and the cost of plant for factories. It is a major item in the cost of production.

The land of Korea is valuable, but speculation has inflated the price and, with the price, the rent. It is said that the land in Korea is priced at the equivalent of half of the land in America. (It maybe more; according to the Wall Street Journal of 23 March 1990, quoted in the book, From Wasteland to Promised Land, the Long Term Credit Bank of Japan reported that by 1988 the market value of land in Japan was five times the land value in the entire United States. I wonder what our Korean land “value” is?)

Paying rent on this land is enough to put Korean manufacturers out of business. A land-value tax high enough to be the equivalent of collecting all the rent for the nation (the land belongs to the nation, to be used in stewardship under God who made it and to whom it still belongs) would immediately bring the price of land down to reality and reduce both the cost of production for manufacturing and the cost of living for the people. This is the secret behind the competitiveness of Hong Kong, Singapore, and Taiwan. Why should Korea be the only crippled tiger?

Such a measure, collecting the land rent for the whole nation, not for a handful of speculators, would make it possible for Korean manufacturers to pay good wages and still produce high quality goods cheap enough to compete in the international market. It is the land policies of the other “tigers” that gives them such a competitive edge. Such a move can save Korea’s economy but it will be bitterly opposed by the small handful of land speculators who are the most powerful people in the country. But God is even more powerful and if all the Christians in the country pray for it, God will bring such a reform about.

It is not just the international situation that is affected by an un-Biblical land policy. There are other aspects of God's law (Leviticus 25:23, *The land shall not be bought and sold permanently, for the land is mine and you are my guests and my tenants. In all the land of your possession you shall provide for the redemption of the land.*). There are blessings that a nation can receive if it applies God's land laws to its economy.

It is popular, today, to refer to land speculation as immoral. But simply stating that fact will not stop it. As many scholars have been pointing out, the tax system must be “revamped.” What many economists have missed is the Biblical economic system, which works better than any other. Corrupt people will, of course, corrupt any system. The church should be working to cure people of greed and the government should be working to make it possible for honest people to make a decent living by honest work, not by exploiting others. The opposite side of land speculation is growing poverty. The extreme anger we find in the Honam area, for example, is related to the fact that there are more big landlords and more landless people being exploited by them than in other areas of Korea.

This is an inevitable outcome of the fact that the Honam land is the most productive in Korea and therefore attracts landlord types. (We can see this phenomenon all over the world. The rich land of Bangladesh, much of Southeast Asia and much of Africa and South America has drawn greedy landlords like a magnet and the people are poorer than in the less fertile countries.) It is all very well to say that no one may own farm land if he is not a farmer, but a farmer can buy out his neighbors and collect half of each one’s crop and reinvest the profit in buying more and more land, yet still pose as a farmer. He can turn the home farm over to his son or another relative and go to Seoul and play big politics with his fortune squeezed out of his poor neighbors. We all observed in the revelations of National Assembly members’ wealth, that most of it is derived from land speculation. The people of the nation are alarmed.

The correct approach to the land problem in all its ramifications is the Biblical approach, and it works! The Bible starts with the principle that land is a human right. Every family is entitled to a piece of land sufficient for their livelihood. To deprive them of this is theft, oppression, and next to murder. A man without land is, essentially, a slave, as he has to work for someone who has land, and on that person's terms. Strikers can close down a factory, but strikers can’t deprive a landlord of his power—he can wait them out. Sooner or later they will have to come to him asking for jobs.

The greatest economist of modern times was Henry George, an American. He had been raised on the Bible in a God-fearing home and God showed him that land was at the bottom of the problem of progress and poverty—the more progress the more poverty—that we see in so

many countries. All the development loans of the International Monetary Fund and such agencies only enrich the landlords and aggravate the poverty of the landless. This applies equally to domestic development loans for Chejudo or other “underdeveloped” areas of our own country. Henry George showed that if the government collects a location value charge (also called a site-value rental or, rather incorrectly, a “land value tax”) collecting a charge from those who benefit by what the community has done to make the land more valuable, land prices come down, jobs increase, unemployment and inflation decrease, and people can afford to buy their own homes. A location value charge encourages productive industry and people no longer invest in real estate but in production. The main reason for the bankruptcy of so many small businesses is the exorbitant rent paid for a suitable location.

Two years ago, Japan instituted such a charge (it was referred to as a “tax”) and the price of land came tumbling down. This is the simple and correct road to travel, but it will take real courage, because the banks and big businesses are deeply involved in real-estate speculation and will oppose it or find ways to undermine it. But it will benefit the manufacturers of electronic goods, automobiles, and all other items we need for international trade, as well as the farmers, and lower the prices of consumer goods for the people of Korea. Because land is basic to all production, lowering the price of land by collecting a charge for the value of a location stimulates both industrial and agricultural production.

Whenever any government, whether local or national, has had the power, or the courage, to apply a meaningful location value charge, the results have been healthful in direct proportion to the size of the charge! Land values come back to normal; the government can eliminate most taxes, especially income taxes and taxes on “improvements,” i.e. buildings and other products of human labor. Those taxes discourage productive investment and, indirectly, encourage land speculation. The income from land value charges can be so high that no other sources of income are needed. Hong Kong, for years, operated on nothing but land leases. No land is ever bought or sold in Hong Kong. It is leased from the government. Not only is unemployment not a problem in Hong Kong, thousands of workers cross the border every day to come from China to work in Hong Kong. Singapore, Taiwan, and other countries have also applied this principle. In proportion as they have done so, they have prospered.

We should discourage the use of the term “real estate,” as it covers two opposite things – land, which is made by God and which cannot be increased, and buildings or other improvements made by men, which can be multiplied almost without limit. The simplest way is to talk about “land,” and “improvements,” always distinguishing between these two things which are opposites. Wealth that comes from land development is legitimate wealth. Wealth that comes from land speculation is nothing less than theft.

It is time for Korea to solve several interrelated problems with one simple measure. A meaningful location value charge on all land will bring speculation to an end, simplify the taxation system, increase the government's revenues, and make it possible for the poor people in Honam and other areas to start buying back their land. If we take the Bible system completely seriously, of course, the Honam people should have their land returned to them, free, in 1999, the 49th year after the May 1950 land reform under President Syngman Rhee! I am afraid Dr. Rhee would never have had land reform if it had not been for Gen. Douglas MacArthur's strong advice. God blessed us, and the Korean people were willing to fight for

their own land, because of the land reform just 2 months before the 6/25 incident [Korean War which began on 6/25/1950. Ed.]. Without that land reform Korea would have become another Vietnam. Now we are approaching the 49th year. Are we going to renew the reform, this time on an ongoing basis?

Sincerely yours.  
Dae Ch'on-dok