

AROUND AMERICA

PETER POOLE reports from Atlantic City, New Jersey, on the only game in town that does not involve a gamble – land speculation!

A sure bet!

GAMBLERS lost over \$1.5 billion in the nine casinos here last year.

Las Vegas has suffered badly since the first casino opened for business on the East Coast five years ago.

The casino owners were slow to start: they thought that investing in New Jersey was too risky. But the scramble was on, once the first high-rollers hit town just itching to lose fortunes at the roulette wheel.

But the biggest winners were the original landowners, who were able to name their price when the Casino Control Commission issued its first licence.

This triggered off a wave of frantic development that pushed rents sky-high.

The new-found prosperity, however, has caused some problems.

● Justice Department officials are conducting an enquiry into allegations that City officials have taken bribes from developers.

The office of the Mayor, Michael Matthews, was raided by F.B.I. agents who removed documents, one of which relates to a 21-acre city-owned tract reported to be worth \$2.3m.

Mayor Matthews returned from a golfing holiday and declared: "I can't make any comment. I haven't been charged with anything. All I can say is that my lawyer suggested I take a vacation."

A Federal grand jury is now hearing the case.

● The city is now critically short of housing: speculators bought up residential buildings and razed them "to capitalise on increased land values prompted by casino development," Donald Janson reported in the *New York Times* on December 18.

The Inlet area has been particularly seriously affected, but now the Casino Control Commission is investigating a plan to pump some of the gambling profits into new housing.

This was one of the objectives of the Casino Control Act when it was passed in 1977. It will meet with the approval of the citizens of Atlantic City, but a one per cent levy on gross

gambling revenues – the proposal now before the legislature – is a clumsy solution.

More effective would be a high tax on the unimproved value of land.

This policy was put before the citizens in a poll devised by Meg Worthington, a political consultant who formerly worked for Mike Matthews.

... ELSEWHERE IN THE U.S.

ONE DAY the country and western singers will be singing a ballad about James L. Jenkins.

He was the Minnesota farmer who ambushed and killed two bankers, and then committed suicide.

Jenkins – like many farmers throughout the nation – had fallen on distressed times. He could not afford to keep up the loan payments on his land, and he vent his anger on the bankers who originally advanced him the cash.

The distress sale of repossessed land turned into a flood, but the angry farmers have not yet conceded that their plight is largely the product of their own political successes.

For the price of land was boosted to unrealistic levels because of the price supports and subsidies that the farming lobby squeezed out of the Federal Government.

CALIFORNIA orange growers are delighted that Federal marketing orders prevent them from selling 40 per cent of their oranges to consumers. This holds up the price to artificial levels.

Consumers, however, pay twice-over.

For of the 83,000 tons fed to cattle in 1982, 72,000 tons were produced with the aid of Federally subsidised water – a programme financed by taxpayers.

LOS ANGELES-based J. G. Boswell Co. received free wheat worth \$3.7m through the Federal governments payment-in-kind programme – compensation to encourage farmers not to grow food.

Boswell and five other farming organisations put 23,000 acres of wheat, corn and cotton land into the PIK programme.

Now, the Department of Agriculture says that 17,500 acres were under water and could not have been planted in any case.

And the growers want taxpayers' aid under another programme to pump the water off their land – so that they can grow crops this year.

She included the following question in the poll: "Would you support increasing the property tax on vacant land in Atlantic City to encourage the development of that vacant land?"

Over 50 per cent said Yes!

Land prices in Atlantic City have now temporarily stabilised, after the first-round increases. The value of taxable property rose in 20 of New Jersey's 21 counties in 1982. The odd-one-out was Atlantic County, where the value of land and buildings fell \$1m to \$7.8bn.

But as new syndicates prepare to increase the number of casinos, the price of real estate will lurch upwards again.

There are few losers in the game of land speculation.

HAWAII'S land redistribution scheme is to be challenged in the U.S. Supreme Court.

Twenty-two landowners on the island of Oahu own 72.5 per cent of the land. They refuse to sell land; instead, they offer long leases.

According to Hawaii state lawyers, this has "led to a critical shortage of residential land for sale... thereby driving up land prices and rents."

A law passed in 1967 allows people living in single-family houses to apply for ownership of the land. The state authorities then condemn the property for sale at fair market value, and act as an intermediary – buying the land and selling it to occupiers.

The landowners challenged the constitutionality of this law, and were upheld by the 9th U.S. Circuit Court of Appeals.

The appeals court said that acts under the land reform law were rationalizations for a "naked attempt... to take the property of A and transfer it to B solely for B's private use and benefit."

In its 2-to-1 ruling, the court said the law was designed to "appease... the desires of a landless majority to own... land".

Although the U.S. government has advocated this kind of land reform in Latin America, the Supreme Court has now decided to determine whether the Hawaii law is constitutional.

PRESIDENTIAL counsellor Edwin Meese III caused a row when he said that some people stand in soup lines only because the food is free.

Senator Edward Kennedy described President Reagan's policies on food assistance as "inhumane" and called for a \$2.5bn increase in Federal spending to combat hunger.

In 1982, according to the official figures, those living under the poverty line rose to 15 per cent of the population, or 34.4m people.