

Barryople



"A throat, mouthpiece, spout." Opinions expressed herein are those of the writers and not necessarily endorsed by the Henry George School.

HENRY GEORGE SCHOOL OF NEW JERSEY

No. 91

A P R I L 1 9 6 5

FORTUNE MAGAZINE - MARCH 1965FUNDAMENTAL COURSE"The Great Urban Tax Tangle"

"The educated insight of seventy men - the consensus of the nations foremost urban experts on that most basic of all needed reforms for improving the environment, the reform in the methods of local taxation." Duncan Norman-Taylor, Managing Editor.

This article is perhaps the greatest boost for the reform of the General Property Tax yet published. It is a report of a round-table discussion at Claremont Men's College, Claremont, Calif. 1964, attended by many eminent tax and municipal experts.

It concludes - "It is time that it got more attention from all citizens."

One did not study economic questions in the quietude of a library; he plunged himself into life. He identified himself with those whose wrongs he suffered as though they were his own. He interpreted those wrongs through his own strong feelings. He loved truth, but he loved truth most because truth served mankind. He loved his fellow-man and loved to identify himself with his fellow-men. He served his fellow-men with a consecration worthy more than our praise; worthy of our imitation." Rev. Lyman Abbott, D.D. - at funeral of Henry George.

HENRY GEORGE SCHOOL OF NEW JERSEY
78 Clinton Avenue, Newark, N.J. 07114
623-9333, John T. Tetley, Director

CONTENTS

Taxation and Representation
Eyes on Erie
Break thru in FORTUNE
Copyrights?

MONDAY - First Baptist Church - Tuesday evenings at 8 starting April 6th.
NEWARK - HOS. Thursdays 6 p.m. and 8 p.m. starting April 8th.

AFTERNOON PROGRAMS

Newark headquarters - 2nd Tuesday each month at 2 p.m. Rebel, Priest and Prophet was presented in March. Among the topics for discussion on April 13th will be N.J. proposed State General Sales Tax and N.J. Personal Income Tax.

Details are being arranged for THEATRE PARTY & AFTERGLOW
If you do not receive announcement in mail - and are interested - inquire of School office. This is part of 30th Anniversary Celebration.

NONPROFIT ORG.
U.S. POSTAGE
014 CTS. PAID
NEWARK, N.J.
Permit #2136

Henry School of Social Science
50 E. 69th St.
New York 21, N. Y.

TAXATION AND REPRESENTATION

I think some hard facts should be faced in regard to the re-apportionment decision by the Supreme Court. First, it should be realized that the shift of population from rural areas to urban areas could not continue indefinitely without a demand for representation to follow it. This is no more than natural. Second the fact should be faced that it is wishful thinking that the clock can be turned back, and top-heavy rural representation continued.

But I would like to broach a proposal which might help alleviate the fears of the rural people. I feel one of the greatest fears from any reduction of rural representation is that the share of "State" funds granted to local government might be reduced. It is quite natural that the heavily populated urban centers resent the payment to rural subdivisions of funds which they feel is collected in the cities, through the sales tax, and other excise taxes, even though they must realize that a lot of the purchases are made by rural people. But this problem has existed ever since the shift in revenue methods took place during the depression. At that time the plea became loud that "property" was over-taxed, and was carrying too great a share of the load. So the sales tax was offered as a temporary measure to bring relief to the property owners. The property tax has continued to be a whipping boy ever since, but along with it has been much confusion about just what is meant by property. It seems to be forgotten that property includes at least three classes of possessions--first, Real Estate; second, Personal Property; third, Intangible Property. Real Estate is divided into Land and Improvements; Personal Property is divided several ways--into property used in production; stock in trade; household items, etc.

The Ohio State Constitution requires "all property" to be assessed "at value" But it is notorious that property is taxed much below actual value. And this is most true of LAND. Fifty years ago land carried half the total tax burden of the Nation--local, State and National! Today, with income tax, sales tax, excise taxes, tobacco taxes, and so on, land carries less than five percent of the tax burden.

The Property Tax historically has been the mainstay for local government and schools. But, as assessed and collected today, the property tax has come into disrepute. LAND is taxed lightly--especially if it is left entirely unused. And this favors the speculators, who find it easy to hold for higher prices. But buildings and improvements are taxed heavily, which discourages building. Personal property is taxed heavily, which hurts the more enterprising farmers or business men, who keep their machinery and stock in good condition. It seems

the enterpriser is penalized while the speculators and absentee landholders are rewarded.

My proposal is to sharply scrutinize the assessments against vacant land, as well as raw farm land with no buildings on it. If the Ohio State Constitution were strictly adhered to, land would carry a higher proportion of the load, and improvements would not be penalized so heavily.

The property tax has been historically controlled mostly by local government officials. Therefore, it is not subject to apportionment by the legislature. This would eliminate the chief cause for concern of a changing representation through re-apportionment.

Bring respectability back to the property tax by adherence to the State Constitution--Restore to local government its old reliable source of revenue!

Woodrow W. Williams
Columbus Grove, Ohio.

EYES ON ERIE

THE CALIFORNIA HOMEOWNER in its Feb. issue asks: "Will Erie, Pa., Point the Way?"

From the article: Appalachia is that region of the eastern U.S. associated with the Appalachian mountain chain stretching from northern Alabama through parts of Tennessee, Kentucky, Virginia, West Virginia and Pennsylvania, ending on the shores of Lake Erie.

At Appalachia's northern terminus on Lake Erie, a citizen's group in Erie, Pa. is trying to revive the Erie economy without recourse to state or federal money.

In 1959 the State of Pennsylvania passed legislation permitting 48 of the 3rd class to take taxes OFF houses, buildings and improvements and putting the entire local property tax ON land values.

Unfortunately the implications of such a change in the source of public revenue is understood by very few people. Wylie Young an advocate of land value taxation, about three years ago gave a talk to the Erie Junior Chamber of Commerce that organization endorsed the plan. A group was formed--ELTA--Erie Land Tax Association to acquaint the citizens with the advantages of such a tax shift. Newspaper ads, stories, speeches, radio and television have been used in the campaign. The city council is making a study of the proposal.

Erie political candidates are being asked to declare themselves on this issue.

In 1960 a nation-wide Committee for the First U.S. City to Untax Buildings was formed. That committee is sponsoring an

an UNTAX ERIE FUND. Operating expenses of the Erie group are held to a minimum, and says Sidney G. Evans (Chairman, P.O. Box 721, San Diego 12, Calif.) "Every quarter received performs a dollar's worth of service."

It is possible for the Erie City Council to adopt the system this year.

COPYRIGHTS?

Congressional hearing will soon be held to make a study of the nation's copyright law for the purpose of amending it. Apparently, the principal aim of those agitating for reform is to extend the life of the monopoly which the government grants the creator of a literary, musical or artistic work.

The present law is essentially the one passed by Congress on March 4, 1909. It grants to a creator, a copyright for a period of 28 years with the privilege to renew for another 28 years. When the nation was first formed, the time limit was 14 years with the privilege to renew for another 14 years. Now pressure is being brought to bear on Congress to give copyrights for the lifetime of the creator, and some are even urging that copyrights be extended for fifty years after the creator's death.

This gives one an idea of how monopolies no matter how well intentioned have a tendency to escalate. First 14 years, now, 28, later lifetime or longer, and probably eventually in perpetuity.

What is a copyright? It is the right secured by law to authors of literary, musical and artistic works to prevent any reproduction of their works without their consent. The advent of printing gave birth to copyrights, which at first glance seems paradoxical. On the one hand, the printing press arises as a medium to spread knowledge, and at the same time, on the other hand, a concept arises to restrict the spread of knowledge.

And that is precisely what the purpose of the precursors of copyrights was -- to restrict and censor knowledge. For example, the King of England granted monopolies to printers covering the books they printed. The purpose was not to protect the authors or even the printers. Rather, the purpose was twofold. First to get money for the treasury (naturally), and second to control what was written. Since censorship was the real purpose, on second glance, it is probably not at all surprising the copyrights arose when the means for spreading knowledge wide and far became available.

And it is interesting to note, in somewhat similar vein, to this very day, contrary to what most people think, the purpose of the nation's copyright law is not to protect any rights of the creator. The committee report of the drafters of the Act of 1909 categorically stated that the purpose of the law is to serve the public interest by providing incentives to creative effort, while, at the same time allowing the work to become freely available to the general public after a certain,

limited period. According to the law, then, it is the public's interest which is paramount and not the creator's. One wonders how the public's interest is benefited if a copyright lasts fifty years after a man is dead.

For Georgists the question of copyrights is a particularly interesting one because in the early editions of Progress & Poverty, Henry George had been in favor of the state granting patents and copyrights. In later editions, however, he inserted a footnote in which he advocated copyrights but opposed patents. Most Georgists probably agree with his reasoning and believe his separation of the two was correct.

However, now that the whole question of the copyright law is to be aired, should not a reconsideration be made so that Georgists can help in deciding what should be done?

The main argument for copyrights is the one which Henry George stated quite eloquently in his footnote, which is that a creator is entitled to the fruits of his toil. As pointed out above, this concept was not the reason why the Congressional drafters approved of the copyright law at all.

It is not that a man is not entitled to whatever he produces. It is merely that he is not, thereby, entitled to a monopoly. There are many ideas, concepts, and practices which are invaluable but which it is impossible to put into monopoly form. A new organizational setup decentralizing a company, or centralizing one, may increase profits tremendously but cannot be patented. Bookkeeping principles--for that matter all scientific principles--cannot be monopolized. Einstein's Theory of Relativity was the fruits of his labor and invaluable but he could not copyright it; anymore than other scientists or researchers of truth are able to monopolize the results of their life-time's work.

Just why should certain tangible items as literary, musical or artistic works be given monopoly status merely because such is possible? Marconi could be granted a patent because he produced a radio, which is a tangible object. But all he did was to capitalize on the work of men like Hertz, who discovered the hertzian waves, and other scientists who discovered the various principles connected with the creation of electromagnetic energy.

Much of the great works probably never had copyrights, and today most of the works which will live probably will live despite copyrights rather than because of them. It could well be that the very creation of the United States would have been prevented if the colonies had had copyright laws of any importance. It has been said that Thomas Paine, more than any single man, helped bring about a willingness on the part of the people to break off from the English crown. He did it thru Common Sense, that collection of masterpieces which aroused and united the Americans. It is said that about 300,000 copies of his work were printed, or one for every ten men, women and children. How did this occur? Printers all over the country reprinted his works and spread

them throughout every village and hamlet. No copyright law prevented them, fortunately. If there had been such a restriction how could one printed in those days possibly have printed and distributed 300,000 copies with the crude means of production and distribution then available?

People always assume that all one needs do is to write and have something published for the royalties to roll in. But a book or a piece of music must be marketed just like anything else. Paradoxically, the chance of greater profit probably arise if editions are pirated, for in effect this helps advertise the work. Then demands tend to arise which will increase the sale of those books for which the author receives royalties. If the book is not pirated, it may well be that just the original run of copies will be sold, if that.

The sincerest form of flattery is to copy something. If a man's work is worthwhile copying, the creator should be delighted, even if it brings him no monetary reward. At least, it spreads his fame, and subsequent works will thus probably lead to greater royalties.

Space does not permit the listing of more reasons why this writer believes that in the long run it is not any wiser to have a copyright law than a patent law. He does feel, however, that under free market conditions, people would tend to purchase copies of an author's work from the firm giving him royalties merely as an expression of their appreciation. People are generally fairminded and want to do the right thing. If the creator would look upon copies of his work which are unauthorized by him as really advertising media for him, he would recognize that ultimately he is benefitted.

In the last analysis, of course, copyrights do have within themselves the seeds of censorship, which, as was explained, was why they arose, and as the nation travels down the road toward more socialism copyrights will be one means by which the state controls the spread of information which it does not like. Freedom is opposed to all forms of monopoly. Copyrights are a monopoly, so lovers of Freedom should oppose them.

Oscar B. Johannsen

SENSE & NONSENSE

If you think the landlord always has the better of the tenant, you have lots to learn. So it would appear from "Schools and Streams of Economic Thought" by Edmund Whittaker. He points out that during the Mercantile period inflation was so serious that certain landlords, in particular, suffered grievously. They were the owners of land which were held under what were known as "copyholds of inheritance". This was land which was rented for annual sums fixed in money not only for the lifetime of the tenant but also for his descendants. In effect ownership of the land was transferred to the descendants of the original tenants, for the inflation made the annual money rent inconsequential.

Something similar to that is happening to landlords today whose land is rented out for long periods of time with no escalation clauses for our inflation in effect reduces the rent to tenants with long leases. Which only proves that except for details things are pretty much the same for all generations.

Just a Thought:

The Soviet Communist Heaven is surrounded by an Iron Curtain to keep the people from leaving, while the American Capitalistic Hell is surrounded by an Immigration Barrier to keep people from entering.

In England, the physicians are following the example of labor. They are demanding more money for less work, and unless they get what they want they threaten to resign from the National Health Service. This service is England's "medicalaire". A non-partisan Review Body of Doctors and Dentists Remuneration developed findings which the medical men do not like. In effect they were told that there should be no substantial increase in the average net pay before taxation for the general practitioner. This is about £7,71.2, certainly not much by U.S. standards. The doctors wanted a 32% boost, and since they have been turned down, they have replied in typical labor fashion by threatening to strike. In their case, it means resigning from the NHS, and going back to private service.

Just doesn't seem cricket to the English bureaucrats and politicians for the physicians to be so uppity but if labor unions can do it why can't they?

Progress in America:

The man whose great grandfather built a railroad through the wilderness without asking approval now has to get a permit to remodel his front porch.

You know why they call it takehome pay, don't you? It's because you're too embarrased to take it anyplace else.

It has long been asserted that the prime function of government is the protection of life and property, and that is the function it can do well. But apparently some are doubtful of this for increasingly in New York, for example, private groups are being organized to protect the people. The ability of the police to protect people particularly in the high apartment complexes has been seriously weakened. Therefore neighborhood anti-crime patrols and apartment house guards have been established paid for various private organizations or individuals. While the police welcome this help, they are disturbed as they will not share their authority with any group "no matter how well intentioned". This is the Police Commissioner's statement. Makes one wonder if government can protect as efficiently as it claimed or whether private enterprise might not do a better job.