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March, 1971

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COMPARATIVE						
1970			YEAR			
No. Pcls.	Year	M. Rights Assm't	Year	M. Rights Assm't	% Diff.	\$30 Assm'ts
712	1970	\$6,960,020	1967	\$7,816,898	-11	262
20	1970	136,770	1968	143,010	-04	5
70	1970	432,690	1969	357,690	+17	7
220	1970	318,072				133

\$30 Assm'ts column indicates number of mineral rights parcels assessed at \$30 upon which parcels no taxes at all are levied.

LAND NOT IN AGRICULTURAL PRESERVES

1970					COMPARATIVE YEAR				1970
No Pcls	Acres	Land Assm't	Avg. Per Ac.	M. Rights Assm't	Year	Land Assm't	Avg. Per Ac.	M. Rights Assm't	% Diff.
876	152,464.04	\$8,759,180	\$57.45	\$18,324,477	1967	\$11,178,970	\$73.32	\$27,110,770	-29
83	10,005.60	773,150	77.27	4,497,480	1968	699,400	69.90	3,486,270	+21
72	10,788.78	950,210	88.07	29,780	1969	946,740	87.75	59,350	-3

LAND IN AGRICULTURAL PRESERVES

No Pcls	Acres	Land Assm't	Avg. Per Ac.	M. Rights Assm't	Year	Land Assm't	Avg. Per Ac.	M. Rights Assm't	% Diff.
387	103,860.61	9,006,590	86.72	115,090	1968	17,572,126	169.19	165,030	-49
120	27,234.86	1,483,990	54.49	440,310	1969	1,813,080	66.57	723,470	-24

%Diff. column indicates difference for combined land and mineral rights values.

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Table of Contents

Landowners get tax breaks
by John Nagy 3

The Great Tax Fraud
reviewed by Lloyd Maxwell 9

News Items
from Property Tax Newsletter 14

Are we being undermined by Communism? 15
by Ann Watson

Statewide Homeowners Association is a non-profit educational research organization. All contributions to it are deductible from income taxes.

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Henry B. Cramer

In Memorium



Henry B. Cramer, member of the San Diego Chamber of Commerce and President of Basic Economic Education Foundation, which supports various economic programs, studies and surveys, is gone - victim of a heart attack on February 9, 1971. Although his first attack had occurred last summer, his recovery had been quite complete and he had been active until the day of his death.

Mr. Cramer was born in San Diego in 1891, and lived here all his life. He served in the First World War, and joined his father thereafter in management of the Cramer Baking Company. He retired from business in 1942. Shortly before that he became a member of the State Board of Prison Directors, and for eight years he was active in originating many reforms in prison conditions. He was a Shriner, a Scottish Rite Mason, and a member of numerous state, national and local organizations.

In 1960 he became Chairman of the Incentive Taxation Committee of California and toured several states to survey assessment practices, with which he became very knowledgeable. One of his prime objectives was to obtain correction of the inequities existing in the assessment practices. He gave wholehearted support to the California Homeowner magazine in its surveys which reveal not only the faults in application of present property -taxation practices but also the inequities in the laws themselves. He headed the editorial Board of this magazine, and helped it to grow. His name will be sadly missed among future writers of constructive letters to editors, legislators, congressmen and other public officials, for he was an aggressive, public-minded citizen who gloried in work and did not spare himself.

The community will miss him, and he will be doubly missed by the Homeowner group.

pair of shoes, a dress that the American army had given me to do my job as an interpreter and that was it.

Now I know what it means to be hungry, to be poor, and to have to fight without having any means of defense, and because I came to this country which offered me a new home, a new lease on life and freedom, I feel that I owe it to the United States, if nothing else, to tell people that all of these things that we have here today - our tradition, our civilization, our culture, our extremely high standard of living, our good foods - all of these things mustn't be taken for granted if we wish to keep them.

Despite all evidence to the contrary, and I am going to present some of this evidence to you today, that those in Washington, D.C., and elsewhere in the nation who deny that the Soviet Communists intend to conquer the world and who insist that an international communist conspiracy is nothing but a myth, and this puts them in the position of denying the actual statements of the Soviet leaders themselves, Leonid Brezhnev, Soviet Communist Party Chief, said in April 16, 1970, in a speech in connection with Lenin's 100th birthday, that the Russian people are entrusted with the historical mission to lead all humanity to Communism, which they consider the highest form of civilization. They are fully resolved to fulfill that mission to the end. According to a story which Frank Star, chief of the Moscow Bureau of the Chicago Tribune Files, Brezhnev assured all of the listeners in the nation that Communists will eventually bring a full and final victory throughout the world, and that the only thing that stands that is objecting to this victory, that is still an obstacle to overcome, is the United States of America.

U. S. IS LAST OBSTACLE TO COMMUNISM

We are the last obstacle of the Communist world conspiracy that began in 1904, and actually goes back as far as 1851, when Karl Marx founded the first Communist party, which was then composed of four people and which grew to

spread throughout the world and today has just about conquered the world.

In the 1930's Adolph Hitler wrote a book called "Mein Kampf" and this book was published everywhere in all languages and was made available to everyone, and people read it and put it aside and didn't believe for one minute what they were reading. And yet, Adolph Hitler, who was also a follower of Karl Marx and his ideas, said step by step what he would do if and when he would become the leader of the German nation. And when Hitler came into power in the 1930's he did all of those things. The United States had been warned by many, many people who knew what was going on in Germany, and did nothing. The British and French who were aware of it, did nothing. The free world was politically and militarily totally unprepared to meet the challenge of the 1930's and the 1940's. Then came Adolph Hitler's occupation of my country of Austria, which was the first country on his road to success. And my country had a treaty with the free world that assured its protection and independence. Yet, when Adolph Hitler marched across our frontier nothing was done to save Austria. As a result, Adolph Hitler then occupied Czechoslovakia, then Poland, then made a pact with Stalin and it was only by the good grace of God that he was eventually defeated in 1945.

TREATIES IGNORED BY RUSSIA

Soviet Russia, however, never had any intention of being a true ally to the United States and has in every treaty ever since tried to get away with as much as possible and we have now had to date 75 major treaties with Soviet Russia and of these 75 treaties, they have broken 69 and have not stood up to the rest of them in any way. And yet, we are still making treaties with Soviet Russia. The Soviets also have a book called "Mein Kampf" which is something that most of the free world is not familiar with. Dr. Stephan Fisoni, who is an authority on international politics and Professor of the Graduate School of Georgetown University translated a speech which

The Great Tax Fraud

By, Martin A. Larson

This book review should open your eyes to the inequities of this country's ridiculous Federal Income Tax Law. (Most state income tax laws conform to the federal policies.)

Do you know that the middle classes of taxpayers - those earning \$3,000 to \$25,000 annually - pay about 85% of the total amount yielded by this tax, and that many individuals and corporations making millions of dollars never pay a penny of federal income tax?

Read this review, then read the book, and you will be a wiser citizen.

Reviewed by **Lloyd Maxwell**

This book deals mainly with the national income tax. It presents an analysis of the Internal Revenue Code, the federal government's exploitation of the masses, and points out a readily available remedy for the tax inequities. The author's extensive research in the subject of tax inequities and loopholes in the Revenue Code testifies to his competence to write this treatise, and practically every damaging fact or statement in his book is well documented as to source of information. Although the California Homeowner magazine normally is concerned solely with local, as distinguished from national taxation, we believe Larson's book should be widely read by the voting public. Even though it may be possible eventually for a state, California for instance, to precede the federal government in developing a commendable taxation structure, we would be happy in the meantime to see the national government correct its inequitable income tax and reduce its 1040 reporting form to two pages instead of continuing with eight or more pages as at present.

The author launches into his chaotic subject as follows: "Congressman Wright M. Patman has declared that one third of personal American income pays the entire personal federal income tax. Senator Russell B. Long of Louisiana has stated that \$100,000,000,000 of personal income is not reported on federal returns at all. And Congressman (now Senator) Richard Ottinger has concluded "that legal loopholes cost the U.S. Treasury more than \$40 billion annually." From this beginning, the author puts his finger on numerous injustices and escape clauses in the fed-

DO YOU KNOW

That nearly 100,000 federal employees receive salaries and fringe benefits exceeding \$20,000 a year?

That the federal government spends \$16 billion a year on so-called research projects concerning which almost no one knows anything?

That 30% of all workers lose all their Social Security contributions because they die? And that if they had their own private trust funds, they could retire at 65 with a monthly income for life of \$650, and never touch the principal at all, and leave about \$175,000 to their heirs?

That the fiscal policies of our federal government are inevitably reducing the great majority of useful Americans to virtual slavery and pauperism?

Author's questions

eral tax laws and regulations, ranging from tax exemptions and methods of tax avoidance for and by the public to needless and unjustified expenditure by an overwhelming bureaucracy.

As an eyeopener, take notice of a congressional committee chairman's declaration that 5,000,000 illegitimate children are being supported by various public agencies at a cost approaching \$5 billion a year. The 1969 federal budget stated "that anyone with an income of less than \$3,335 a year is living below the poverty line, and should therefore, be eligible to receive alms from the government. However,.... a married businessman (say one who operates his own shoe-shine stand) who earns \$3,000 must pay \$186 for Social Security and an additional \$225 for income taxes." Such a man thus has his take-home pay reduced to \$2,589 and his income helps in supporting the family with income up to \$3,335 but rated below the poverty line. The author infers that if federal funds were administered

wisely and efficiently, they could be reduced by half. Obviously, the book was written too soon to mention the 1969-70 efforts of officials in Washington to control inflation and balance the budget, but which started out by doubling the salary of the President and greatly increasing salaries of congressmen, judges and other public officials.

The book is so full of gold nuggets that only a few of them can be noticed in this brief review, but here are some which should arouse an intelligent citizenry to action:

"Discrimination is so glaring in the federal revenue tax law that it cannot be denied or concealed. Secretary of the Treasury Douglas Dillon conceded in 1958 that it is riddled with loopholes; he admitted that the effective rate for all who had incomes ranging from \$1 million to \$5 million was only 24%. Fourteen taxpayers, several with incomes of more than \$20 million during a three year period and one with \$50 million, paid nothing, and avoided taxes of \$15.7 million by giving property that had appreciated up to 3300% to charitable foundations, most of which they themselves controlled. Meanwhile, the wage-earner making \$100 a week, with a wife and two children, paid a tax of \$485.

"Occasionally, a John the Baptist rises in the halls of Congress to condemn these iniquities. What is needed, however, since our representatives in Washington must think of their political tenure, is an avalanche of protest from the victimized majority; until they proclaim their wrath, we can expect little in the way of justice or tax equity.

"Rare, therefore, is such a man as Congressman Richard A. Ottinger of New York, who introduced several bills to correct the glaring inequities in our federal income tax law; one of these would increase exemptions from \$600 to \$1,200; another would reduce depletion allowances to 7½%, and so increase Treasury revenue by \$3 billion. He observed, further, that the one-third of our taxpayers who are in the middle-income

Are we being undermined by Communism?

Do you know what is behind the college riots, the hippies, the leftist professors, the vanishing university endowments, the high-school revolutionists and the hatred of law and order? Read this speech by a refugee who fled from persecution abroad to find freedom at its source, and you may begin to understand what is stirring up problems in the United States of America.

Ann Watson gave this speech to the Exchange Club of San Diego, and to more than 400 other organizations in her campaign to awaken Americans to the ways of Communism.

She is a native of Vienna, Austria and is now an American citizen. She graduated from the University of Vienna, Austria and the International School for Interpreters.

At the present time she is a language instructor for the San Diego Community Colleges (Department of Adult Education).



*Ann Watson,
Anti-communist crusader*

On the Stately Archives Building in Washington, D. C., the words are inscribed, "What's past is prologue." One of the local cab drivers is supposed to have said, "What that means, friend, is you ain't seen nothing yet." I feel exactly like this cab driver, and I say to Americans everywhere I go, "If you think this is trouble, you ain't seen nothing yet. Wait a while and things will develop very rapidly towards that one day when all of the things, all of the things you hold dear, and all of the things you hoped for and you planned for, your golf game, your retirement, your horse, your insurance policies and all of this will be rendered useless and worthless, and I say to people, "Why is it that everyone in America is going about business as usual when the world is in the process of coming down on our heads." If you knew some of the things that I know you wouldn't sleep nights, you wouldn't play golf, you wouldn't have luncheons - you would be out there working for your country right here at home. And if this is going to spoil your day or your Easter vacation, I'm sorry, but this is why I came.

BUSINESS AS USUAL

You know, in my former country of Austria,

the people were still going to the opera on the night when the German army crossed our frontier, and they were listening to the radio, and when the radio announcer said that our government had resigned and that Adolph Hitler had taken over our country they were totally taken by surprise, because they had been saying for five years "It couldn't happen to us". Today a number of people express their concerns every day about evolutions that have been taking place both on local and national basis and there is indeed a need for serious concern on the part of all of us, but we all have our thoughts and opinions on current events and I am sure that my opinions will not necessarily agree with all of yours, but no matter how you may feel I feel different, because I was not born in America. I came here and I became a citizen, and I came from a country - a beautiful country, with a high standard of living, with a great civilization, with two thousand years of history behind it, that lay in ruins. We had famine, we had persecution of every kind and we lost everything we had. My family had nothing, and when I came to the United States all I had was a small suitcase, a few worthless bank notes, one

professor is teaching anarchy, revolution, the overthrow of our government from his lecturer in the university, and yet they cannot be dismissed because of a ruling of the Supreme Court and so the American taxpayers say "All right, I'll get even with that university. I won't support them anymore. I won't give them another dime" - The Communists say, "that's wonderful, great. We'll support the university." Where do you think that all of the money being used to incite these revolutionary acts - the money required to print the bulletins and the newspapers and to prepare themselves comes from? They get it partly from the Communists who are infiltrating these schools with money. They are even sponsoring students and supporting hippies in order to have enough revolutionaries on hand.

And then again, on May 24, 1965, the Supreme Court ruled we must carry the mail for Moscow. And so, propaganda material is flowing and flooding this country and is flooding our radio and TV stations in every phase of the United States. All of it is subversive propaganda, trying to get people to give up their belief in America and make them willing to destroy their country, whether they are aware of it or not.

On June 7, 1965, the Communists are allowed to hold office in a labor union. Both Labor and Management have cause for concern over the effects of this decision permitting subversives to influence the economic growth of our nation by inducing strikes and strife at the benefit of an enemy of the United States. If you knew the Communist economic systems as I do, you would know that the first thing that the Communists do when they take over a country is take away all personal property from every single individual and nationalize everything. In a country like Hungary or Czechoslovakia you are not even permitted to sell shoe laces on a street corner. Now, the unions are working us clear out of the economic picture. Soon a product made in America will be totally out of reach to the average person because it will be not only expensive, but also obsolete and useless three days after you have purchased it. And all of the great things, that have made this country great -

such as an honest days work for an honest dollar, pride of workmanship, open competition on a free market, all of these things are disappearing, aren't they - look around. You cannot get anyone to come to your home to repair a leaking pipe if you can't afford to pay him \$13 or \$15 for having him come over and look at the pipe. Now, that is Communism in our unions, and that has been going on over a long period of time.

And then, of course, the Supreme Court ruled on September 11, 1967 that Communists must be allowed to work in a defense plant. Why are we having so much trouble in Vietnam? Have you ever wondered why so many of our helicopters are shot down and why we have occasionally bombed our own trench lines and why we are having all of these little accidents happening? How would you like to pull the pin on a hand grenade that was made by a Communist? How would you like to fly a plane which a Communist has worked on or made the last checkout on? How can the American people continue to be so unbelievably naive as to not know in 1970 that we are on the brink of disaster.

You say, "Well, I just can't believe it - it just can't happen here". Do you think the people in Chile believed that it could happen in South America? And do you believe that the people in Hungary, and Czechoslovakia and Austria and some other countries believed it would happen there? No. The Russians have taken over every portion of the world today in some form or another, and the Chinese have taken the rest of the free world in one form or another, and since 1917 there has not been a single year that the Soviets have not staged a major victory in some part of the world. Now, why do I go around and say these things? Because I am not a native American. I lived under the Communists and I saw what happens to a country when a totalitarian government takes over. Not only did I experience it in my own life, but I know hundreds of others who have experienced this, and so my motto is this "I cannot do everything. I am only one, but I can do something, and so I dedicate myself to do the one thing that I can do for my country.

END

Landowners Get Tax Breaks

Homeowners and businesses have for years been assessed very high by assessors in California. Landowners, on the other hand, have been assessed very low. This report shows how the assessor in San Diego County was underappraising 59 land parcels of the Ed Fletcher Co. by \$2,000,000, permitting them to pay less than half the taxes due on property worth \$3,947,680.

In Kern County, the assessor reduced assessments for TENNECO, formerly KERN LAND COUNTY, during two consecutive years on land placed in Agricultural Preserves, (most unusual). On 876 parcels consisting of 152,464 acres held since the Tenneco takeover in 1967, which was not placed in the Agricultural Preserve, land and mineral rights assessments were reduced 29% by 1970. During this same period of time, land assessments by county assessors increased 30% statewide and 4% in Kern County.



Athena Stowers, copying assessments from assessor's Master Property Records for Homeowner survey.

by John Nagy

The woes that homeowners have regarding taxes in the state of California certainly do not apply to everybody. It seems that a concentrated effort is being made to reduce the taxes being paid by landowners and slum owners at the expense of homeowners and business.

PROPERTY TAX RELIEF

The most misused term in the whole plot is "PROPERTY TAX RELIEF". Two years ago when homeowners were given a \$750 exemption on their homes and businessmen were given 15% exemption on their inventories, state taxes were increased so that the local taxing agencies would

not lose the revenues due to the exemptions.

The increase in state taxes to offset the so-called property tax relief was in the case of most homeowners more than the relief by the exemption. So, we have a situation where the "cure" is worse than the sickness. Not only were the offsetting state taxes higher than the taxes offset, but a year later we found that homeowners were not paying any less property taxes either, so, the net effect of the so-called "homeowners property tax relief program" was that the homeowner is paying increased state taxes and increased property taxes as well, as a result of the \$750 homeowner's exemption, or the so called

"Property Tax Relief."

WHAT'S BEHIND SO-CALLED "PROPERTY TAX RELIEF"

THE POLITICIANS POINT OF VIEW:

The property tax is the tax which is closest to the people. The property tax is the ONLY one which the voters are conscious of three times a year; (1) when they get the bill, (2) when they pay the first half, and (3) when they pay the second half; or 12 times a year if making house payments. They are aware also of the increases from year to year. They remember the increases when bonds are voted upon and when officials run for re-election.

To the politician, the worst possible thing that can happen during his term in office is to have a drastic increase in the property tax rate. So, to avoid the disaster of having a drastic increase in the property tax rate he calls for aid to cities by the state and federal governments.

These politicians know the state and federal governments don't get manna from heaven, and they know that the money will still be squeezed from the people who pay property taxes. The important issue for them is that they won't have to increase that property tax rate if the funds are first collected at the state and federal level, and then returned to the local level later in some form of aid to local communities. They prefer that route, even though they know that it also means controlled funds when it is returned and that less is returned than was taken. Those bad effects are willingly accepted just so they don't have to face their constituency after having increased property tax rates.

LAND AND SLUM OWNERS POINT OF VIEW:

To encourage, aid and abet the politician in his point of view are the land owners and slum owners. These people are usually referred to as the establishment. They are the cream of every

community. Schools, streets, hospitals, parks and many other public places are named after these important people, usually because of their civic or other charitable work for the community. They also have large land holdings and make large political campaign contributions to one or both of two major political parties. Not only do they have large land holdings but they usually own most of the slums in our core areas. (This fact is generally unknown due to the unpopularity of such holdings. These holdings are usually held in trust for them by banks and other trust companies.)

These land owners and slum owners naturally want to pay as little as possible in property taxes, or any other taxes. They usually have acquired the expertise of avoiding income taxes and also want to avoid their fair share of the property tax.

For years that problem was nicely taken care of by arranging for low assessments. Due to laws passed in California, and to the probing into assessments by homeowners, land and slums are beginning to feel the pressure of property taxes which homeowners and business have felt for many years. Since assessors can no longer ignore the true market value of these holdings, the only solution is to shift the support of local government to "other taxes". They, like the politician, are willing to do that at any cost. They are willing to see local control over government and schools go out the window, JUST SO THEIR CRONIES CAN AVOID PAYING THEIR FAIR SHARE OF THE TAXES.

Traditionally, in California and in the rest of this country, local property taxes have supported local government. This policy has by and large kept out state and federal control. The only area where local control has given way to state and federal control is in the areas where these higher levels of government have supported programs administered by local communities. For example, because the federal government is the major source of revenue for welfare programs, states and local communities have no say about

we have done outright since 1961 to bring about the Communist victory.

COMMUNIST TIMETABLE

You probably know that Khrushchev had a target date which was 1975. At first it was 1980, then it was cut back to 1975 and recently Brezhnev said it might be as early as 1972. They are getting closer all the time. What have we done to help the Communists - besides giving in to every one of their schemes in the Treaty of Yalta and all of the treaties thereafter? Our Supreme Court has made a number of decisions which were directly responsible for helping the Communists to gain a foothold and if you are confused about college campus unrest, about strikes and union upheavals, about inflation, and about many of our economic problems, then listen and remember what those decisions really were.

U.S. SUPREME COURT DECISIONS

On June 13 of 1966 the Supreme Court in the Miranda decision continues to be helping criminals in this country. This decision made it possible for the Police Department to be practically helpless. Confessed criminals are being freed without trials because they were not informed of their constitutional rights before confessing. Police officers are hamstrung and the crime rate has been soaring. Look at the trial in Los Angeles that was just concluded and stop and think what a farce of justice that was. And each and every one of these trials brings about another trial and another that drags on in our courts for 10 years and many times somehow or other the insurrectionists win.

And then the ban on schools on June 5, 1962 and again on June 17, 1963. And then the law on June 22, 1964 on obscenity - and this law perhaps doesn't seem so important to you, but it made it possible for the mail and for our school campuses and libraries to legally be invaded with Communist propaganda material, encouraging violence, perversion, illicit sex and in consequence to this all sorts of social disorder. For example, all of the propaganda against the churches. And it gave prophetic meaning to the Soviet intent to bury America, as Khrushchev has

said several times publicly.

And then on January 23, 1967 Communist school teachers are protected against dismissal. And Justice Clark in his defense speech said that the majority has by its broadside swept away one of our most precious rights, namely the right of self-preservation. I will not speak about schools, because you hear a great deal about them. I just want to say one thing - the primary objective of the Communists is to close our schools, to completely destroy our universities. Now, what has made America superior in the world? - our scientists. We have a free enterprise system - people became educated in a profession. They went out and they worked in that profession for the benefit of a whole country. The Communists do not want us to produce dentists, doctors, graduate engineers, teachers - they want us to become a third-rate nation dependent upon them while they continuously train their people to become professionals in their various professions. Now, if we teach on our campuses witchcraft instead of mathematics, sexual behavior instead of religion and if we don't know how to build bridges and how to fight wars, how to fly airplanes, then we will become a third-rate nation, and that is the major objective of the Communists. If the American people blame all of the schools for all of the troubles and as a result say, "I'm not going to help these people any more financially - I won't contribute one penny to help support the schools", then they will totally lose control of the schools and the schools will be only Communist bases of operation for the revolution. What the American people must do is:

1. They must introduce into the colleges a new and a strong feeling for America and they must do something to weaken the Supreme Court decision because on January 23, 1967 the Supreme Court ruled that Communist school teachers are protected against dismissal. And while we have thousands of dedicated teachers in our schools, Lenin said "Give me one sympathetic professor - and he is worth twelve armed divisions to our cause." Now, there gentlemen, is your problem. According to the Supreme Court a college administrator may know that a social

government would be ready to surrender and five days before Japan was actually ready to surrender and the war was about to end, Stalin sent twelve armed divisions into Mongolia in southeast Asia, and these divisions exploited the people, occupied the villages, and did everything in their power to take over those territories. From that day on, we have been involved in southeast Asia and continued to be involved in Korea. Then came the Korean War which we didn't win, and then we continued to vacillate and appease and give in to the Communists. Then the Red Chinese came into the picture and today we are being told that it is all our fault. Yes, it is our fault. Our fault is that we have been uninformed, complacent, and we didn't try to win that war in southeast Asia. We didn't try to get rid of the invaders. We appease and we negotiated in Paris, which to me, is one of the saddest exercises in diplomacy that any country has ever been engaged in, because the Chinese and the north Vietnamese and the Russians are laughing up their sleeve at us. And when I heard our President going apologetically before the nation and saying, "Oh, I promise you I will withdraw every man from Vietnam. We shall not fight in Vietnam any longer" doing nothing to bring home the prisoners that have been enslaved and tortured by the Communists. And I want to say to the American people 'For heaven's sake, what kind of a nation is this? Don't you realize what you are doing, or are you going to wait until the Russian submarines and the Chi-

nese submarines will surface in San Francisco harbor? Will you be willing then to stand up and defend your country?"

Step 7 The next step is "Gain the confidence of the people" and this is what the Communists are really expert at. Study their problems, provide solutions, sell yourself as their friend in aiding them to achieve their goal. Spread peace and freedom. This is the hippy movement, the flower children, the dope addicts, the criminals- they are all asking you to indulge them, to be gentle to them, not to be militant, not to be cruel. For heaven's sake, let everyone have bread and peace and freedom. The Communists have said repeatedly since 1904 that their interpretation of peace in the world means only one thing- total complete Communist victory in the world, and the only thing that stands in their way today is the United States of America and so they are waging a full-scale battle in this country from within and from without.

Step 8 The next step is subversion. If you just look back into history, please acknowledge the fact that Lenin with only 17 supporters took over Russia's 175 million people with the aid of only 40,000 followers during the Civil war. Subversion has a thousand faces. It gets into every crack and crevice of a nation's life. It destroys man's spiritual forces, stupefies them with alcohol and drugs, makes them superficial. It encourages every vice and sin and

Now, I want to refresh your memory of what

who can and cannot get welfare in their state or in their county. Mind you, those funds which the federal government "gives" to states and counties have been received from those very same communities by the federal government, only to be handed back with controls. State funds to the local communities are in that same category. They (state and federal governments) have only one source of funds, us, (local communities). Income taxes, excise taxes, sales taxes, gasoline taxes, corporation taxes, bank taxes, insurance taxes, estate taxes and all other taxes, (even tariffs) are paid by people, business and corporations in all of the local communities of these United States.

WHO PAYS WHICH TAXES?

So, what's with this business about the federal government and state having sources of revenue that the local communities do not have? LOCAL COMMUNITIES are their sources of revenue. The real issue is "who pays what taxes"? The bulk of the state taxes are from income, sales and gasoline. The bulk of the federal revenues are from income, and excise taxes. Neither the federal government nor the state of California taxes real property. Homeowners, businessmen and farmers all pay their fair share of state and federal taxes. Very few land speculators and slum owners pay income taxes. By and large, the very purpose of most land syndications being formed today is to use them as a tax shelter against paying income taxes by those in the high income brackets. Other taxes collected by the state and the federal government such as sales, excise, and gasoline aren't any heavier against land speculators and slum owners than they are against a homeowner, renter, or businessman. Therefore, these people (land speculators and slumlords) and politicians who mimic their tunes go along with the theme for "PROPERTY TAX RELIEF", and "THE STATE SHOULD PAY FOR EDUCATION" and "THE FEDERAL GOVERNMENT SHOULD PAY FOR ALL WELFARE COSTS", and "LOCAL PROPERTY TAXES SHOULD ONLY PAY FOR PROPERTY RELATED SERVICES."

MEANWHILE, BACK AT THE RANCH

While the land speculators are waiting for education to be supported by state taxes, and welfare to be supported by the federal government, what are they doing to avoid paying their fair share of the taxes?

As mentioned earlier, in years past the best way for land speculators and slum owners to avoid paying their fair share of the taxes was through low assessments on vacant land and slums. Since 1933 the state constitution has required that all property be assessed at full cash value or market value, one being synonymous with the other. However, assessors have held that fractional assessments were all right if all classes of properties were assessed at the same ratio of their market value. In actual practice, however, much vacant land and slums were assessed at 1% and even below 1% of their fair market value, while homeowners were generally assessed between 20% and 25% of their market values and businesses were assessed at anywhere from 40% to 200% and even higher on their personal property except for cash on hand which was usually assessed at 25%. From this wide range of ratios they managed to maintain a county wide average of between 20% and 25%.

BUSINESSMEN PAY OFF

As a result of the tremendously heavy burden on business, many firms hired tax consultants to get them a fair shake from the assessor. This was a golden opportunity to some assessors who then agreed to assess the firms represented by consultants at or near the county-wide ratio. This provided savings to the client, a fee for the consultant and some residue for the assessor. This all came to a screeching halt in 1965 with the assessment scandal which ended with two assessors and one assistant going to jail and one assessor committing suicide.

As a result of that scandal AB 80 was passed which put teeth into some of the laws already on the books and created new laws governing assessors. One of the new requirements was to assess all classes of property uniformly at 25% of its

market value, beginning in 1971. Furthermore, for the five years prior they must state and have posted whatever ratio they were using from year to year. Most assessors started using 25% from the very beginning, since their county-wide averages were near that figure anyway. However, the stated ratios do not by any means give the true picture for land assessments by many assessors.

SAN DIEGO COUNTY

In San Diego County, for example, where the stated ratio has been 25% ever since stated ratios have been required, vacant land still is not assessed at the stated ratio.

The Torrey Pines addition, which the owners agreed to sell for \$1,800,000 a couple of years ago was assessed at only \$179,708. That assessment would indicate a market value of \$718,832, or more than \$1 million less than the true market value. This year the assessments have gone up slightly, but not to 25% of the true market value. The whole deal has been shady from the beginning. The attorney involved with the sale would not give this writer any information on the property involved. That's strange, since one half of the \$1,800,000 was to be state funds, and one half from citizen contributions. It would seem that when state funds and citizen contributions were involved the information would be public information.

In July of 1970, almost one half of the acreage (73 plus acres) was purchased by the state for \$770,000 from the Ed Fletcher Co. That left \$1,030,000 of the stated sale price for the remainder of the acreage still to be negotiated. In October, 1970 the federal Bureau of Outdoor Recreation announced the awarding of a \$459,510 grant to sweeten the pot so to speak which now brings the price up to \$2,259,510 for land which the assessor said was worth \$718,832 by having an assessment of \$179,708 at the time negotiations started. Instead of a 25% assessment, as most homeowners have, the Torrey Pines land owners were enjoying an assessment of less

than 8%. How would you like to be paying one third of the taxes you now pay?

THE ED FLETCHER CO. SELLS LAND HOLDINGS IN S. D. COUNTY

When the Ed Fletcher Co. sold its land holdings to National Pacific Development Co. more than 350 parcels were involved. Statewide Homeowners made a survey of the March 1, 1969 assessments against the Ed Fletcher Co. and compared them with the March 1, 1970 assessments against the same property now owned by the new owners. Most of the assessments remained exactly the same, but, on the 59 parcels which did show a change, the assessments increased 110%, from \$469,360 to \$986,910.

That assessment boost should indicate that the market value of \$1,877,440 on March 1, 1969 increased to \$3,947,680 by March 1, 1970. Something is strange about that 110% increase, since all of the secured land in the county assessed by the assessor only increased 13%. The only explanation possible is that the Ed Fletcher Co. was avoiding taxes on more than \$2,000,000 worth of property due to underassessments.

Statewide Homeowners do not think the Ed Fletcher Co. was getting favored treatment. At least no more favored than other large land holdings.

LAND CONSERVATION ACT OF 1965

In 1965 the Legislature passed the LAND CONSERVATION ACT (Williamson Act). The Act was supposed to make it possible for farmers to pay property taxes on prime agricultural land based on farmland values, instead of inflated speculation values.

The Act has some good features, since it is desirable and beneficial to California to save the farmlands from the land speculators. Unfortunately, the program, like all other controlled privileges, became abused. Because of the tax advantage, it could increase the selling price of farmland instead of decrease it.

who voted against it said, in apology to the outcries of the unemployed American engineers, "We did it because there was such an overwhelming public response." We received thousands of letters from people saying "Ecology - we don't want any planes flying in the air. We don't want any cars driving on the highway. We want to purify America." It reminds me of the story of two refugees from Hungary who stood in the midst of Broadway and they could barely see one another for the smog, and they kissed each other and said "Oh, what lovely smog - the smog of a free country." They have pollution and smog in Russia also and they have ecology problems today all over the world, and yet we won't build an airplane and fly it because a few people tell us it is not safe for our environment, but when the Russians pollute the air, I don't see any outcry in this country. I find it hard to believe the Americans could be as naive as not to see what is happening.

"Famine and war". The philosophy of Communism flourishes best in an environment where personal responsibility and self-discipline have broken down. When you look at our young people, when you see our dope situation, our rock festivals, when you look at our college campuses, when you see the lack of discipline, the lack of self-restraint, the lack of reasoning, we know that this is really a perfect way to carry out that particular step.

Step 6 Next is intimidation. Now America has really been subjected to that. Once a nation has been

softened up by one of and all the preceding steps, the next move is that of making threats of reprisals and making the American people feel bad. It is our fault that there is hunger in the world even though we have been the most generous nation in the world and we have supported not only the hungry people in our country but in other parts of the world. It is our fault that there is racial unrest in the world and yet there is no racial persecution in the United States such as exists in other countries as I know from my own personal experience. My mother was in a German concentration camp because she opened up a home for the children of political exiles and Jews, and that is what I call persecution. And another form of intimidation is to tell the American people "it is your fault that we are in Vietnam, never telling them that we didn't start the invasion of Vietnam, we didn't start the terror in southeast Asia. Vietnam, and this is something that no one ever tells the public, began way back in 1945. Soviet Russia, even though they were our allies, had a spying headquarters in Tokyo and they worked with our enemies, the Japanese, to find out just exactly what was going on in a specific area of fighting. Many American prisoners that didn't come back from Japan and that were over there and were brainwashed wound up in Siberia, working for the Russian government and telling them secrets about our way of fighting in the Pacific. Then, through this spy network the Soviet government had information as to when the Japanese

Step 1 The Communists conquer and prepare a country by direct massive military power. Do you know that Soviet Russia spends a tremendous portion of its budget on military hardware? Past experience shows that the Communists exploit their presence on governing bodies to foster their ultimate objective of seizing total power which has been followed by the liquidation of their opposition.

Step 2 Propaganda: Soviet Russia is spending 3 billion dollars a year on propaganda in the United States alone. First, by making Americans look at their country in disgust and say "I am confused, I don't like what I see, this is a rotten country, we have to change it." No one, of course making any suggestions on how to improve things - they leave that hanging in the air. Well, I knew a Mr. Goebels in Germany who did the very same thing.

Step 3 The next step is mass education. The Communists use any issue at hand to stir up hatred and violence between the people in this country and they create strife and civil turmoil. I have a newspaper at home that is put out by the liberal movement on U.C.S.D. campus in La Jolla and in this newspaper they have editorials that will advise the students of how to act. One of them is "If you don't have an issue, phoney one up." It makes me want to cry when I see how our Congress and our government are doing things to please these people, because if we were to do everything they ask they would phoney up another issue and another issue and then

print in their newspaper "If the establishment does not meet our demands, then there will be street fighting, and they will do anything to avoid that.

Step 4 The next step is the process of infiltration. The Communists have always been in the minority in every country they have taken over. They win despite the fact that there are only a few of them, because they are perfectly organized, absolutely dedicated subject to political orders, blackmail, and they make a point of gaining access to all areas of influence in a country.

Step 5 This is the technique of demoralization, the scare technique. Illustrated by such slogans as "Better red than dead" and I say to them it is better to be dead than red. Or such slogans as "Peace and bread." If you came from a Communist country you would know that what they mean by "peace and bread" is really

it renders them easy marks for betrayal and helplessness as defenders of your freedom. Once you have become slaves to your standard of living, our youth has become slaves to sex and gambling and treachery, and fearful riots and turmoil and threats render the defenders of freedom virtually helpless. Every day someone is proposing a new bill to render the United States helpless. These forms of subversion are many different ones. For example the recent defeat of the giant jet airliner. Whether you are for or against it doesn't matter. What does matter is the people

KERN COUNTY LAND CO.

In a survey by State Senator George E. Danielson, the Kern County assessor's office reported that as of October 5, 1970, 1,127,563 acres of land were under the Act. Only 464,103 acres were considered to be prime agricultural acres.

The Tejon Land Co., with 200,000 acres in the preserve, has the largest number of acres so designated in the county, none of which are considered to be prime acres.

Kern County Land Co. is second, with 138,143 acres according to the report. Most of these acres are considered prime by the assessor's office.

Because of a statement made in 1967 by Kern County Land Co., Statewide Homeowners decided to make a survey. The statement was by the president Dwight M. Cochran, and chairman of the board Geo. G. Montgomery. The Company ran an advertisement in the Wall Street Journal on May 22, 1967, in response to an attempted takeover of the Co. by Occidental Petroleum Corp., in which they said that Occidental fully appreciates the fact that their 1.8 million acres of land is carried on their books at a fraction of its market value, and that no discovery value is assigned the oil reserves underlying their California lands.

The Co. also stated that since Occidental's interest was brought to light, other companies have offered to discuss merger with Kern County Land that could result in a TAX FREE exchange of stock rather than the taxable Occidental offer.

TENNECO TAKES OVER KERN LAND

Sure enough, later that year TENNECO took over Kern Land. Homeowner's survey of Kern Land, Tenneco and Tenneco Farmland Co. takes in the secured rolls of March 1, 1970, 1969, 1968 and 1967 which were the assessments when Tenneco took over.

In those 4 years county assessments for the

secured roll statewide, increased 20% on total assessments and 30% on land assessments. In contrast to the statewide increases, according to the Kern County assessor, total assessments in Kern County only increased 1% and land only increased 4%.

By adding the \$277,121,862 decrease in assessments due to land preserves to the total statewide increase for secured roll county assessments, the increase would be 21% instead of 20% statewide. By adding the same \$277,121,862 to the increase in land the statewide land values would have increased 32% instead of 30%.

In Kern County, even by adding the \$36,022,760 decrease due to land preserves to the total increase, it would only have increased the total figure to 9% from 4%. The land figures in Kern would show an increase of 8% instead of 1%.

In other words, even allowing for the tremendous amount of land put into land preserves, Kern County is not keeping abreast of the assessments on land shown by the statewide trend.

SURVEY DIVIDES LAND INTO TWO GROUPS

Land holdings of Tenneco was divided into two groups. Group 1 was the land held since 1967 which was not put into land preserves. This is the group which increased 8% county-wide.

The Tenneco holdings on 876 parcels which remained in existence through the four years and amounted to 152,464.04 acres went down from an average assessment per acre of \$73.32 to \$57.45 per acre, or a reduction of 22%. On 83 parcels created in 1968 which were still in existence on the 1970 roll and amounting to only 10,005.60 acres, the assessment increased from \$69.90 per acre in 1968 to \$77.27 per acre in 1970, or an increase of 11%. On 72 parcels created in 1969 and consisting of 10,788.78 acres, the assessment per acre went from \$87.75 in 1969 to \$88.07 per acre in 1970, or an increase of less than 1%.

LAND PRESERVES

In 1970, 387 of the parcels which were put into the land preserves were still on the rolls and consisted of 103,860.61 acres. In 1968 these 387 parcels were assessed at an average of \$169.19 per acre. When they first appeared on the roll as being in the preserve they averaged \$104.94 per acre, a healthy drop of 38%. In 1970, these same 387 parcels were reduced again to an average assessment of \$86.72 per acre, which increased the reduction to a whopping 49%. I'm not familiar with the Act or law used by the assessor in giving a further reduction for land in the farm preserves.

Tenneco added 120 parcels to their preserves in 1970, accounting for 27,234.86 acres. These 120 parcels averaged an assessment of \$66.57 per acre in 1968 and were reduced to \$54.49 per acre in 1970.

MINERAL RIGHTS

The big reductions above in the acreage values is only the beginning of the tax reductions for TENNECO. On the 876 parcels (mentioned above) upon which the assessments dropped from an average of \$73.32 per acre to \$57.45 per acre, the mineral rights assessments (on the 152,464.04 acres) dropped from \$27,110,770 in 1967 to \$18,324,477 in 1970. The mineral rights values went up on the 83 parcels created in 1968 from \$3,486,270 to \$4,497,480. On the 72 parcels created in 1969, the mineral rights dropped from \$59,350 to \$29,780. The assessor went so far as to reduce the mineral rights under the land preserves too. The 103,860.61 acres which went into the land preserves in 1969 had mineral rights assessments of \$165,030 in 1968 before going into the preserves and dropped to \$115,090 by 1970. The land which went into the preserves in 1970 had mineral rights assessments of \$723,470 in 1969 and dropped to \$440,310 in 1970.

PARCELS WITHOUT LAND (MINERAL RIGHTS)

Of the parcels on which Kern County Land Co. held mineral rights in 1967 when TENNECO took over, 712 were still on the rolls in 1970.

The mineral rights assessments dropped from \$7,816,898 in 1967 to \$6,960,020 in 1970, a reduction in assessments of \$856,878. Of the 20 mineral rights parcels added to their holdings in 1968, the assessments increased by \$6,240 from \$136,770 in 1968 to \$143,010 in 1970. There were 70 MR parcels added to their holdings in 1969 with assessments of \$432,690 which were reduced by \$75,000 to \$357,690 in 1970.

There are 1,022 MR parcels on the 1970 assessment rolls for TENNECO. Of these, 407 were assessed at \$30 on which no taxes at all were paid. When this writer asked a clerk in the assessor's office about the \$30 assessments which paid no taxes, she said it was a new law. When the assessor was asked about the "new law", he said it was a decision based upon a court case which is pending, and that he has decided to tax them again. It seems that it was a policy decision to exempt 407 \$30 assessments, or \$12,210 of TENNECO assessments.

It is true that it is small potatoes compared to the juggling of assessments as is evidenced by the rest of the report. The underlying question is, "When a politician talks about Property Tax Relief in Kern County, is he thinking of the homeowner, businessman, small farmer or TENNECO?"

SUMMARY

The people of California do not need PROPERTY TAX RELIEF, they need TOTAL TAX RELIEF. LESS, not more aid should be demanded from state and federal governments, along with LESS controls.

If local agencies want more money, make them look their constituents in the eye and ask them for it, NOT pass the buck to the state or federal governments.

Local property taxes could be reduced on homeowners, businessmen and farmers without increasing state or federal taxes, if land speculators and slumlords were required to pay their fair share.

END

was made in January of 1961 by Khrushchev and in this speech Khrushchev told the hierarchy of the Soviet party in Moscow, what is the step by step outline of the Soviets for conquering the world and bringing about Communist final victory. This document can be purchased for 40¢ from Washington, D.C. from the Institute of Archives. It is an official Senate document, and yet in all of my speaking engagements and in all of my talks with Americans, I haven't found anyone who has ever read this document.

In this document, Khrushchev said that the Communists would become invincible because of their combined political and military strength, because of their anticipated technological and military strength, because of their anticipated technological and military superiority, and because of the anticipated demoralization of the free world. He said that the paralysis of the free world will make it possible for Communism to take over the United States without having to fire a single shot and that America will fall into their hands like an over-ripe fruit. He said, "Uprisings will be planned as major military undertakings, the insurrectionists will be trained and armed with the most modern equipment. They will be provided with strategic support and power by the Soviet Union all over the world and psychological paralysis of the free world is a paramount objective of Soviet strategy." What did he mean with "Paralysis of the free world?" I will give you an example of that.

PARALYSIS OF THE FREE WORLD

The paralysis of the free world is taking place right now. Are you confused about the things that are happening in America? I am not. You wonder about the trials that are taking place. You wonder about the anarchist uprisings, the strikes, the union unrest, the defeatism in America, the feeling of total helplessness when you find that someone has been elected to public office as recently as in Berkeley, who is a definite revolutionary, who has only one goal, which is to overthrow our present society. You are confused, and you say "I can't understand what is going on." Hundreds of books are being writ-

ten by people in and out of government offices by psychiatrists and psychologists, research studies are made about campus unrest, millions of dollars are being spent trying to find out why are we having our social problems in America, and I have to laugh, because I know that all of these problems go back to one and the same thing. There is a definite conspiracy today to render the free world helpless. The paralysis of the free world is taking place right now.

COMMUNIST GROUND WORK

How do the Communists go about preparing a country for totalitarian government? How do they do it? They have ten major steps which they follow, step by step and each and every one of these steps has been exercised and carried out in America beginning in the 1950's, and continuing in the 60's and really going into full production in the 70's. When Khrushchev said that the paralysis of the free world is the first and most important objective, he meant that Soviet Russia would spend a great deal of money and effort using every media, the mass media of radio and television and our free press, our educational institutions and college campuses and all the way down to kindergarten, our churches, our unions, our business establishments, and there would be people placed strategically in every one of these groups who would work directly for the Communists. And I won't point my finger at them and say "I think so and so is a Communist" because you cannot do that. There are many people who are working for the Communists. There are many people in America today who call themselves liberals, benefactors of man kind who are in favor of changing things, not knowing exactly what they would change them to, considering themselves to be dedicated Americans and being outraged if you say to them "You are destroying your country", and yet those are the people that the Communists need the most.

EIGHT STEP TAKEOVER

The 8 step procedure follows:

Washington, D.C., March, 1971

Bronx, New York: Homeowner groups in Bronx, New York City, representing Bronx Heights, Morris Park, Van Nest, Westchester Heights, Chester, Eastchester, Olinville, Wakefield, Williamsbridge and Baychester area of Bronx Co. have unified to launch court challenges of water and sewer taxes which were doubled in 1966 and are increased 75% now for 1971, without any increase or improvement in services. They are encouraged by a recent landmark victory won in Bronx Supreme Court, knocking out a \$3.2 million assessment.

Iowa Property Taxpayers Assn.: The Iowa Property Taxpayers Assn. sponsored a Taxpayers' Visitation Day on March 23, during which members of the Assn. visited the members of the state legislature. Members from all over the state gathered Tuesday morning at the State Capitol wearing badges identifying themselves and part of "Tax Reform" or "Tax Action" groups. Some members also wore tea bags symbolic of the Boston Tea Party.

Citizens League (St. Paul-Minneapolis): In the most recent edition of the League's monthly newsletter, Citizens League published their annual survey of property tax levels in the St. Paul/Minneapolis metropolitan area. The survey compares estimated property taxes on the assessor's average market value of homestead in 1971 and 1970 for each community within the metropolitan area.

Annapolis, Maryland: State Senator Welcome has introduced a bill into the Maryland Legislature that would prohibit the granting of preferential property tax treatment to country clubs that discriminate on the basis of race, religion, national origin, sex or other grounds. The bill was strongly opposed by the Maryland Country Club Assn. Currently, country clubs in two Maryland coun-

ties are receiving preferential tax treatment to the tune of more than \$160,000 a year.

Richmond, Virginia: Virginia Governor Linwood Holton signed into law a bill that will offer preferential property tax assessment to farm, timber and agricultural lands. The law is designed to keep open spaces and aid small landowners in resisting the pressures of developing metropolitan communities.

Washington, D.C.: The Federal National Mortgage Assn. and the Federal Home Loan Mortgage Corporation published for public comment the proposed mortgage forms mentioned in the previous two Newsletters in the Federal Register. This means further delay in their promulgation and an opportunity for consumer interest to be heard. The action was taken without admitting the legal necessity to publish the forms. It also represents a major victory for consumer interests, who have had as one of their major goals the publication of these forms in the Register.

Stevens v. Watson, California Superior Ct., Los Angeles, Docket No. 966,065 (March 3, 1970). Action to declare unconstitutional a state constitution amendment granting preferential property tax assessment to golf clubs. Trial court dismissed for failure to state a cause of action, based on the failure to establish sufficient state action to fall within the protection of the 14th Amendment. The case is now on appeal.

Rooker V. Brown, Superior Ct. of Richmond Co., Ga., Civil No. 1830-C (September 1970). Action to declare 12-1/2% tax shelter to industry unconstitutional. Trial court found for plaintiffs and enjoined the assessor from granting the shelter on the grounds that the state constitution required that all property be assessed at 40% of fair market value. END

brackets pay two-thirds of the nation's taxes, which fall most heavily on those making from \$10 to \$15,000.... He declared, further, that in 1966 there were 50 incomes exceeding \$1 million which paid no tax; and that in 1964, 455 incomes exceeding \$100,000 were similarly exempt."

A Senator who has gone on record with trenchant criticism of the existing situation is Russell B. Long of Louisiana, Chairman of the Senate Committee on Finance. "He observed that those who have the desire, the time, the energy, the money and the expert advice can arrange things in such a way as to earn millions each year and pay not one dime of Federal Income Tax. He added that some \$100,000,000,000 of personal income banked last year probably will not be reported on federal tax returns.... One Treasury Department study showed that 26% of the taxpayers with adjusted gross income of \$5,000,000 each paid no income tax at all.

"There are, he continued, hundreds of bridges over the tax river which lead to legal tax avoidance, but it takes an expert to make use of these.... Plutocrats are constantly exerting pressure aimed principally at persuading Congress to open up new loopholes for these taxpayers to wiggle through. Instead of producing an equitable law, concludes the Senator, Congress in trying to promote justice for all, has produced a massive jungle in which King Confusion reigns.

"One of the revisions which the Senator advocates is a simplification of the Code; if we were, for example to substitute a single 10% allowance for everyone instead of the present complicated system of itemized deductions, a great many could prepare their returns in 15 minutes and the number of the IRS employees could be cut in half."

The time has been when compassion was justified for the rich who had to pay 91% of their earnings as federal income tax, and even the present 77% is oppressive for those who actually pay that hefty proportion. But the gripe is against the enormous and ever growing number of citizens

who resort to legal methods of tax avoidance. In reality the fault is with the law rather than with those who avoid it. Lawson says the culprits are "the great and respectable, the powerful and the privileged; the lords of life who grow rich by legal loopholes; who buy the services of Congressmen so that they will plant escape hatches for them in the Code; and who spend vast sums to influence all media of communication to twist and obscure the truth concerning the federal income tax."

Among the "Techniques of Avoidance," Lawson lists and discusses nearly a dozen. First come the foundations, many of which are highly commendable but many of the newer ones constitute one of the more common means of tax-avoidance used by corporations, multi-millionaires, and now by thousands of enterprising individuals in the middle income ranges, not only to avoid estate levies, but also to escape taxation on current revenues.

Many advantages may accrue to a family or an individual taxpayer establishing a foundation: (1) it enables the donor to continue in control of his wealth; (2) permits him to designate its management, appoint relatives, friends, or employees as directors; (3) allows him to borrow venture capital from it on attractive terms; (4) preserves his control over the fortune in perpetuity; (5) aids employees of the donor's business; and (6) helps him in escaping all or much of his income taxes, particularly by contributing appreciated property, works of art, frozen assets, or white-elephant estates which may be conveyed with full deductibility at high valuations....

"Sheldon Cohen, IRS Commissioner, stated that 20,000 new tax-exempts are certified annually, and that there were 1,500,000 such entities in the United States...." Other officials have expressed doubt as to the exact number, however, and the author indicates that the IRS really does not have a record of the exact number.

"Most prevalent by far.... are the family foundations, large and small, which exist as par-

allel business entities. For example on p. 154 of the 1964 Cumulative List, we find nine Glazer and seven Glickman foundations; on p. 209, there are 34 under the name of Kaplan. There are 22 Kennedy foundations. All, of course, were organized as non-profit entities, with a declared educational objective. Although each is operated by the individual who created it, or his heirs, any item of property he contributes to it is deductible under Sec. 170 (c) and 642(c) of the Code. By carefully allocating his gifts, the millionaire can eliminate a large portion or even all of his personal income taxes year after year, and such giving can actually save him huge sums of money."

It is stated on page 113 that "there is scarcely a wealthy family or significant corporation in the country without its own private foundation.... Disneyland is owned by the Walt Disney Foundation, and Frank Lloyd Wright's Taliesin East and West are private foundations.... The IRS granted tax-exemption to the Playboy Foundation, and one of its grants is "\$50,000 to the University of Indiana to continue the sex-studies launched by Dr. Kinsey."

An astounding development in tax avoidance, referred to on pages 114-15, is the following: "An old adage has it that when better locks are invented, clever thieves find ways to pick them, and we might add that new taxes cause resourceful individuals to develop novel means of evasion or avoidance. We should not, therefore, be surprised that an organization calling itself Americans Building Constitutionally, with headquarters at Barrington, Illinois, is now offering to launch doctors, architects, engineers, etc., upon the primrose paths of tax-immunity. This was said in 1967 already to have 800 members or clients scattered over the 50 states. More are being recruited by vigorous and persuasive salesmanship, and all these are taught the secrets of foundation-living at the Institute.

"According to an article in The New York Times, ABC recruits members by word of mouth. Prospects get invited to an introductory meeting. A ... representative spends three to four hours explaining the plan. If the prospect decides to

join, he makes an initial payment of \$1,050. This pays for 30 hours of instruction in how to use the complex legal web of foundations and trusts that ABC can create for him After instruction, the new member has the option of paying \$4,200 more to have a non-profit foundation created for his benefit, or paying \$9,450 more for the entire ABC package."

It is revealed in a footnote that the package fee was increased to \$10,500 on May 1, 1967, and the text states that "Of this \$10,500, \$3,500 goes in the form of an endowment to Barrington Institute ... \$3,500 for ABC ... and \$3,500 is ... set aside as a legal defense fund. There are also additional attractions. If one member can convince another individual to join, his foundation receives a \$2,000 endowment....

"Once the new member has been initiated into the mysteries of tax-avoidance he establishes a trust of his own, organized for a 'beneficial purpose,' which whereupon creates a non-profit corporation. The 'client' then signs a contract with the latter, providing that it sell his 'services ... as doctor, lawyer, engineer, or whatever.'

"A typical ABC member, a general medical practitioner, took a position as 'medical administrator' of his own non-profit foundation, organized ostensibly to carry on research in the fields of 'health, education and welfare.' He gave this foundation some real estate, a car, and other property, which thus became deductible contributions to charity, and also exempt from local taxation: he continued to treat his former patients at the same fees in the same offices and in the same manner as before. However, since the income now accrues to the foundation, this is immune to taxation. His wife is 'the assistant medical administrator.' The two receive salaries so small that they are virtually tax-exempt, but they stand in need of very little compensation in taxable form, since the foundation provides food, housing, clothing, furniture, transportation, utilities, and practically all other necessities as exempt expenses.

"Since the foundation is organized to promote education and research, it donates tax-free grants to the four children of the couple to finance their university careers.

"Representative Patman is 'deeply concerned;' unless something drastic is done, he foresees a situation in which tax-exempt 'foundations will be ... as commonplace ... as bathtub distilleries ... during Prohibition...' And he reports in an official document. "Once again, because the Treasury has refused to assume its proper responsibilities in supervising and regulating tax-exempt foundations, another major move toward the undermining of our tax-structure must be noted. Tax-dodging ... on a scale hardly imaginable ... is now being forcefully promoted... This ... is now an industry, for which the participants are prepared through a special kind of higher education with its own curriculum, its own diploma -- the latter being an IRS- approved foundation certificate."

"In addition to tax-avoidance by foundations, the author discusses the troublesome subject in chapters dealing with;

Churches and Charities: Their Wealth and Business
Pension and Welfare Funds
Tax-Exempts in Competition
Depletion Allowances
Gambling Our Paradise for Criminals
The Exempt Securities
The Wizardry of Capital Gains
Profits from bequests and Gifts
and
How the Elite Escape Taxation

Finally, in Part Three, beginning on page 273, the author explains what he calls the failure of Social Security, points out a number of remedies, and concludes his treatise with a short chapter on Vistas and Visions in which he says: "The theme of this book is simple and direct: (1) to plug the loopholes and end the inequities in the federal income tax; and thus (2) make it possible (a) to raise the individual exemptions

from \$600 to levels at which any income necessary to maintain a decent, contemporary living standard will be immune to such taxation; (b) to reduce the present estate and income taxes to reasonable percentages, but apply them universally; and (c) to provide the Treasury with income sufficient not only to meet all current necessities but also to make substantial reductions in the national debt."

The author would tie the level of individual exemptions to the cost-of-living index, just as is done in other current situations and would provide:

- (1) An exemption of \$8,000 for incomes of single persons.
- (2) An exemption of \$10,000 for the head of a household, an additional \$1,000 for each dependent child, but with a \$15,000 limitation for total family income.
- (3) Any contribution to Social Security or to a retirement fund or trust not to be classified as income.
- (4) All other deductions (except those necessary in trade or business); and all other exclusions, allowances and exemptions now in the Internal Revenue Code to be abolished.
- (5) All capital gains (except gains from the sale of depreciable property used in trade or business- which should be left as now-) to be treated as earned or ordinary income.
- (6) The following rate-schedules to be established:
 - (a) 20% on taxable portions of income below \$15,000;
 - (a) 25% on taxable income between \$15,000 and \$50,000;
 - (c) 50% on incomes exceeding \$50,000.

Additional details are added to round out the proposed legislation, but there is not room for them there. Everyone should read the book because it merits major consideration. END