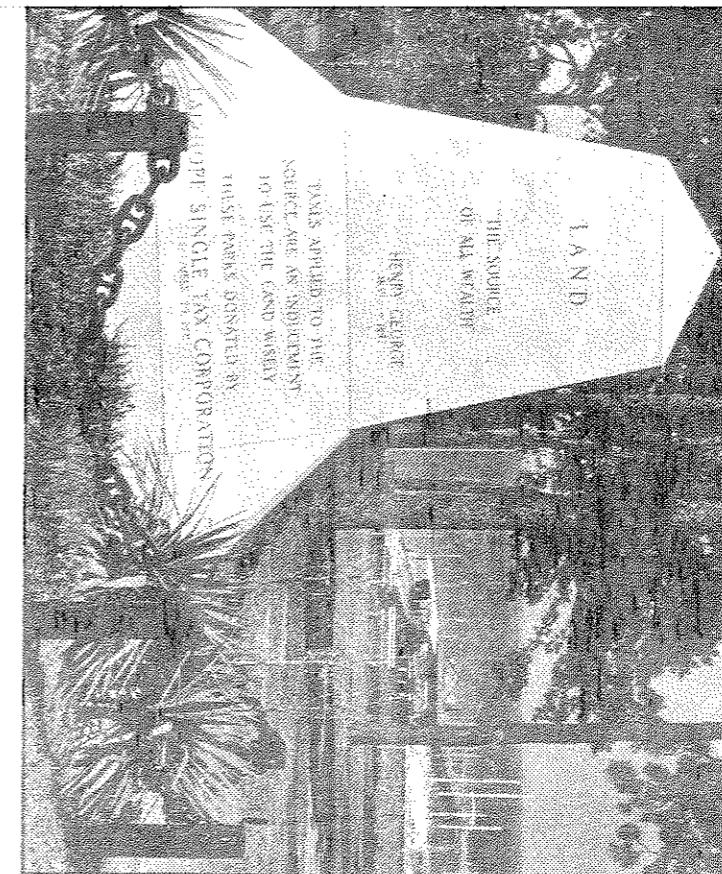


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BUSINESS

Monday, November 26, 1984



PATRICK DOWNS / Los Angeles Times

America Has a Single-Tax Town—to a Degree

By CHARLES HILLINGER,
Times Staff Writer

FAIRHOPE, Ala.—For 90 years Fairhope, on the eastern shores of Mobile Bay, has been known as America's "single-tax town." "Single taxers" founded the town in 1894. They laid out the streets, built the first houses and the first school, set aside parkland, built a library, established a cemetery, started the town government and operated their own utility companies and town wharf.

They called the town Fairhope because they believed that everybody was entitled to a "fair hope" in life, something that they were certain could be achieved only by abolishing all taxes except a tax on land.

Major Landlord

Today, this philosophy is lived—to a degree—by members of the Fairhope Single Tax Corp., the largest landowner in Fairhope and the surrounding countryside. The corporation leases its land at low rates, using the proceeds to pay property taxes. Even those who don't adhere to the philosophy acknowledge the benefits.

"We have a unique and odd situation in Fairhope," explains Jim Nix, 46, mayor of the town for the last 12 years. "Nearly all of the downtown business district and 20% of the land within Fairhope's town limits is owned by the Single Tax Corp."

"I am not a single taxer, but I own several businesses in town on Single Tax land. It is a definite advantage. We can thank the single taxers for making Fairhope the most progressive town in South



PATRICK DOWNS / Los Angeles Times

Fairhope, Ala., has monument dedicated to economist Henry George's philosophy. Jim Nix, right, is mayor of the "single-tax town."

Henry George's Economic Philosophy Lives on in Fairhope, Ala.

some merit for the settlers of Fairhope. His portrait hangs in the homes of many of the town's 8,600 residents and in the office of the Single Tax Corp.

During the 1930s, the single taxers gave the town seven acres of prime bay-front property for the Henry George Public Park. In the park is a monument to George with a shrinking of his quotations:

"Land. The source of all wealth."
 "Labor. The basis for production of all wealth. There should be no tax based on man's productive earnings."

"Capital. The primary tool is the product of all wealth. Taxes applied to capital destroy this tool of production."

Actually, like other Americans, the people of Fairhope pay many more taxes than merely a single tax on their land—income taxes, sales taxes, Social Security taxes, etc.

The pure single tax is only a dream. "What we are doing here is trying to make a point," explains Sam Dyson, 76, chairman of one of Fairhope's four banks and a lifelong advocate of the single tax.

Gale Rowe, secretary of Fairhope Single Tax Corp., keeps a portrait of Henry George handy—as do many other residents.

The single taxers trace their producing power" and an increase in poverty, resulting from diversion of income from the many who produced to the few landlords who did not.

While his single-tax solution was too simplistic, it nevertheless held

BRAZIL: Boom

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Brazil's foreign trade department show that the trade surplus this year will exceed \$12 billion, with exports topping \$25.5 billion. Major export items include products that have surged in the U.S. market, such as shoes and frozen orange juice. In both of these products, Brazilian sales abroad this year will be in the range of \$1.2 billion to \$1.3 billion.

A reported 30% drop in coffee production in Colombia, due to rain damage, could provide Brazil with windfall in coffee sales. This year's exports are expected to be about 19.5 million bags, and higher prices due to a Colombian crop decline would raise export earnings significantly.

Carlos Viacava, director of the bank of Brazil's Export Department, said this week it would be difficult for Brazil to increase export earnings next year as much as this year's 25%. The target for next year is \$27 billion in exports.

Refinancing of Debt

To keep the recovery going, Brazil's businessmen and planners are counting on a refinancing of the nation's \$100-billion foreign debt. Finance Minister Bernardo Gavreas and Central Bank President Alfonso Celso Pastore made an initial presentation this week to bankers in New York and to the International Monetary Fund in Washington on what Brazil wants.

The debt refinancing proposal would stretch out over 14 years repayment of capital totaling about \$49 billion that fall due between next year and 1991. Interest payments now running at an annual rate of more than \$1.15 billion would be reduced by lower bank commissions and using the London interbank rate as a base rather than the higher U.S. prime rate.

One problem in reaching agreement with Brazil's 600 creditor banks is the election of a new president here by an electoral college that will meet Jan. 15. The outgoing government of President Joao Figueiredo will negotiate on new terms for the debt after 1985, but any final agreement will be subject to ratification by the new government.

The opposition candidate for president, Tancredo Neves, has conferred with the chief economic ministers of the present government on the debt negotiations, but he has reserved the right to reconsider any agreements reached now that apply to the new government if he is elected.

Embryo Transplants

Man has tried through the ages to build better cows—cows that could produce more milk or meat, more resistant to disease. The traditional method was a slow process relying on the imprecisions of Mother Nature. Dams and sires of good quality were mated and a calf was born nine months later. Sometimes it worked, sometimes it didn't.

But the development of embryo transplants in the past 10 years has created a revolution in cattle breeding.

Blue-ribbon cows like Ned now are injected with an ovulating hormone that produces many eggs. The cows are then artificially inseminated with semen from a prize bull.

The fertilized eggs are flushed from the cow's uterus, then transplanted into the wombs of lesser cows, called "pickles" by some breeders. The technology allows

Ned Oceana is a cow of some note, able to produce 33,000 pounds of milk high in butterfat each year. But these days, the 14-year-old Holstein-Friesian is providing a more valuable commodity.

Thanks to advances in breeding technology Ned, as her owners call her, has become a factory on the hoof, a genetic machine that has produced 50 calves in the past four years, many with price tags in five figures.

Such achievements have given cows like Ned a following far from the farm. Investors impressed with earnings potential and healthy tax advantages are putting their money into similar barnyard stock.

"Not only do they represent big bucks to those who own them, but they also represent the wave of the future for the American milk industry," says Robert Picariello, a former men's clothing manufacturer whose First National Genetic Technology in Marion, Mass., offers investments in "super-elite" Holstein-Friesians.

Affordability

Richard Nelson, an official with the Holstein-Friesian Assn. of America, says more breeders are turning to the new technology. In 1974, there were two registered embryo transfer births in this country. Last year the number jumped to 9,766.

"The super-ovulating cow simply increases the income for the owner," Nelson says.

Embryo transplants offer obvious benefits to farmers. The rapid breeding of super-cows allows dairy farmers of today to produce more milk with half the herd of operations of 20 years ago. With the average upkeep for a cow around \$1,500 a year, the savings are significant.

As a result, the dairy cow population in this country has dipped from 25 million in 1954 to around 12 million last year.

Breeders can prosper by producing dozens of high-quality cows a year. Whitner has said Ned's offspring, springing for prices as much as five times her sales cost. Bulls that carry their mother's milk-making genes can be even bigger money makers for breeders. Owners of such bulls can demand \$250 for a "straw" of semen and a prize bull can produce 40,000 straws in a year.

"Absolute fortunes have been made from bulls, but only one or two out of 1,500 that are tested each year are going to be considered high-performance bulls," Stewart says. "Another 500,000 are slaughtered each year."

But the chance of hitting it big in

Business and People

Charles T. Morgan has been appointed a senior vice president of Universal City Studios Inc., Universal City.

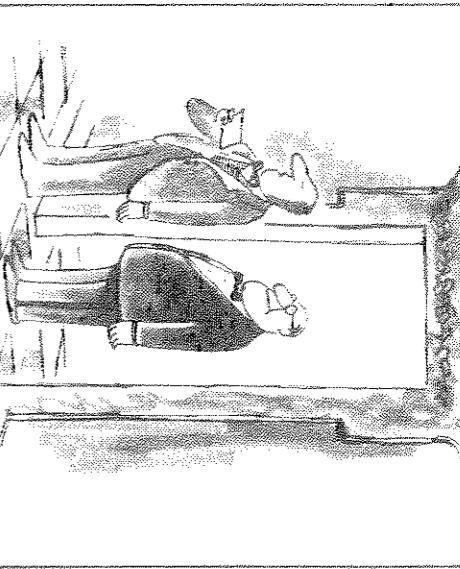
Edward Zapata has been elected a director of Southern California Edison Co., Rosemead, Inc. appointed the following group vice presidents: M. Scott Atkins, Neil E. Bennett, Peter J. Dowd and Michael E. Gallagher.

Jacques G. Maisonneuve has been named vice chairman of Liquid Air Corp., San Francisco.

Henry W. Bennett was named chairman of Mitchell-Matrix Inc., a wholly owned subsidiary of Cordura Corp., Los Angeles.

Thomas E. Leep has been named a corporate vice president at URS Corp., San Mateo, Calif.

Allen H. Michels has been named chairman of Convergent Technologies Inc., Santa Clara.



"Lord Geoffrey Durmore, Plumbing and Heating, Residential & Commercial, Specializing in Home Repairs, Emergency Service."

New Genetic Technology Is Making Investors Bullish on 'Super-Cows'

on his farm in Hillsdale, N.Y. He says success stories like Whittier's entice some into the cow business without realizing the risks and work involved.

"It's a market in which if you do things right you are nicely paid and there's the satisfaction of contributing to the genetics of the premier dairy animal," he says. "But if your management and fundamental decisions aren't right you won't make a lot of money."

Obvious Benefits

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"Absolute fortunes have been made from bulls, but only one or two out of 1,500 that are tested each year are going to be considered high-performance bulls," Stewart says.

Still, some financial advisers are well-bullish about the possibilities. "You get a very generous tax benefit and there is a very good chance that there will be some upside income," says Charles DeRose, first vice president with the New York investment banking

FAIRHOPE

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bers of the Single Tax Corp., many of them descendants of the town's founders.

"I can't tell you single tax will come about if we keep trying. I can tell you if we quit trying, it won't,"

Dyson says.

Most of the followers of George's economic theories who founded Fairhope came from Des Moines, Iowa, led by newspaper publisher Ernest B. Gaston. The Single Tax Corp. began buying up land and by 1907 had purchased 4,300 acres, paying \$6 an acre for bay-front property and \$1.25 an acre for the rest.

Since then, it has been renting the land, most of it farmland, at low rates. From the proceeds, the corporation pays the property taxes levied by the local governments. None of the single tax land has ever been owned by individuals. "No man ever created any part of the Earth. How does any man claim ownership of any part of it? But man does have a right to use the land and make a profit on it," explains Dyson.

"Everyone benefits by not paying for the land. The leaseholders can rent the land for 99 years and have an option to renew or can drop their lease at any time," drop their lease at any time," explains Gale Rowe, 59, the Single Tax Corp. secretary.

"It's set up in perpetuity. Members of the Single Tax Corp. take an oath not to take any personal benefits. There are no dividends, no profits whatsoever to the corporation members.

"Value of the Single Tax Corp's 4,300 acres is in excess of \$20 million," Rowe says. "Last year the Single Tax Corp. collected \$310,000 in rent from the 1,800 leaseholders on farms, commercial property and residential lots, with \$200,000 from the rent collected going to pay the property taxes.

"The \$110,000 surplus was spent

on administrative costs and public

utilities such as streets, sewers and

drainage owned by the town."

To become a member of the

Single Tax Corp., one must be approved by a screening committee

after completing an extensive

course in economics. Henry George

style, and paying a \$100 initiation fee.

Mayor Nix praises the Single Tax Corp.'s contributions to the town.

"Whenever there have been emergencies, disasters such as the flood eight years ago when the Single Tax Corp. gave the town

\$45,000 to repair damage to streets, the single taxers have been there ready and willing to help out," he said.

12-4-84

"Henry George believed labor and enterprise should be free from taxation. Of course, that's not happening. Taxing manufacture checks manufacturing. Taxing improvements lessens improvements. Taxing capital drives it away. Taxing commerce prevents exchange."

Dyson's father came to Fairhope from Bolton, England, in 1904. He wanted to be part of the single-tax experiment here and wound up as an official of the Single Tax Corp. for 20 years.

The banker is one of 140 mem-

Please see FAIRHOPE, Page 2

turn over

Why Big Boost

Economic analysts believe the increased consumer buying, particularly of automobiles, domestic utensils, television sets and other durables, reflects increased wages being paid by most industrial sectors, an upturn in employment and a preference to buy rather than save in a strongly inflationary situation.

But the strongest factor in the recovery has been an upsurge in exports, stimulated by an exchange rate that is adjusted frequently to offset domestic inflation. The latest figures issued by the Bank of

Please see BRAZIL, Page 2

E

ions at Gemco

for beginning jobs to \$7.31 for general clerks.

The company offered to boost wages hour in the last two years of a three-year union said Gemco also wants a two-tier that would pay newly hired clerks as much hour less than those already on the pay jobs. In addition, the two sides disagree of money needed to maintain current health benefits.

But there is also an unusual issue in that sets it apart from other disputes concern to the union. That issue stems from a contract the union has with employer Gemco.

In negotiations last summer with the Clerks Council, which represents all南方 supermarkets, the 65,000 food clerks success to keep out of the contract with "favored nation" clause. The clause says union helps, or "favors," one market contract concessions, then all supermarkets to the same concessions.

Union leaders tried to resist including because they feared that it might cause later if they did want to help an economy