

Hawaii tenants triumph against 'tyranny'

HAWAII's landowners fought back when the state government passed a law which threatened their grip on the land market.

On the island of Oahu, which includes Honolulu, 22 owners held 72.5% of the privately-owned land.

Appeals were lodged against the Land Reform Act (1967), which could be used to break up large estates. Under the Act, tenants could ask the government to help them buy the land beneath their houses.

A Federal appeals court last year ruled the act a "majoritarian tyranny".

But the Supreme Court has now overturned the appeals court ruling, and has declared: "Regulating oligopoly and the evils associated with it is a classic example of a state's police powers."

The ruling, written by Justice Sandra O'Connor, noted that Hawaii's government had acted because the land tenure system had led to a rapid increase in rents and was "injuring the public tranquility and welfare."

The 1967 Act had a legitimate public purpose - "to attack certain perceived evils of concentrated property ownership".

Now thousands of tenant families can take legal action to buy the land they lease from the Bishop Estate, which owns 9% of the state of Hawaii, including 22% of Oahu. The holdings, worth \$1.5bn., earned \$55.5m in 1982.

Land has tax appeal

Sir: If anyone needed convincing that the current taxation system in Britain is unnecessarily complicated, he should read *Agriculture in the 1980s* (Peat Marwick, £1).

But there is one statement in this booklet which stands out: "It is still virtually impossible to produce a budget which indicates a proper commercial return on all of the capital involved."

The authors appear to be mystified as to why financial institutions are so keen to invest in agriculture, but they surely need look no further than their own booklet.

It is evident that the land owner is favourably treated for taxation purposes compared to other tax payers, and this above all is responsible for the high price of land and the keenness of people to invest in it.

Dr. D. W. Pickard,
Ilkley,
West Yorkshire.

A FIRST STEP . . .

Sir: May I suggest that a first and important step towards a full land value tax in this country could be the replacement of direct tax, including national insurance contributions levied on businesses, their employees and shareholders, by one tax related to the rateable values of the premises they occupied.

Observation would suggest that there is a close relationship between such tax burdens and rateable values and I'm wondering whether there are any relevant figures to support this view.

John Pincham,
London S.W.19

Rising expectations

Sir: This is in response to my own letter in your March-April issue. Having wondered about the phrase "rising expectations", I find the following in *Bartlett's Familiar Quotations*, 15th edition (1980):

"Almost fifteen years ago, when I was working for Paul Hoffman in the Marshall Plan, I had to substitute for him in making a speech at Colgate University. Remembering Edmund Burke's famous commentary on the turbulence of his time, I called this speech 'Reflections on the Revolution of Rising Expectations'. The phrase has since been attributed to nearly every literate American of our time, but I think this was the first time that phrase saw the light of day". - Harland Cleveland, "The Evolution of Rising Responsibility, address before the U.N." (December 13, 1964).

Mr. Cleveland's Colgate speech in 1949 was certainly before my *Land and Liberty* article in 1969 when I referred to Macaulay's use of the phrase. But Macaulay's use of it predates Cleveland by a century.

It was in a lengthy review of a book on the English Civil War in the *Edinburgh Review* that Macaulay remarked that revolutions and social disorders are not caused by distressing conditions but by rising expectations. This review appeared circa 1848 (a good year for revolutions).

Robert Clancy,
New York.

LETTERS TO THE EDITOR

'Unjust impost'

Sir: Tasmania claims to be Australia's Holiday Isle. It also can claim that it is the only State in Australia where local government raises its rates solely on improvements.

Site or unimproved Value Rating, although well publicised, has never been used in Tasmania.

Despite strong criticism from the Municipal Reform Group, the State government in 1982 went ahead with its proposal to raise finance for the fire services by a special levy collectable by councils, based on improvements. Typical examples of the inequality of the system are as follows:-

- The Farmer - Farmer "A" clears bush for pasture, puts in a dam for irrigation and fire fighting. Up goes his assessed annual value (AAV) and Fire Levy, even though he has reduced the risk and added to his protection. Farmer "B" fails to clear his gorse and blackberries and lets his property deteriorate to become a fire hazard. Down goes his AAV and Fire Levy, even though he has increased his hazard.

- The Urban Dweller - Imagine two identical houses, one wood, one brick. The owner of the wooden one lets his place run down, gets overgrown and become a hazard, while the owner of the brick house is very proud of his investment and really looks after it to avoid fire hazards.

We offer no prize to those who correctly guess who pays the higher levy here. It's the "idiot" who is civic minded.

- Tourist Facilities - One very pleasant Hobart motel was forced to install a large swimming pool as part of its fire protection. All the protection gear and the pool are part of the AAV and Levy charge. Next door is a two hectare block of gorse two metres high and ready to burn shortly. Guess the most likely fire hazard and who pays the least towards protection!

Another city accommodation house replaced an old timber storage yard. Had the yard still been there it would have paid little in levy, but the essential modern tourist facility which replaced it pays a fortune even though part of its AAV is for capital expenditure on fire equipment. Remember the timber yard had no protection at all.

Your readers world wide should be aware of this unjust impost placed upon improvements, and many can probably relate our difficulties to local examples of their own; if they accept an imposition such as we have outlined, then they, too, deserve to get "fleeced", as do Tasmanians.

Ald. R. B. Excell,
Hon. Secretary,
The Municipal Reform Group,
Hobart,
Tasmania.