

Single Tax Rent Hikes: In Tune With The Times?

by Mark Johnson

The Great Single Tax Debate rages on with little hope in sight for a speedy resolution.

The Great Debate — for those who have just returned from a bicycle trip to Nova Scotia — centers on Single Tax Colony farm land and the recent rent increases levied upon that land by the Fairhope Single Tax Corporation.

The affected lessees claim the rent hikes are excessive; the Single Tax Corporation maintains that the increases are only in keeping with shifting land values and the corporation's own guiding principles.

The Fairhope Single Tax Corporation — for those who have recently moved to Fairhope from Nova Scotia — is a land-management venture which has been operating in Fairhope since 1894. Its avowed purpose is overseeing the orderly economic growth of this area free from the disruptive influences of unscrupulous land speculators.

In turn, that management technique is said to be shaped by a guiding Single Tax precept: that The Land is the ultimate source of all wealth; therefore, The Land ought to be the sole basis for assessing tax revenue to the people who live on it.

It's at just about this point that Single Tax proponents lapse into patient explanations of all the intricate, high-minded principles which lie behind their movement. And it's also just about here that they lose the interest of nearly everyone except, perhaps, those with a few hours to spare or those who are enraptured by reading IRS instruction booklets, furniture tags and novels by Henry James.

Fortunately, the Great Debate concerns very few of these wearisome details, and can be grasped by most everyone.

Growth Changes Value

As a community grows, it changes the value of the land it sits on and the

land that surrounds it. The spot where this story is being set into type was once somebody's cornfield; before that it probably belonged to a family of possums. Philosophy aside, this spot can command more gold as a type-setting space than it can as a corn patch or a possum tree.

This is what the Single Tax Corporation has been (of late) calling "Natural Law". Evolution of land-use creates a constant restructuring of land value.

Fairhope's growth has been eastward, i.e., out across Greeno Rd. toward the farms which occupy what used to be the rural areas. The more homes and businesses that go up along Greeno, the less "rural" that area becomes. Fairhope has now reached a stage in its growth where the land-use balance in the area beyond Greeno has begun to tip from farmland to commercial and residential property.

Such a situation is not unique to Fairhope.

Within any population center, an increase in people creates an increased demand for housing and commercial services. This triggers the mad shuffle for more building space and, eventually, for a wider expanse of land.

Thus begins a "boom" cycle in which land speculators characteristically rush in, snap up the deeds to the old farmlands, and essentially hold for ransom the future, orderly growth of the area.

Money translates into control. Those who can tie up the choicest parcels of land have the most control regardless of who they are or where they come from. And unscrupulous land speculators, by nature, seldom see beyond the dollar sign. If their actions happen to be in the best interests of the community, it's just a coincidence.

It was this disruptive aspect of human behavior that the founding fathers of Single Tax hoped to bypass when they established their Corpor-

ation in Fairhope. There would be no land to "own" because actual ownership would remain in the hands of the Corporation. Consequently, when a boom cycle drove everyone else crazy with wild-eyed schemes for instant wealth, the cool-headed Executive Council would be able to guide the destiny of the community toward its sure goal of orderly, natural growth with malice toward none and charity for all.

Now, as more of the city creeps out toward Greeno, the winds of change are already blowing across the farmlands on the other side of the road. As lessees, the farmers are protected from "unscrupulous land speculators". However, some of them claim they need protection from the Fairhope Single Tax Corporation which they feel is hustling them off the land just as surely as a slick-suited land broker with a sugary pitch and a rock-bottom offer. The only thing that's missing, they claim, is the sugar.

Rent Hikes

Marge Hoffren came to Fairhope in 1957 with her husband Waino and leased around 100 acres of Colony land. On that, and an adjoining 34-acre tract of deeded land, the Hoffrens started a dairy farm just east of Greeno Rd. Like all other lessees, the Hoffrens signed a 99-year lease through which they agreed to pay a semi-annual rent assessment to be determined by the Executive Council of the Single Tax Corporation. The amount of the rent is not specified in the lease.

Outsiders often have a hard time believing that rational men and women would sign such an incredible document. Who would agree to a 99-year contract in which the amount of payment is unspecified?

There are about 1500 such leases now in existence. The bulk of these leaseholds involve small parcels of urban Colony land for businesses and residences. What's the incentive? Here

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Number One spot in Southern states. The study refuted this by claiming that jobs were not

to purchase had to be earned. Some people even feel that the incentives we offer

we should be sure of the facts. Respectfully yours, Lawrence L. Merrihew

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The United States has played a quiet, backstage role in preventing the Lebanese crisis from erupting into another Arab-Israeli war, reports my associate in the Middle East, Joe Spear.

Since the first of the year, Syria has been maneuvering behind the scenes in Lebanon, and Israel has been watching Syria's moves with great suspicion. Spear cables from Damascus that every move Syria has taken has been cleared, in a sense, with the United States and Israel.

It has worked like this: Syrian leaders would talk to the American Ambassador, Richard Murphy, in purely hypothetical American and Israeli reactions to moves they planned to take in Lebanon.

Murphy then cabled his reports to Secretary of State Henry Kissinger, who talked to Israel's Ambassador Simcha Dinitz. Then Dinitz would cable Jerusalem and get Israel's reaction to Syria's hypothetical proposals. These

were communicated to Kissinger, who relayed them to Ambassador Murphy in Damascus. Then Murphy briefed the Syrians on what the Israelis could be expected to do.

It has all been extremely subtle. Syrian President Hafez Assad has never asked the United States specifically to act as an intermediary with Israel. Yet Assad, the leader of one of the most militant nations in the Middle East, has been guided by the information and advice which he obtained beforehand from the United States and, indirectly, Israel.

The Syrian - American dialogue, Spear reports, has cooled somewhat in recent weeks. The Israelis have sternly and publicly stated what they will and will not accept from Syria in the Lebanese crisis. This has deeply embarrassed Assad, who cannot appear in the eyes of his Arab brothers to be bowing to Israeli demands.

Thus, Syrian officials spoke

to Spear of their "disappointment" in the United States. America has the means to keep the Israelis quiet, the Syrians said, but has refrained from using them.

In an earlier cable from North Yemen, an obscure country located near the southern tip of the Arabian peninsula, Spear reported that top officials, even in that remote corner of the world, were talking about the controversial Woodward-Bernstein book, "The Final Days," which tells the story of Richard Nixon's fall.

The Yemeni officials told Spear that they can confirm one of the book's charges. Nixon became so obsessed with Watergate, they confirmed, that he neglected other duties. Deputy Prime Minister Yahya Gheghman was then North Yemen's ambassador to Washington. He tried for several months to present his credentials at the White House. But he couldn't gain an audience with the President because of Nixon's preoccu-

pation with the Watergate scandal.

At last, in the spring of 1974, Gheghman got his appointment. Gheghman was requested by a State Department protocol officer not to mention where his office was located - even if the President should ask. For the ambassador's office happened to be located in the Watergate complex.

Powerful Friend: Shortly before the House recently began consideration of the Energy Research authorization bill, lobbyists from the giant utility companies swarmed over Capitol Hill, buttonholing congressmen and cajoling their aides.

Their aim was to kill an amendment which would authorize spending \$116 million for solar energy research. The utility companies, you see, oppose solar energy, which could be produced right in the homes and factories. This might put the utility companies out of business.

The congressman who is carrying the ball for the

industry is Mike McCormack, D-Wash., chairman of the House Energy Research subcommittee. At committee hearings he has been pushing the industry line.

Now, we've learned, the industry is planning to hold a fund-raising party on June 7. Guess who the honored guest will be?

It's right in their solicitation letter. The fundraiser will be sponsored by bigwigs from firms like Florida Power, Montana Power and Southern California Edison. The money will go, says the letter, to candidates who "best represent our industry's views."

And her it is: The "honored guest" will be Congressman Mike McCormack.

Easter Funny: It is against the law for a civilian to impersonate an Army officer. But it can also be dangerous for an Army man to impersonate a civilian.

In Peoria, Ill., for example, the press reported that local

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... Debate Still Continues Over Single Tax Colony Rural Leaseholds

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again, this is opening the door to a 2-hour discussion of Single-Tax theory, but essentially the draw was (and is) use of the land without the need for tying up enormous amounts of capital in the process of buying the land one intends to use. The 99-year lease is just one way of saying "You can use this land for this generation and the next." Lessees are not bound to it for the full 99-years and may get out of their end of it after serving a six-months notice. While the Colony-lessee relationship is maintained, rent is collected for land "use" and — according to the guiding principles — the profits are applied to some project of benefit to the community.

Everything runs smoothly as long as the people fixing the rent enjoy the unshaken confidence of those who are paying it. According to Marge Hoffren, this confidence has been eroding ever since rents took a drastic upswing beginning in 1969. In that year, the Hoffren's annual rent on their remaining 88 acres of Colony land was \$840. By 1975, it had leap-frogged to \$4930 in raises approved by the Corporation's Executive Council. Subsequently, the 1975 rent was cut to around \$4000, but that still left a 500 percent increase in rent assessments over the five-year period.

Inquiries as to the reason for the sudden raises were answered with lengthy discussions on Single Tax theory. When the Hoffrens reported that their dairy business could not stand the spiraling cost of rent, Corporation officials

suggested they subdivide their leasehold and sell off lots 200 feet deep along two major roads which bordered their property.

Such highway frontage is regarded as choice, and it gets to be even moreso as Fairhope expands. But disposing of that land would not put money in the Hoffrens' pockets. They

Caught between runaway rent increases on the one hand and suggestions to cut the size of their farm on the other, the Hoffrens protested that they were caught in a double bind which seemed calculated to run them out of business. That charge was met with another piece of Single Tax philosophy: that they weren't

making optimum use of their land. Thus, a block in downtown Fairhope could not be used to grow turnips; the level of taxation would not permit that sort of enterprise there. Out away from the city, however, the level of taxation is supposed to be such that farmers who needed land — and lots of it — would be able to lease it in sufficient

further eastward expansion of the city.

Wayne Hoffren cites the Colonial Acres subdivision as an example of selling land before the time was right. "It was 8 or 10 years before that place caught on over there and it started filling up with houses," he says. "It's a matter of opinion when the time is right to subdivide and sell."

It's not going to be easy to subdivide the property into neat, easy-to-sell packages. For one thing, most of the farm has "severe soil limitation" according to one official survey. Development of these areas would "generally require major soil reclamation, special design or intensive maintenance" if it is to be used for intensified housing and businesses. The area is not yet served by the city sewerage, and, because of the soil restrictions, houses with septic tanks will have to be placed apart from one another on lots of no less than two and a half acres.

This means that if a truly urban future were planned for the Hoffren's farm, it would have to include miles of new

city sewerage, major soil reclamation operations and a wealth of new roads. The Hoffrens don't think that the pressure of urban expansion which Fairhope feels is yet strong enough to bear this cost.

Meanwhile, they cannot continue to bear a rent assessment which seems to claim Fairhope is ready to spill over to the other side of Greeno Rd.

It's not only the Hoffrens who are feeling the double-bind pressures to make room for Fairhope's growth. All of the rural leaseholders are feeling it in varying degrees. And regardless of economic theory, after 20 or 30 years of caring for a piece of land, people do tend to think of it as their own. Thus it comes as no surprise that tempers flare when protests over unfair treatment are met with a few cold tenets of Single Tax theory. That's the beginning of a gap which results in a loss of confidence, a lack of understanding and, finally, suspicion of the other side's motives.

"There's no sense of security," Wayne Hoffren says. "Next year they could

say our rent was going up to \$10,000. After they raise it a few more times, who's going to want this place? It used to be hardly anyone had heard of Single Tax, but now just about everyone would think twice before getting involved in Colony land."

Last December, the state legislature began an investigation into the functioning of the Fairhope Single Tax Corporation. A special investigative committee held hearings in Fairhope and Montgomery with an eye toward resolving the lessees' contention that they were being taxed off their land. The committee was due to report out its findings and recommendations last Tuesday.

Instead, the committee sought and received an extension of five legislative days before their report is to be presented. According to Committee Coordinator Barbara Cornelius, the committee did have a report ready to present, but the extension was granted at the request of Committee Chairman G.J. Higgenbotham in order that some changes could be made.

Meanwhile, the gap between

dissident lessees and the Executive Council continues to widen. The lessees have grown suspicious and the Council has grown less tolerant and more defensive on the questions raised by dissatisfied lease-holders. It all hinges on what happens in Montgomery, and the situation has arrived at a point where the chances seem slim for a compromise agreeable to both sides.

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never owned the land, and, according to Single Tax policies, the only thing that can be sold by an outgoing lessee is his "improvements" on the land: houses, barns, man-made ponds, orchards, etc. Outside of sinking nearly 20 years of work into the frontage areas (along with the rest of their farm), the Hoffren's "improvements" along the highways were negligible. Subdividing the highway frontage would only cut the total number of acres on which the family owed rent each year. At the same time, it would also reduce the amount of land available to their dairy business.

making optimum use of their land.

Under Single Tax principles, an enterprise is not taxed for improvements its owners create on that space of land. Standard taxing procedures tax (and therefore penalize) business expansions, building improvements, etc. Since the value of the property is assessed higher (owing to the creation of more wealth), it is placed in a higher tax bracket.

Single Tax principles on the other hand are aimed at taxing the land itself based on the level of income the land is capable of producing if put to

amounts so that they COULD make an enterprise out of growing turnips just as long as they managed to pay the rent.

The Hoffrens dairy business used to pay the rent; now, it's getting more difficult every year. The more they protest that they're being pressured out of business, the more they hear about not putting their land to its optimum use. As the city moves that way, "optimum use" appears to be subdividing the property into residential lots.

"I've been told I could sell this whole farm in six months," says Wayne Hoffren, Marge's son. "The only thing is that once you start selling it, you can't make a living on it anymore. If we're going to keep on farming, we're going to have to move everything 50-100 miles from here and buy some more land. If we just sell out here as quickly as possible, we'll never get a fair price for the improvements we DO have in this place."

Is The Time Right?

The Hoffrens fully expect to have to move some day. They are not fighting progress, nor do they hope to still have a dairy farm in the middle of a subdivision. However, they do not feel the time is right to