

The Baritone



"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

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F E B R U A R Y 1 9 7 6

The creation of a thousand forests is in one acorn."

Ralph Waldo Emerson

TAXATION IS THEFT

"No good thing has been or can be enjoyed by us without having first cost labor. And inasmuch as most good things are produced by labor, it follows that all such things of right belong to those whose labor has produced them. But it has so happened in all ages of the world, that some have labored, and others have without labor enjoyed a large proportion of the fruits. This is wrong and should not continue. To secure to each laborer the whole product of his labor or as nearly as possible, is a worthy object of any good government."

What is needed is not "tax reform" which is a euphemism for "tax him more and me less"; not more taxes on business which is, after all, ultimately passed on to the consumer; not more taxes on more things or on "bad" things like cigarettes, poor housing, or luxury cars; not tariffs or savings or deficit spending or inflation or any other gimmick that politicians pull to hide the magnitude of theft from the wage earner. What is needed is an end to taxes entirely!"

Abraham Lincoln 1847

David K. Walter, Director
Society for Individual Liberty

HENRY GEORGE TODAY?

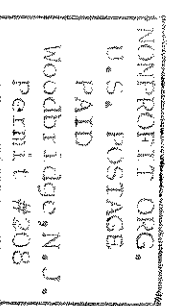
"With unemployment reaching alarming proportions -- the value of the dollar depreciating daily due to the inflationary spiral -- loss of confidence in the private sector -- the drastic drop in home building -- in public service swelling in numbers and incomes to astronomical costs -- with clamour for wage indexation -- tax indexation -- prices justification. More boards, commissions, handouts, special privileges, higher tariffs and import quotas. Need we add to that dismal list of government mismanagement and economic madness before we say "YES" -- give George a go."

PROGRESS - Australia - October 1975

It seems everything has been tried except a return to compliance with natural law to permit the economic system to operate. However it cannot do so unless there is also a change in the land tenure system - until the annual rental value of land is collected for the support of government and all taxes on individuals and production are abolished. IT CAN BE DONE!

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NEW JERSEY'S LATEST BOONDOGGLE

New Jersey has adopted a plan which is supposed to save 10,000 acres of farmland in Burlington County at a cost of about \$5 million. The Four likely townships to enjoy this bonanza are Bordentown, Mansfield, Florence and Chesterfield.

What is involved is that the state will induce farmers not to sell their land to developers, but instead keep it for agricultural use. The method is as follows: If a farm is valued at say \$500 an acre for agriculture use, and the development value is \$1M the state would pay the farmer the difference, or \$500 an acre to retain it as a farm. If accepted by the farmer, this land joins the so-called agricultural preserve. He continues to farm the land and pay taxes on the farm value. The community is assumed to enjoy the tax benefit and open space. The tax benefit which is supposed to occur is based on the assumption that if, under the Green Acres program, the state had just bought the land, it would have been removed from the tax roll and the community would not have received the taxes.

This program is just another example of how one bad program is succeeded by another, in a pattern that seems to escalate. The Green Acres program is a bad one because it amounts to buying up land, very often at inflated prices, for park use. This reduces the amount of land available for productive use, thereby increasing such land's price. Since so much land is taken out of use, industry must reach out further into marginal land to develop. So this tends to increase the price of farm land to a point where it is wiser to let it be developed for purposes other than farming.

Typically, instead of abolishing the Green Acres program, and thus relieve the pressure on forcing land prices up, the State enacts another program to induce farmers not to use the land for what is now its highest and best use.'

The result is that the lucky farmers will enjoy an unexpected gift from the taxpayers of the state. Many of them would have farmed the land in any event even though they could have sold their land at good prices for it is their home, their friends and neighbors are there, and they probably would not know what to do if they ceased farming. The only ones who would sell probably would be the inheritors who were not interested in farming.

Of course, this program is bound to be the source of much trouble, corruption and envy. How does one determine the farm value, or development value?

How does one separate the two? If the going price of land is a farm area is \$800. is that based on its usefulness as a farm or some other use? If we assume it is the development value, how do we determine what its value as a farm would be? The resolution of this problem can only be anger and dissatisfaction, if not outright fraud.

And, of course, the value of land is a measure of what it should be used for. Land in a city selling at \$100,000 an acre obviously should not be used as a farm, but for production of a higher order, as an office building or a merchandise mart. If land in N.J. is so valuable that it should not be used as farmland, then it should not be so used. It is as absurd as it would be for a highly skilled surgeon to be using his ability as a butcher.

As this program becomes better known, there will be demands that it be expanded so that farmers in other parts of the state can enjoy getting in on all this nice gravy. It won't be long before cries will be heard, "Why should Burlington County get this favored treatment? Our county is just as worthy as Burlington." As there are 21 counties in N.J. this means about \$5 million for each county, the program will escalate to over \$105 million. But it will work out to be more than that for as more land is put into the agricultural reserve, the remaining land becomes more valuable for development. Thus, whereas, the first \$5 million may be sufficient to take out of use, say 70,000 acres, the last \$5 million might only be sufficient to take out 5,000 acres.

Surprisingly, the newspapers in the cities are praising this program. The editors obviously do not see the implications involved which is greater taxes to pay for the program and uneven development as industry moves further out, for industry will have to bypass all farms in the areas near the cities for there the development is highest. The result is that more roads will be needed to service industry as well as more expensive public utilities and other public services which must now operate further and further from the centers of commerce.

The ways of the politicians are un-ique. They know how to garner votes by offering tempting tidbits to their constituents, but they little reckon the final cost and probably care less.

Unless the people of New Jersey wake up this program will eventually cost the taxpayers billions.

OSCAR B. JOHANNSEN

Readers are invited to express their views on this as well as other articles appearing in THE GARGOYLE.

FOR LAND'S SAKE

John T. Tetley

Increase in taxes can cause prosperity! Let's be blunt about it - let's place a high tax on all land - and remove all taxes on improvements. The result should be a drastic drop in selling price of land. This should bring land onto the market - much land now held out of use would be made available for production.

Opportunity will open for employment which should multiply and in the natural course of events bring about increased wages and lower prices for everything. Under such conditions there should be no need for monetary inflation. It might be expected that crime would diminish, the environment improve and life be more enjoyable. What are we waiting for?

Welcome back to FRAGMENTS. Not seen for some time along comes a new issue and by way of explanation "After all, what we say is more important than what the calendar says. Since our principles are eternal, our thoughts are timeless, and our articles are designed for posterity, mere dates are irrelevant." Agreed. Nice to have you back.

Malthus Up To Date: In From the Editor - Jan. - Feb. INCENTIVE TAXATION: If the whole present population of the world--all 3.7 billion people were put inside U.S. borders, the resulting density would not be much greater than that of England today." taken from FORTUNE July 1973

Does becoming involved in government imply becoming involved in politics?

What is meant by politics? Is politics a dirty word? Are all politicians crooks?

Does becoming involved in politics imply becoming involved in party politics?

To what extent should citizens become involved in -

- A --POLITICS
- B --Party Politics
- C--Political Action
- D--Government Activities

I am not even going to suggest any answers to these questions, but you might like to think about them.

Times and conditions change -

Principles do not change.

Is this the only way it can be done?

Is this the best way of doing it?

RAISING PUBLIC REVENUE

THE NATURAL WAY

The General Property or Real Estate Tax provides the bulk of public revenue for most communities in the U. S. This is in actuality two separate taxes. One is a tax on land and the other a tax on improvements which are placed on the land. An assessment of valuation is determined. The amount desired to cover expenditures which it is intended are to be met by this tax is determined. It is then simply a matter of arithmetic to set the rate of tax which must be applied.

In most instances there is one rate applied to both land and improvements. Theoretically values change constantly. Roughly land values have a tendency to increase. Improvements even though kept constantly in good repair do tend to depreciate.

It is suggested that consideration be given to the following points:

As land increases in value an increase in tax rate on the land would tend to do two things; one, decrease its selling price, and two, discourage holding land out of use for speculation.

On the other hand a decrease in tax rate on improvements would tend to lower their selling price thus encourage making improvements. This in turn provides employment not only for persons directly engaged in construction but also to persons in producing goods and services.

This is a brief explanation of what is known as Incentative Taxation.

Then, as production increases, there is demand for more land to be brought into production and thus put on the tax rolls at higher tax rates and on the market at lower selling prices.

This is not an arbitrary situation, however, there is a natural market value for land. This should be the assessed value - 100% market value. Land cannot be assessed higher. When it is assessed at 100% of market value and the tax rate is high enough to take for the community the full annual rental value of the land - then there probably will be no need to tax improvements at all.

That is the situation of true incentive taxation - taking 100% of the annual rental value of land. In other words, raising public revenue the natural way.

To learn all about it - enroll for the basic course in economic principles offered by the Henry George Schools in study groups or by correspondence.

SENSE & NONSENSE

While N.J. is instituting the land bank program to reward farmers for using land for agricultural purposes it is busy at work making it difficult for farmers to sell their produce.

Two processing companies, one which contracted for about 1,000 acres of tomatoes to make into catsup, and the other, the well-known Seabrook Feeds, Inc., are pulling up stakes. Seabrook purchased produce grown on 20,000 acres to process into frozen foods. The reason for leaving - too much overhead cost and government regulations. The overhead costs, no doubt, could be controlled to a certain extent, but one reason overhead goes up is precisely because of all the governmental red tape which must be taken care of in the form of innumerable forms, reports, etc. But on top of that are all the costs to meet the environmental standards and other regulations of the state. Since for Seabrook, the costs of complying are too great for it to meet competition, it is simply shutting down its plant. No doubt, it will move to a state which has more reasonable rules.

The bureaucrats, who, of course, don't farm say farmers should simply produce other feed, as grain. However, the farmers equipment constitutes heavy investment in a form designed to produce the crops which Seabrook and other processors purchased, and cannot be easily converted for other uses.

The mandatory use of costly low-sulfur fuel oil will probably force many small canning outfits to close down. The environmentalists hardly ever reckon the cost which are involved in their almighty quest for purity. Common sense is necessary, but do-gooders who wish to use the powers of the state to force other people to do as the do-gooders think they should rarely ever exhibit plain, ordinary common sense.

So the farmers are now up in arms. Since they have political clout, they may get somewhere, but at the moment they are in danger of suffering grave losses unless common sense prevails. However, don't depend on bureaucrats exhibiting too much common sense, they rarely do.

It may be that a certain amount of intelligence is finally creeping into our tax laws. Last year a law which grants a five year exemption on improvements up to \$4,000 on homes was passed by the N.J. legislature. This is merely an enabling act and the local community must apply for approval from the county for permission to pass a local exemption. There are other qualifications as to how old the residence is and the like, but at least

it does offer some tax relief to a homeowner wishing to modernize his property. It will also help those concerns which are in the business of home repairs and manufacturers of materials, as well as laborers. Newark has applied to Essex County for permission to apply this reduction. This is a good sign and should help Newark to rebuild its deteriorated homes. Maybe this will lead to better laws removing all restrictions so that no matter what improvements is made and no matter whether it is a home or a business, no taxes will be levied on improvements.

Recently a man proposed that a badge be given to every person who pays all of his taxes promptly. But wouldn't a barrel be more appropriate?

To the surprise of the pundits, the Stock Market has been going great guns since the beginning of the year. At first no one seemed to know why, but lately such reasons as the lowering of the prime rate of interest as well as the lowering of the discount rate by the Federal Reserve System are cited as some of the reasons. Probably the real reason is that there just is too much money floating around. It must go somewhere, and this being an election year, investors have probably figured out the administration will go all out to make it a good year, no matter what the later price will be. So buy now. Inflation will see to it that price rise takes place even if the government did nothing more. But with the administration anxious to win the election it will definitely do something. So the investors are not gambling as much as most would believe.

SALT OF THE EARTH

How often have you heard of the lecturer who "speaks straight from the shoulder"? Too bad, some of these talks don't originate a little higher up.

Isn't it true that a man who will sit in a swamp all day waiting for the chance to shoot a duck will raise a fuss if his wife has dinner five minutes late?

To be a gentleman these days it takes three generations, or a lucky guess in the stock market.

Isn't it fortunate that politicians are usually paid by the year. If they were paid on the basis of piecework they would starve to death.

New York City's subways are becoming so crowded these days with the reduced schedules that even the men can't get all the seats.

The trouble with these adds: "Do You Want Money?" is that you find out that you either have to work for it or mortgage something to get it.