

It's Still the Same Old Story

Whatever else a traveler may find on his journeys to foreign places, there is one all-too-familiar practice he will encounter wherever he goes: speculation in land. Be it a primitive village in the Philippine jungles or a cosmopolitan city in old Europe, there are bound to be those who unjustly profit from the economic privileges connected with private land ownership.

Thomas Han, a Nationalist Chinese who buys and sells real estate in Japan, last year earned \$5.7 million, mostly through the sale of land. In 1950 he bought a parcel in downtown Tokyo for \$30,000, and sold it in 1973 for \$6 million. However, Mr. Han disclaims any unusual ingenuity or perspicacity on his part. "All you have to do," he advises, "is hold on long enough. They can't manufacture more land."

But the enterprising Mr. Han is a very modest operator compared to Hideo Edo, president of the real estate subsidiary of Japan's \$14.9 billion Mitsui Trading Corporation, the nation's largest land developer. "In Japan," Mr. Edo has said, "everyone wants to speculate in land." As a result, Japanese land prices multiplied 23-fold between 1960 and 1973, when they constituted 80 per cent of the price of a home.

The frightening prospect of even higher land costs brought firm government action. Japan's biggest land dealers were summoned before the country's parliament, to "apologize" for the enormity of land prices, and stringent protective laws were adopted. Mitsui was required to sell a sizable portion of its land holdings to the Ministry of Construction. Further bank loans to land developers were banned, and a 7 per cent tax was imposed on all real estate sales. In addition, all new land purchases were made subject to approval by local authorities. (In place of these merely repressive measures, the adoption of land value taxation would have been simpler, more effective, more equitable, and more beneficial to the people of Japan.)

Finding itself thus stymied in its homeland, the Mitsui organization quickly turned to more marginal areas, such as Singapore, Australia, Thailand, Brazil, Hawaii, and the continental United States. (Incidentally, mention of Singapore brings to mind the interesting recollection that 150 years ago Sir Thomas Raffles built this island into a thriving commercial

center by land value taxation and free trade.)

Mitsui's excursion to territories far beyond the borders of Japan, in search of land to acquire and exploit, shows again that land speculation knows no boundaries. But obviously the clever Mr. Edo knows he must work fast, before he runs into restrictions similar to those imposed in his own country. Of course, the best thing he could "run into" in any country would be a policy of taxing location values.

The Hawaiian Islands, now America's fiftieth state, have a long history of land appropriation. A recent event was the acquisition by Gulf & Western Corporation of 751,000 shares (7 per cent) of the stock of Amfac, Inc. The latter was formerly known as American Factors, this being the operating name of one of the famous "Five Families" of Hawaii, who came originally as missionaries and then bought up all the land they could from native Hawaiians, who had no concept of private land ownership and sold their birthright for the proverbial "song." Today almost half (47 per cent) of Hawaii's land is owned by the largest private holders, and a like amount (48½ per cent) by the state and federal governments. This leaves 4½ per cent, owned by 60,000 others.

Recently the state's legislators, alarmed by the speculative trend, have made tentative efforts to correct the situation by applying the Pittsburgh graded-tax plan, shifting part of the tax from improvements to land. However, increased tourism and a reduction in pineapple and sugar growing have given land speculation a new impetus, so there is a strong effort being made to repeal the small start that has been made toward site value taxation. Hopefully this effort will be thwarted, and Hawaii will "see the light" and pursue its course toward at least partial LVT.

In the Philippines, there is a 271-acre coconut plantation which is tended by Senora Arcadia Samiano. For her services, she receives 12½ per cent of the proceeds of the crop, and she is happy these days, as the price of coconuts is high and is rising. But happier still are the Roque and Malvar families, who own the land, since the 87½ per cent balance is devoted to rent and "expenses."

—LANCASTER M. GREENE