

The 'Pittsburgh Plan' in Hawaii

A DELIGHTFUL feature of the recent international conference of Georgists in New York was the visit to the World's Fair for a luncheon at the Hawaiian Pavilion. On that festive occasion Miss V. G. Peterson outlined new tax legislation adopted in Hawaii in 1963. Known as the "Pittsburgh Plan" because like the Pittsburgh Graded Tax it provides that land and buildings shall be taxed at different rates, the new act aims to shift to land values at least 30 per cent of the burden now resting on improvements. This increased tax pressure, it is hoped, will force sufficient land into the market to lower land prices and open the way for the housing construction so badly needed in the urban areas.

The "Pittsburgh Plan" is the latest in a series of acts aimed at bringing idle land into use. In 1957 a Land Study Bureau was formed and a Planning Office established with the responsibility of outlining a General Plan for land development, the first such plan to be made by any state or territory under the United States Government. Thereafter, in 1959 and 1961, laws were enacted allowing for the condemnation of lands where necessary, and the strengthening of existing zoning ordinances relating to land conservation and better land use. Still to be passed is the Ground Rent Redemption Bill introduced in 1961, which would give occupiers of leased property the right to purchase that property after 15 years. The leasehold system, long established in Hawaii, was devised by the large estates as a means of perpetuating the traditional pattern of land ownership.

Briefly, the "Pittsburgh Plan," to become effective January first, is comprised of three steps, to be taken two

years apart. At each step the tax rate on improvements will be reduced by 10 per cent from the rate that is applied to land. When the three steps have been taken the local governments, which in Hawaii are the county governments, have the option of making one, two or three additional transfers, each of 10 per cent.

The governor may, in his discretion, delay all transfers except the first, for an additional period up to two years. The state tax department appraises all real property for tax assessment purposes, and the counties determine the rate to be levied within their jurisdictions. The state then bills the taxpayers and turns the revenue over to the counties. There is no personal property tax.

One complaint lodged against the graded tax, Miss Peterson explained, was that it would tend to depress agriculture. "To meet this opposition the legislation was revised to require that all properties be classified into six groups, according to use, with a separate tax rate applying to each classification. The responsibility for dividing the lands is given to the state director of taxation.

Hawaii, when it was discovered by Captain Cook in 1778, was inhabited by some 30,000 carefree people living in a tribal economy. A few years later, a need for the unification of the Islands brought in the Kamehameha Monarchy under which the king was recognized as the sole owner of all land.

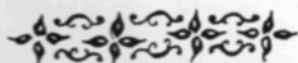
The first division of landed rights was made during the reign of Kamehameha III (1825-54), when 1,600,000 acres, or about two-fifths of the area, was awarded to his chiefs. It was mainly into the families of these chiefs that missionaries from the West later

married. The king set aside 1,500,000 acres as public lands to support the operations of government, and 30,000 acres were vested in the common people, but few claimed any share as they had no understanding of the value of private property or any interest in it.

Nearly a million acres were kept as crown lands and when the monarchy terminated, what remained of this land was merged with the public lands. There are still about 2,000,000 acres in the public domain.

"Land reform was launched in Ha-

waii by a generation no longer willing to tolerate a landed oligarchy," said the RSF Executive Secretary, "and circumstances were ripe for the effort. Between 1950 and 1960 the urban population increased 33 per cent and land prices went sky-high. In all the 50 states, Hawaii ranks lowest in the number of families owning their own homes. The demand for one-family houses is so great that existing structures in Oahu command a resale price 60 per cent higher than the average in the other 49 states."



CONFERENCE ECHOES

Vic Blundell, editor of *Land & Liberty*, writes from London: "In retrospect the conference seems even better than it did at the time. We have much to remember for the future. I could go through it again and again and still find many notes to make, many questions to ask and many points to raise."

From Toronto Jim Ramsay reports: "I got about 35 hours of tapes taken at the conference and the little bit that I have already played for the executives of the Alumni certainly impressed them."

Phil Wallace from Jamaica: "What a conference! I enjoyed it immensely, and meeting delegates from various countries was most stimulating. I was greatly encouraged in my lonely fight here for those truths which alone can save our world from chaos. I now know I'm only one of a vast army of workers, and have been reassured and strengthened, and given a new lease on life."



Opposing parties in England have been moving toward recognition of the fact that in crowded Britain, too, the day of the landowner "in his traditional sense" is over. The Labor party would nationalize "undeveloped land." Others would abolish the concept of freehold and substitute the British system of leasehold. Even the Henry George single tax has been mentioned, according to a recent article in *The Atlantic Monthly*.

Capital gains, says the report, cannot much longer go untaxed. For a long time Labor campaigned against removal of the surtax on earned incomes above £2000 and below £5000. This brought quite small earners into the upper tax brackets. But this seems only to "accelerate the 'brain drain' to America and Australia." The Labor prejudice against large incomes is therefore disappearing "provided the incomes are earned."



Elmer Russell Greenlee dug up "The Perfect Squelch" from a 1959 issue of the *Saturday Evening Post*, in one of his recent *Bluebird Letters*. A "Mr. Finch" objected when the school board asked him to sell a strip of land for \$10,000, complaining that it was worth at least \$75,000. At a noisy meeting a councilman said, "I am in favor of giving Mr. Finch the \$75,000 he asks for the right of way." Then over the protests, he added, "and of reassessing the rest of his property on the same basis."