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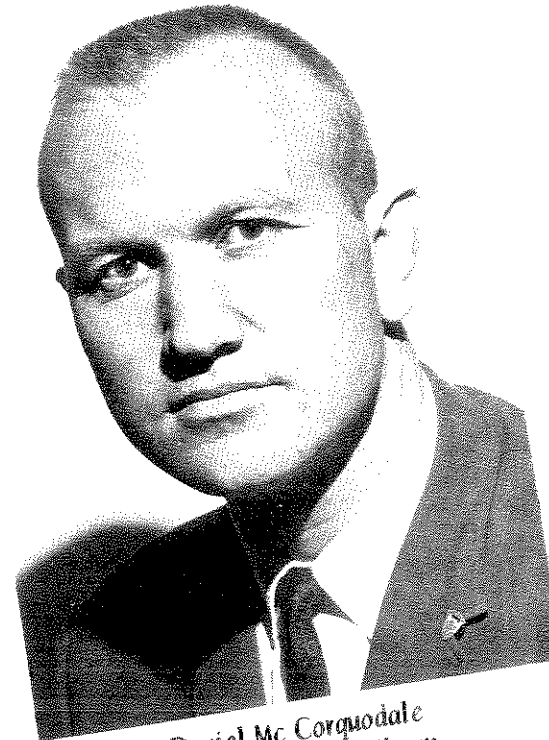
California HOMEOWNER

March 1968

Twenty cents

MAYOR LOOKS at ASSESSMENTS

Story on page 3



Daniel Mc Corquodale
Chula Vista Councilman

City official learns that assessor is not
assessing all property according to the
law, some pay 25 times more taxes than
others on equal values.

California Homeowner Magazine

Vol. 7, No. 1 March 1968

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Land Speculators Beware

This reprint has a story for California which may be the best news in a long time. It is an indication that land speculation may be coming to a screeching halt. Large and small development firms as well as land holding companies have led the land speculation tide in California, and, as always when the price of land becomes too high priced for development, development stops. After an adjustment downward, and when the price is leveled to where it is economically feasible to use, production again takes place. In the meantime many investors lose their shirts.

(Reprinted from Feb, 68 House & Home)

Sunset International Petroleum is selling its way out of housing for good reason: Its new-town program was one of homebuilding's all-time misadventures.

The parent, Sunasco Inc. of Beverly Hills, Calif., sold Sunset two weeks ago to Commonwealth United Corp. of New York, a motion-picture maker. (News, Dec. '67).

To meet CUC's terms, Sunset was directed to unload nearly all of \$103.5 million in real estate holdings by Jan. 30. Sunset, a California company showed a \$19.6 million loss for 10 months last year and it is under heavy pressure from creditors. But it seems to be making progress.

It auctioned off \$12 million worth of land in December. And according to one Sunset source, it sold another \$5 million worth in private deals.

Lenders have agreed to take over some parcels, including 75% of Sunset's 12,000-acre new town near Sacramento.

Sunasco itself has just acquired five tracts from Sunset.

The auction. Sunset President A. Bruce Rozet, who would become CUC's chief executive in the merger, called the auction "a

great success." Industry sources said bids totaling \$15 million were submitted on 68 properties whose appraised value was \$50 million. But Rozet said the auction generated "10% more cash than we had projected, and right now cash is one of our major needs."

Rozet declined to discuss the auction in detail except to add, "No big-name builders bought property."

Other sources disclosed that bids of \$1,000 and \$1,200 an acre were accepted for 136 residential acres at the Sacramento new town, Sunset/Whitney. Two gas stations at Sunset/San Marin, a 2,200-acre project near San Francisco, went at bids of \$5,000 and \$5,500 per site. Another bidder paid \$6,600 apiece for 52 Marin house sites that carried a \$313,446 first mortgage payable in May.

At least 17 properties drew no bids. They included 187 improved lots, 365 unimproved lots and a shopping center at Sacramento, and the San Carlos golf course near San Diego.

Canceling debt. Sunset has agreed to convey 9,100 Sacramento acres to a lender, The Sixty Trust, a pension fund for some salaried employees of Textron Inc. of Providence, R.I. In return the Trust will cancel land debts of \$12 million.

To sweeten that deal, Sunset will issue

Councilman Daniel McCorquodale, of the City of Chula Vista, in his attempt to discover why assessments in his city were increased a whopping 25% may have uncovered the best kept secret in California. More than \$1 billion per year could be lost in local revenues if all assessors have the same policies as the assessor in San Diego County. Homeowners are paying through the nose while land speculators pay token amounts. Why hasn't the State Board of Equalization called for criminal action by the Attorney General's Office? They know all about the underassessments, yet continue to be quiet.

At this point the news media gave the report so much publicity that Karl Rich, branch manager of the Data Systems Division of the Stanwick Corporation, went to the Statewide Homeowners Assn. with a proposal to completely computerize the survey.

NATIONAL FIRM

The Stanwick Corp, a management systems and engineering oriented company innovated the preventive maintenance system utilized by the U.S. Navy since 1962, with the Data Systems Division unexcelled in capabilities for pioneering new vistas in all phases of data processing.

Rich, with his program supervisor, Lew Gee, designed a computer program which would do all the calculating, sorting and listing of the 13,500 parcels in the study. That program now makes it possible for a study of every county in California every year. That makes it possible for assessors to have up-to-the-minute reports on the quality of assessments by their staffs, condensed enough to be held in a hand and clearly showing up areas needing immediate attention.

THE RESULTS OF THE S. D. SURVEY

The Survey in San Diego had results which closely compared with the findings of the State Board of Equalization.

STATE BOARD FINDS RURAL PROPERTY

UNDERASSESSED

The 1967 survey by the State Board was of a scientific nature, while the survey by the Mayor of Chula Vista was statistical. The State Board of Equalization survey had 433 parcels which range in assessment percentages from 2.2% of market value to 83.3% of market value in San Diego County.

While the law prohibits parcels in the State Boards survey to be identified, a summary of the findings was most helpful in pinpointing the areas in which the assessors office needs education and training.

In a synopsis of the Board's survey, paragraph two states:

"Historically, many assessors' offices have been plagued with the twin problems of regressivity and the undervaluation of certain types of property. These are currently the most basic and important deficiencies in the San Diego County Assessor's Office! The philosophy of undervaluation adopted by certain members of the staff is misleading to the public and often fails to give a true picture of the assessor's opinion of the market value of their properties. The pattern of regressivity--the overvaluation of small properties and undervaluation of large properties--is clearly identifiable in the 1965 assessment

roll. ALTHOUGH RELIABLE DATA CONCERNING THE CURRENT ROLL IS NOT AVAILABLE TO US, OUR STAFF COULD NOT IDENTIFY THE TYPE OF MAJOR CHANGES IN ASSESSMENT PRACTICES TO

By listing the data in parcel number sequence it was possible to group the data by book areas. That made it possible to arrive at an average assessment percentage for 52 of the 65 or so books in the county, and that average percentage was based on actual assessments as reported to the Board of Supervisors by the assessor on July 1, 1967. Since the market values were determined by revenue stamps, 915 of the 2511 parcels were not used because the stamps did not indicate the true market value.

RESULTS OF MADERA SURVEY

The results of the Madera survey showed that the county-wide average was 19.5% compared to the stated ratio of 25%. The State Board of Equalization arrived at a county-wide average of 20% with their scientific survey for the same period.

LAND UNDERASSESSED

The survey also showed that vacant land held for speculation was assessed far below improved property, or 11.8% average, compared to 25.3% average for improved property. This indicated that land speculators pay less than half the taxes paid by farmers, businessmen, and homeowners.

GRAND JURY RECEIVES REPORT

A copy of the report was given to the County Grand Jury for study, with the recommendation that the assessor's office be investigated.

SAN DIEGO COUNTY ASSESSMENT SURVEY

In San Diego County a study was initiated by the then Mayor of Chula Vista, Daniel Mc-

Corquodale, who wanted to find out if Chula Vista was equitably assessed with other areas of the county.

The question arose when it was announced by the County Assessor that while the assessments throughout the county only increased 12 percent, assessments for the City of Chula Vista were increased 25 percent. Since Chula Vista is the second largest city in the county the indication is that while Chula Vista's increase was 25 percent, the remainder of the county only increased by 5 or 6 percent.

The Mayor was going to merely make a few comparisons, but when he realized that there was basis for a more thorough survey, he asked Statewide Homeowners Assn. to assist. At first, Lloyd Maxwell, a retired economist living in Danbury, Connecticut and spending the Fall and Winter months in California, worked with McCorquodale for five weeks, and decided the job was too big for two people to complete. Then, in order to speed up the survey, McCorquodale asked for more help, so several more people were put to work gathering source material for what has turned out to be the most comprehensive assessment survey in the State of California or anywhere else.

ASSESSOR STOPS SURVEY

After the survey was nearly completed, E. C. Williams, the County Assessor, realizing that Statewide Homeowners were involved, ordered the survey crew out from behind the counter and told McCorquodale his people would have to work at the public service counter and be waited on by his staff as time permitted. Since the survey was nearly complete anyhow, McCorquodale pulled his crew and declared the survey finished.

COMPUTER FIRM SHOWS INTEREST

\$2 million in long-term promissory notes payable by 210,000 shares of Sunasco common stock. And Sixty Trust will receive royalty interest in Sunset's oil and gas properties from 1978 to 1988.

A spokesman for Sixty Trust said of the sweeteners: "They're better than nothing."

In another deal Sunset has agreed to re-convey to California Federal S & L Assn. its 1,089 acres at Thousand Oaks in California's Canejo Valley along with its 250 acres at Hacienda Hills near Los Angeles.

Sunasco swap. Sunset was able to cut its debt by \$17.3 million by transferring land to Sunasco, notably Mountain Park in the Santa Monica Mountains. That 3,550-acre parcel, which is planned for 7,000 houses, has a \$7.4 million book value; land loans total \$6.6 million.

The auction, Sunasco's land deal and some cooperation from bankers have greatly reduced Sunset's debt. Midway in 1967 Sunset was \$10.2 million in default on \$69.8 million of debt secured by real estate. But Sunset joined CUC with its payments in default by only \$2.8 million on \$23 million in realty-secured debt.

And CUC intends to erase that debt by issuing \$24.5 million worth of 5% subordinated debentures.

Merger. With shareholder approval, Sunset has become a full CUC subsidiary. J. D. Sterling and his son Morton, who helped steer Sunset into new towns, will sell their 8,245 Sunasco shares and quit Sunasco's board. (Sunset had a \$20-million tax carry forward in 1967).

The parent CUC will continue to concentrate on films ("The Pawnbroker" was one), but it will also diversify through Sunset's real estate holdings and oil and gas interests.

(continued from page 19)

are not handled as they occur (increases in crime, public health menaces, etc.)

I am attempting to demonstrate that, in my opinion (based on ten years experience in local government management), artificial tax limits are not the ideal answer, and they certainly will never be an adequate substitute for proper program and budget analysis by trained people. We are now on the verge of developing and implementing many new approaches to economical government financing, with the emphasis on program control, where it must be. We should continue to move in this direction, not look to simple answers that just don't work.

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Bernardi said it was time to end "political isolationism" at all levels of government. Bernardi called for further reforms such as:



Councilman Bernardi (left) facing row of Assemblymen during hearing before Assembly Rev. and Tax Comm.

PROPERTY TAX RELIEF A HOAX

Any "property tax relief" plan which permits counties such as Los Angeles to contract to provide, (a) purely municipal services to cities at less than its cost, thereby shouldering most of their financial obligation on cities which provide that service on their own; (b) provide municipal services to highly urbanized affluent "unincorporated" areas out of general funds which it receives mostly from cities which furnish and pay for their own such services; (c) which permits "Special Districts" such as, the "MWD" no limitations on the amount of obligations it may assume and the manner in which it may apportion that obligation to its member agencies irrespective of how much or how little they may need of that District's services or commodity will prove to be a hoax; (d) any tax plan which permits an additional increase in sales tax at the local level without restricting its use predicated on overall need as is now the case with the lucrative 1% local portion will be a hoax.

(continued from page 10)

tion of a program where too much was attempted with too little and where the special requirements of the conditions unique to Vietnam were not sufficiently recognized.

An ordinance of 1955 limited rent to 25 percent of the crop and guaranteed cultivators five years of tenure with option of renewal. It is estimated that perhaps as many as three-fourths of all agricultural tenants had these written contracts at the end of 1957. It is also true they were much more common in the Mekong delta than in the area around Hue.

The Mekong delta area is relatively underpopulated, and provides an opportunity to develop efficient surplus-producing agriculture. Currently it is dominated by the Viet-Cong who have apparently developed marketing arrangements with North Vietnam, Cambodia and the Chinese merchants of South Vietnam which are relatively satisfactory under existing conditions.

Communal land was exempted from Vietnamese land reform legislation. This land, called cong dien, is owned by the village and worked by the family offering to pay the highest rent. The highest bidder usually possesses annual tenure. This system has extracted high rents relative to the production taking place on the land. The rent collected is used to finance village operations and amounts to a very large portion of village revenues.

Here we have an example of a tax-like payment equal to the full amount of economic rent. It is also an example of a deeply seated rural Vietnamese procedure which does not encourage investment on the land or economic justice. Justice is violated because only the cultivator of communal land pays his full economic rent to the government, while large land holders pay none.

ACHIEVE A SUBSTANTIAL REDUCTION IN THIS PATTERN."

Paragraph four continues:

"The uniformity of valuations in residential properties is outstanding. In rural, commercial, and industrial properties, it is relatively poor. The poor uniformity in these types of property can be ascribed to (1) lack of concentration of appraisal effort and (2) several types of valuation practices which would be considered unacceptable by most professional appraisers."

UNIFORMITY UNACCEPTABLE

The State Board survey praised the uniformity of assessments on homes. This reporter has repeatedly stated that the assessments on homes have been very close to the stated ratios in most counties, with San Diego being almost perfect. But that is where the perfection stops. On page seven of the survey the following is quoted.

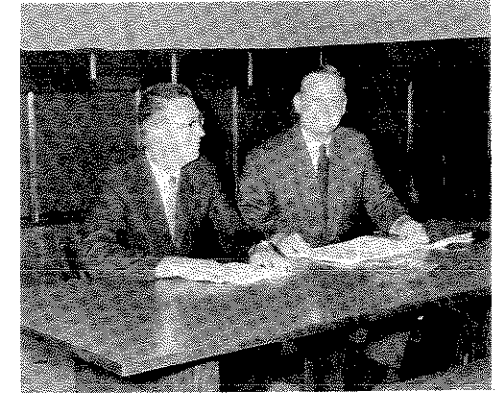
Property Appraised By Realty Division - Improved Residential

"The 1965 roll shows a remarkable degree of uniformity in the assessment of improved residential property. Only two counties in the State achieved a better record. It is interesting to note that this record was achieved without the benefit of a sales ratio analysis program. The 9% coefficient of dispersion achieved suggests an overconcentration of effort in residential properties.

Property Appraised By Realty Division - Commercial and Industrial

"Table 2 of Appendix 4 shows an array of the ratios developed by comparing the 1965 commercial and industrial appraisals of the assessor with those of the Board. The range is between 33% and 191%. The median level of these properties is 79%--good evidence of

general under-valuation of this type of property. The coefficient of dispersion for these appraisals was 21.2%. This is an UNACCEPTABLE level of uniformity for a county of this size. Most of these properties consist of small to medium-sized commercial and industrial holdings whose value should be reasonably easy to estimate. It is also true, how-



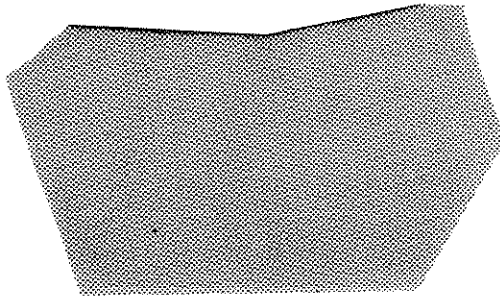
E. C. William (L), San Diego County Assessor and Richard Nevins, Chairman, State Board of Equalization at press conference where details of the State Board's survey were revealed.

ever, that the sample contains five or six large industrial-type properties presenting extreme difficulties in valuation. We feel that a large county assessor's office staffed as San Diego was for these appraisals should have achieved coefficients of dispersion below 15%.

"Table 2A illustrates an even more disturbing pattern. In it, properties in the same sample are grouped according to the value size of the property. The reader will note that in small and medium-sized properties the median approximates 79%. In the large properties (over \$200,000 market value), the median

(continued on page 22)

Land Reform in South Viet-Nam



By Richard W. Lindholm, Dean
College of Business Administration,
University of Oregon

Understanding Viet Nam

To understand the problems of Viet Nam, one must understand that the country is 80 percent rural. When the Diem government, which was backed by the United States, came to power, about 40 percent of the rice land was held by some 2,500 individuals or a ratio of 25 landowners for every 100,000 population. Traditionally, rents have been 50 percent of the crop for use of the land, with all labor, fertilizer, seeds, draft power and equipment provided by the tenant or rented at extra cost. Tenants had no security of tenure.

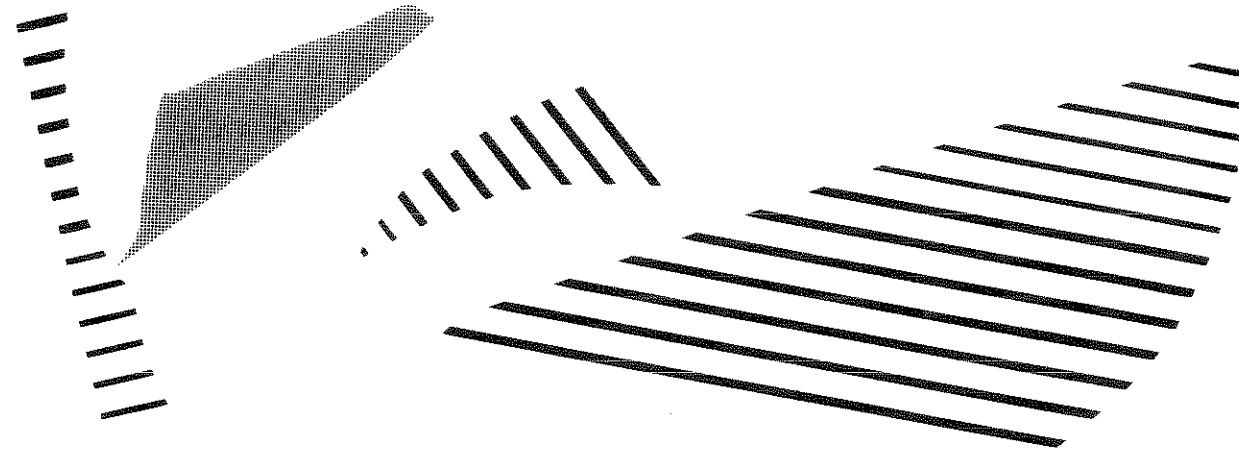
The French did not include getting people out of the cities as an aspect of their approach to agriculture and land reform prior to World War II. The French Agricultural policy in Vietnam was aimed largely at introducing new crops, improving agricultural credit facilities, plus the introduction of some agricultural research, and the making of substantial agricultural land grants to French citizens. Many of these grants became the land base for very successful tea and rubber plantations.

In the 1950's Ngo Dinh Diem and his government's American advisers introduced improved strains of rice, pigs and chickens and improved varieties and growing methods

for sugar cane; and in addition, an agricultural college including an experiment station was established at Blao. A land reform program was added to this basically conservative but sound adaptation of the French approach as a "principal point in the advisory program of General J. Lawton Collins, President Eisenhower's special representative" to Vietnam in 1954. The land reform program did not attempt to break up French land holdings other than those of rice land. The large French holdings of rubber plantations were not disturbed.

As conditions in the countryside began a further deterioration in 1959, the basic agricultural development program that was for-

Councilman Bernardi Makes Sense



In December of 1967 the Assembly Interim Committee on Revenue and Taxation and the Interim Committee of Municipal and County Government met at the beautiful new Water and Power building in Los Angeles. Intended to study the alternatives to the property tax as primary source of revenue for local government, the committee listened to many lengthy expositions from public officials, private individuals and homeowners groups.

As part of the study, Chairman John G. Veneman directed the committee to study the feasibility of a local income tax levied by city and county governments levied as a share or percentage of the state income tax.

POLITICAL BUREAUCRATIC HIERARCHY

As is the usual custom at Los Angeles Council hearing, Councilman Emami Bernardi made the most sense. He advocated governmental reform at the local level and said, "local officials, relieved of the politically explosive responsibility of raising their own

tax revenue, will accelerate the growth of locally competing bureaucracies with no clear cut line of demarcation as to where local services begin and county-wide service end so there is no rational means of determining who ought to be required to pay for what and why. In other words, a deeper entrenchment of a muddled structure of local government that daily graphically demonstrates its inability to effectively and economically perform for the benefit of anyone except a ballooning local political bureaucratic hierarchy."

Bernardi said that any tax plan intended to provide property tax relief which did not curb "subterfuge financing" such as is the case with the Los Angeles City Convention Center, Watts Hospital, the Music Center, the Los Angeles Zoo and many other municipal and county facilities, would be a hoax. He also asked for an end to duplication of services, such as local police policing the freeways, while the State collects taxes for

property has a higher market value. Usually property taxes are based on the market value, so if the market value is high, taxes are high. If the market value is low taxes are low.

But that does not hold true in some counties where assessors habitually underassess vacant lands held for speculation and slums. Most assessors have a mental block, or so it would seem, about assessing those properties according to their selling prices or market value like they do homes and business. It seems as though the assessors were paid off by land speculators and slum-lords. Serious questions might be raised except that all such properties seem to be underassessed and it doesn't seem possible that all such owners are buying low assessments. (Yet, a survey might be of interest to see who contributes to assessor's campaigns, and then too, the slums in each community are owned by a very few. Hmmm!)

TAXING LAND ONLY

The only way California will be successful in bringing industry here, get rid of the slums on prime sites, stop sprawl and reduce taxes on homes and good apartments is to remove the taxes from improvements and personal property.

It is the only way homeowners will pay less property taxes without paying more sales taxes, income taxes or more of any tax. Business too would pay less taxes without paying more of other taxes.

SLUMS WOULD BECOME UNPROFITABLE

If property taxes were based on land values only, slums would become unprofitable, but who needs them. I'm sure the people living in them could get used to decent housing.

Quotes

Representative Frank Roberts, Portland democrat, called a special session of the Oregon Legislature an "exercise in futility." Roberts said Governor Tom McCall had called the session to exercise the evil of the property tax but the session would no doubt do more harm than good. "Under the sales tax proposal put forth by the legislature Portlanders would pay out \$20 million to get \$14 million back on property tax relief," said Roberts, and urged homeowners to write to their representative and protest the measure.

* * * *

The Labor of Others

Every permanent improvement of the soil, every railway and road, every bettering of the general condition of society, every facility given for production, every stimulus supplied to consumption, raises rent. The land owner sleeps but thrives. He alone, among the recipients in the distribution of products, owes everything to the labor of others, contributes nothing of his own. He inherits part of the fruits of present industry, and has appropriated the lion's share of accumulated intelligence.—

—Thorold Rogers, "Manual of Political Economy."

* * * *

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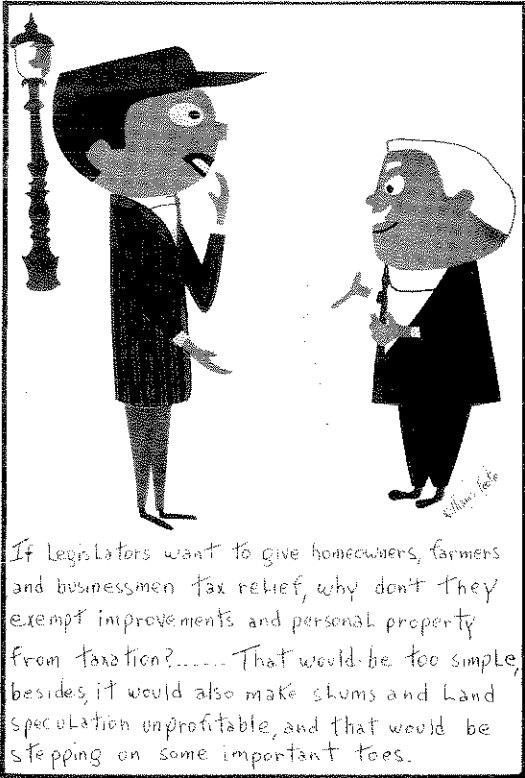
malized in 1956 legislation was supplemented by the Agrovillage Program, which was in effect for about three years. The basic idea of the program was to resettle peasants in rural cities linked by a strategic route system. The program was soundly conceived but failed to halt the deteriorating political situation in the countryside.

In 1961 the "strategic hamlet" program was substituted for the Agrovillage Program. This approach was very close to Diem's heart because it closely corresponded to the procedure, other than the sending out of scalawags, the Vietnamese had used through the centuries in their migration into the Mekong Delta and their conquest of the area.

To move and hold peasants in the newly constructed strategic hamlets, the government had to use considerable force. The effort also absorbed substantial resources badly needed elsewhere. Political conditions in the countryside may have been made worse rather than helped by the approach for the peasants did not wish to pick up and leave their customary villages or to engage in forced labor to build the strategic hamlets. It constituted the last effort of the Diem government to develop a viable political and economic program in rural Vietnam.

During the period since 1963, suggestions have been made here and there as to how the land problem should be handled after peace is restored. One widely read proposal recommended that each peasant be given an official certificate giving him ownership of a plot of land ready for cultivation after the war. Also, all tax arrears on the land would be cancelled.

As the Diem government weakened, agricultural land tenure and land allocation legislation went unenforced. The governments of Vietnam since the assassination of Diem have made some pronouncements, but that is



about all. Rural reform and pacification programs have come and disappeared in rapid succession with five identified in the last four years. The current program is administered under the Ministry of Revolutionary Development and is called the "new life hamlet program." It is considered to be a failure.

Ordinance 57, the basic land reform law of Vietnam, was signed by Diem on October 22, 1956. It remains the law of the land. The provisions of Articles 3 and 4 set the limits of individual holdings of rice land to 100 hectares (about 250 acres) but permits unlimited holdings of land other than rice land. The large rubber plantation holdings were not a portion of the land reform program nor were other landholdings in the highlands

area that were given as grants to French colonialists in 1,000 to 4,000 hectare plots by order of the French Governor General, with grants of over 4,000 hectares given by decree of the French Ministry of Colonies.

Ordinance 57 does not set the size of plots the landless could acquire but 7 hectares seemed to have been generally assumed to be the appropriate size with 15,000 piasters per hectare as the average price. At that time a piaster was worth about 1 1/4 cents.

The new landowner was required to repay the interest-free debt in six years. The law provided the government would pay 3 percent interest on the government bonds the former large landlord received as 90 percent of the payment for his land.

No provision was made for property tax payments, a sort of assumption none would be due, which largely corresponded with the fact, for very little property taxes were being collected on agricultural land. In 1958 real estate taxes provided less than 1 percent of total national tax receipts. Very strong Communist propaganda had made property tax collection at even this level political anathema in Vietnam.

Article 14 of Ordinance 57 provided for the payment within a six year period of the debt incurred by the farmer in acquiring his farm. This is a very short period. Article 30 adds to the unrealism of the approach when it provides for immediate government repossession in case of default. The financial difficulties placed in the way of a poor peasant actually gaining title to land and control over the acreage are further expanded by Article 16 of the Ordinance which prohibits use of equity gained in the land as security for a loan during the six years of payment and four years thereafter. The result of this provision was that a person acquiring land under Ordinance 57 could not

use his principal asset as security for production loans or loans to carry him over a disaster period which may have occurred during the later portion of the land payment period.

The portions of the ordinance referring to land acquisition by landless peasants makes no provision for financing to start the farming operation. However, a loan program and farming aid program had been initiated by the U.S. and Vietnamese governments.

The provisions of Ordinance 57 give all the indications of a program established within an environment where the problems are not particularly serious. It is also a program that is tricky. It doesn't give as much as first glance indicates. The program was presented to meet an emergency but fails to identify the problem of large French holdings of non-rice land. The program also suffers from an effort to apply to the Vietnamese situation procedures workable in societies such as Japan and Taiwan, with their much greater general sophistication.

Wolf Ladejinsky who had been a principal expert in setting the Taiwan land reform effort into motion was also the chief U.S. consultant on land reform for Vietnam. He identified three weaknesses of the land reform program of Vietnam as finally adopted. **The first weakness was the effort to make peasants pay for land that had already been given to them by the Vietminh (now called Viet Cong). The second was the failure of the Vietnamese and Americans to establish an administrative system sufficiently strong to carry out the job. Finally, Ladejinsky saw the capital funds to be inadequate.** It is also true that Ladejinsky was guilty of attempting to do in bandit infested Vietnam what had worked in peaceful Taiwan and Japan. These points add up to the descrip-

(continued on page 18)

GOVERNMENT COSTS SHOULD BE GOING DOWN

If growth and development would be normal and in proper order, the costs of government would go down as more people would be provided more services. It is normal to expect school costs per child to be reduced as more children use the schools, and fire and police protection costs per person should go down as population increases. But that is not the case today, and the reason for higher costs is because our growth is helter-skelter.



THE PRESENT TAX STRUCTURE HAMPERS PROGRESS

The property tax structure in California is a very bad one. By taxing land, improvements and personal property, two thirds of the nearly four billion is on improvements and personalty. Only one third comes from the value of the land. It clearly hurts those who improve their land, or provide jobs in

farming and industry. The attitude seems to be one of penalizing those who do what is socially good for the community (improve their holdings, or provide jobs) and subsidize those who promote what is socially bad for the community (sit on vacant land or on rows of slums).

CALIFORNIA NEEDS INDUSTRY

As badly as California needs industry, nobody is proposing ideas which would attract it. December 67 unemployment figures still list California 27% higher than the national average.

While we have a population of nearly 20 million, major warehousing for those 20 millions is still being carried out in other states because of property taxes they do not pay in those other states. Many industries for which California provides the largest market must produce those products in other states because we tax machinery and equipment, which is not taxed in the states they now produce in.

PROPERTY TAX IS A GOOD TAX

The property tax is a good tax. It is the tax closest to the people. Everybody knows (or can find out) how much they pay each year. It is a tax which never leaves the community, and for the most part is controlled locally.

EVERYBODY PAYS

The property tax is paid by everybody in the community, whether they own their own home or whether they rent. If renters think they don't pay property taxes, ask them how come the rents go up when taxes go up? As a matter of fact, rental property pays for more taxes than residential property since rental

CALIFORNIA

needs TAX REFORM



Despite denials by many public officials, and especially assessors, that taxes should be considered solely as sources of revenue and not used as a tool for reform, many economists and social thinkers are convinced that the socio-economic and legal angles of taxation are a factor in the free enterprise and and profit motive system which made America great.

Many people quote the old saying "Taxes are the power to destroy" but do not finish the quote, which was by Nicol V. Ames in 1899 in the Supreme Court of the United States. Ames said, "The power to tax is the one great power upon which the whole national fabric is based. It is as necessary to the existence and prosperity of a nation as is the air he breathes to the natural man. It is not only the power to destroy but also the power to keep alive."

To build a democracy and a working free enterprise system, a government must tax it's citizens to provide them protection, education and the promotion of social well being. How the taxes are levied and what they are weighed upon is what makes the difference between a successful government and an unsuccessful one. In the underdeveloped countries, as we have seen in the Chester Bowles article, "Who Owns The Land", there is a

consistent pattern of non taxing or undertaxation of land, of raising revenue through sales taxes, and other consumer taxes with the flourishing of monopoly, both in land and business.

No reform of the property tax is more important than assessments, in the absence of adequate assessments, progressive land values are determined to block progress in the business and home building fields. (California, where land speculation has become big business, is a perfect example.) Only a progressive land tax would keep land prices down, discourage land speculation and encourage the cultivation or sale of idle land. Land is impossible to buy for building in California, it has become too expensive to build on or to farm, therefore it sells and re-sells, from one speculator to another.

PRIME LAND MUST BE BY-PASSED

Real problems arise when land on our main streets is held off the market by speculators. It forces developers far out, which is costly for them and costly to government. Services must be provided them by city and county government, as well as schools.

FOOD AND AGRICULTURE ASSOCIATION

United Nations

Notes from Documents No. 66 IV.1 63.
LV.2, 1954 11 B3, 1956 11.B3

The United Nations General Assembly at its fifth session in 1950, when it considered the problem of land reform, expressed the view that the agrarian conditions which persisted in many under-developed countries and territories constitute a barrier to their economic development. Said conditions reduced agricultural productivity and were a major cause of low standards of living for the populations of those countries and territories.

The General Assembly then stated its conviction that "immediate steps" should be taken to study the extent to which existing agrarian conditions hamper the economic development of under-developed countries. Now made every three years, these studies are made by written questionnaires mailed to the countries by the F.A.O. branch of the United Nations.

The general tone of these questionnaires has been about landlord tenant relationships. It lists some of the laws such as Viet Nam Ordinance No. 20 of June 1953, the Land to Tiller Act of 1953 in Taiwan and results of same. (Professor Eric Lindholm of University of Oregon has a more up-to-date study.)

The documents present the case for and against large land holdings. For, it brings in the arguments now familiar that more modern farming methods and high priced equipment can be used. Against, it cites the record of large land holding or feudal societies in which the goal is ownership not development of land. An owner is proud of his rolling and vacant acres grazing a few prize horses and cattle. He and his sons

often make a living in the cities and spend only vacation periods on the large estates. They keep the land as their inherited right and feel no obligation to develop it. Indeed, they often buy more land as a hedge against the inflation which their own policies cause, thus driving the price of land even higher. Net effect of these policies is to produce a society where the way to a better life is not to work, save, invest and produce more by one's own effort, but to have access to the work of others. In Southeast Asia, where the predominant feature is the low ratio of capital and land to labor, it is possible and probable that landlords keep tenants in a state of virtual slavery. The landlords of Southeast Asia have been more interested in money lending at usurious rates than in development of and or improvement of agricultural methods. Money lending brings much greater profits than agricultural innovation, even money lending to starving peasants. The average yield per hectare in the late 1950's was 1,100 kilograms of rice in Africa, 1,650 in the Far East, 1,795 kg in Latin America and in Spain, 5,770 kg. It is estimated that the most developed countries produce 80 times more rice per acre than the least developed countries.

These feudal societies so shape the personality of their members that independence of spirit which leads men to take new departures to seek to "better themselves"—to try to improve their personal situation or their society—is rarely developed. So say the United Nations F.A.O. documents. Professor Lindholm has brought out the fact that the Viet Nam rubber plantations are still mainly owned by the French and that the new government in Saigon is like the old government, mainly composed of large landowners. It is therefore not likely that land reform will be accomplished by this government.

Who Owns the Land!!!



Chester Bowles

By Chester Bowles
U.S. Ambassador to India

NEW DELHI—Many years of observation in the developing nations of Asia, Africa and Latin America have convinced me that in these vital areas the most important economic and political question is: Who owns the land?

Where the land is owned by the few, millions of landless laborers are inevitably left with a deep sense of insecurity which makes them an easy target for determined Communist agitators. But peasants who own their own land have a major stake in political stability and economic progress.

On this score the record of achievement in some parts of Asia is dramatic. In 1946 in Japan, at the recommendation of General MacArthur, a sweeping land reform program was launched which placed a limit of seven acres on each family holding. As a result, 94% of all rural families acquired land which they could call their own.

SMALL PLOTS, HIGH YIELD

With the application of fertilizer, improved seeds and pesticides, with adequate water and with hard work by the cultivator and his family, these small plots of land were soon producing the highest yields of wheat and rice in the world.

This same pattern was applied by the Nationalist Chinese Government on Taiwan, where the limit on the size of land holdings was set at ten acres per family. Later in South Korea, where the size of farms was held to seven acres, the same dramatic gains in agricultural and political stability were made.

U.S. IN VIETNAM

The team of American specialists who sparked the reforms in Japan, Taiwan and South Korea made a similar effort in South Vietnam in the mid-1950's. However, reac-

Chester Bowles, 66, (and six-foot, six inches) U.S. Ambassador to India, has a reputation for being 'undiplomatic,' not a very good thing for an Ambassador, but very good for people who seldom hear the truth from the government. Bowles made a fortune as partner in Benton and Bowles, one of advertising's largest firms. He then served as war-time price administrator, governor of Connecticut and congressman from Connecticut. He disagreed with President Harry S. Truman over policy and was sent to India on his first tour of duty. After returning to favor in Washington he made some uncomplimentary remarks about the Bay of Pigs invasion which rankled President John Kennedy and he was transferred from Undersecretary of State to special representative for Africa, Asia and Latin America.

Kennedy later reassigned Bowles for his second stay as U.S. Ambassador to India and gave him a special accolade for the job. Kennedy said he had "the deepest understanding of Asia of any American."

tionary forces in the Diem Government and lack of strong support from the United States blocked the necessary changes.

If this effort had succeeded, it is unlikely that American troops would now be involved in this tragic country, fighting against peasant guerrillas.

Agrarian reform, particularly in countries without large tracts of uncultivated land, is an easy matter. In a democracy, where the rights of private property are respected, it is particularly difficult, for land reform is almost inevitably—if mistakenly—associated with coercion and expropriation.

Whatever the obstacles may be, it is difficult to see how any developing country can achieve political stability or rapid economic growth unless it puts the land into the hands of the men and women who till it.

In most developing countries the peasants constitute 60 to 80% of the population. If that large a percentage is without significant purchasing power or a clear stake in the future it is impossible to build a vigorous national market. But when rural income rises, so does the demand for sewing machines, flashlights, transistor radios, cloth, shoes and a hundred and one other items which make life more comfortable for the farmer who buys them,

for the industrial worker who makes them, and for the businessman who sells them.

COMMUNISTIC LAND REFORM IS DISAPPOINTING

In the countries where Communists have come to power they have inevitably used the promise of land reform to whip up revolutionary sentiment, only to go back on their promises once the peasants had served their purpose. The newly emancipated peasants of the Soviet Union soon found themselves forced into collective farms. In China, the farmers who were given land by the new regime saw it repossessed and their families herded into communes.

PEOPLE MUST OWN LAND

...Tens of millions of Asian, African and Latin American peasants are still held in semi-feudal bondage by traditional patterns of land ownership and tenure. The liberation and integration of these peasants into the mainstream of 20th century life is essential to democratic development and, in the final analysis, to international stability.

It is an issue on which the United States must take a firm and positive stand.