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"Only what is socially just is economically sound"

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### LADY ASSESSOR'S BOLD THEORIES

The bright light that comes out of the scandal-ridden California tax assessment field is the new tax assessor in Sacramento County, Dr. Irene Hickman. She is a physician and surgeon, author, lecturer, restaurateur, tutor at the Henry George School for 15 years, and member of the board of directors of Statewide Homeowners. She attributes her success to her long equalization battle which resulted in considerable publicity, and to the many speeches given in her area by John Nagy, president of Statewide Homeowners.

Dr. Irene Hickman, by defeating the incumbent assessor of Sacramento County, has placed herself in position to carry out some worthwhile reform of the local property tax. A constant fighter for what is right, her battle took her to court last

September when she filed an action on behalf of the homeowners of Sacramento County. She demanded equalization of assessments and protested a system which allowed valuations ranging from 1% to 37% of market value. In dismissing the action, the Judge said, "If the homeowners are not pleased with the way they are being taxed, they should elect a new assessor". Sacramento County now has a new assessor, and the State of California has its first woman assessor.

During her campaign, she made it clear that she considered her candidacy was merely a step towards the larger objective - removing taxes from improvements and basing property taxes on land alone. However, she "won't institute a sudden change-over, because that would create chaos."

### OREGON ECONOMIST INDICATES AFFLUENT SOURCE TO FINANCE SCHOOLS

Dr. Richard W. Lindholm, Dean of the School of Business Administration at the University of Oregon, in his talk August 25 at the 41st annual convention of the Western Economics Association meeting in Berkeley, stressed the need for a complete restructuring of the property tax.

The speaker called for the separation of the real estate tax into two parts, each of which, he said, belongs to a different level of government where it should be assessed and

collected, with its special assignment for use.

One part of the property tax, namely that which is levied on improvements, belongs rightfully to the local level for the outlay in protection and better utilization (police, fire protection, roads, etc.), while the other part, levied on land, should be collected by the State. Land values are created by society and can justifiably be collected by it. The levies from this

(Oregon Economist - cont'd)

source would allow for allocation of funds needed in the education field, i.e., for primary and secondary schools.

He added that local school districts wishing to expand education beyond State norms could apply additional millage rates to land values developed by the State.

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We refer our readers in this connection to the plan which we outlined earlier in these pages (see May-June 1965 issue) and which follows closely the suggestions by Dr. Lindholm.

It is still our unshaken conviction that the enormous increases in land prices can to a large extent support our schools and thus relieve improvements of the heavy taxation which acts in a punitive manner on the developer and improver.

Our plan, as the readers will recall, envisioned two distinct rates, one for land values and one for improvements, the latter to be limited by law to 1% of market value. The resulting composite rate would decrease as the ratio of improvement over land value were to increase, thus providing a definite incentive to the improver.

The suggestion by Dr. Lindholm to assess and collect the land values tax at the State level is a distinct improvement and refinement of our plan.

#### LAND IS BIG PROBLEM IN U.S.A.

The main reason for the housing slump is the continuing jump in the price of land, the economy's most inflated commodity. The cost of land in and around cities has been rising 10% to 15% a year since 1960, and in some places, such as Los Angeles, has increased close to 20% annually.

Also farm land prices will get another lift via the soil bank program set up in the new farm law. Government will pay farmers to hold

on to land for 5 or 10 years, especially that formerly used to grow corn, wheat, cotton, tobacco. Buyers will have to bid higher to get eligible land. This means a double bonanza for the landowners: yearly payments, plus the near certainty that land held for the longer pull will bring higher prices when sold.

However, the National Association of Real Estate Boards seems to regard high land costs as something benign. An "optimistic" view of a dramatically changing market was presented by specialists at its convention: "For the long term, the picture seen is one of a shifting market, with an increase of 60% in housing expenditures within the decade, accompanied by soaring land values." How jolly! Everything will go up together, including land values which will strangle everything else! (Ref.: Time 10/22/65; N.Y. Times 11/20/65; Wall St. Jrnl. 11/19/65)

#### CHILE UPS COPPER PRICE

The Chilean Government boosted its export copper prices July 1st to 70 cents a pound, an increase of 8¢ over the price set in April.

Kennecott, whose entire Chilean production is sold abroad, declined to comment on how the increase would effect its earnings. (From: Metalworking News, 7-18-66)

#### THE MYTH OF OUR PUBLIC DEBT by R. Powell

It is commonly assumed that future generations will pay the debts our government incurs today. But history shows that the debts of 10, 15, 20 years ago are not paid off. There has been no real net repayment of Federal debt since World War I. There may have been some temporary reduction in the national debt (the payment of matured bonds), but the general trend has been the opposite.

If we include the young adults, we are now the "future" generation which was expected to pay the past debts. We are not paying them---we are borrowing more! In no foreseeable future will the taxpayers pay

all the debt previously placed by our government. Each year, maturing bonds may be retired--in depreciated dollars--but for the most part each obligation so paid has been matched by new borrowings in equal or greater amounts. The increase in such borrowing is inevitably equal at least to the interest earned by the retired bonds, as past experience has shown.

Any serious proposal to pay off all the Federal debt, or even to reduce it drastically, would introduce great financial problems. To mention some of the more obvious difficulties:

- (1) Any sizable increase in taxes would be a grievous if not impossible burden upon the taxpayers and on the entire economy;
- (2) Political advisers have convinced the administration that a reduction in taxes--regardless of the mounting deficit--is beneficial for the country;
- (3) Any large increase in taxes would cause deflation and perhaps depression;
- (4) It is generally assumed that a great reduction in government spending would cause a slump in business.

Disregarded here are the complexities in the field of international relations, especially with those foreign powers who hold our government bonds as backing for their own currency, collecting in the process a sizable amount of interest from the American taxpayers!

We, as a nation, will never have to pay off the debt. But we will be burdened forever with the interest upon this debt. That burden is over \$11 billion a year. The interest each generation has to pay, equals roughly the original amount of the debt at the start, without any increase of the principal!

Since the concept of repayment of the public debt is nothing but a fiction maintained by government in the interest of good public relations with the taxpayers, perhaps it would

be better for the economy to cancel it and thus relieve the taxpayers of the continuous and growing burden.

This could be done by issuing straight non-interest bearing currency. Fiat currency at this stage is fiscally sounder, and better for the country than are fiat bonds exacting interest tribute from all the citizens.

A very large portion of government bonds have been purchased by commercial banks and by the Federal Reserve Bank. These purchases are made principally with created money; government is credited with checking deposits equal to the amount of the bonds. This places the burden on the whole country.

(Condensed and edited from: Physical Economics, March, 1966; Spokane, Wash.)

Dear Editor:

Pleased that you take a strong position against the Vietnam "massacre". Send subscription.

Who would ever have thought America would come down to this?

C. R. B.

#### LAND REFORM AND ARMED REVOLUTION

During recent years in many countries, the "have-nots" have resorted to revolutionary guerrilla warfare in an attempt to overthrow existing regimes and to better their lot. The CURRENT AFFAIRS BULLETIN of March 29, 1965, brings out the importance of land reform in relation to such struggles.

It is pointed out that such guerrilla warfare has its origin in land hunger on the part of the poor and/or dispossessed agricultural workers of the non-industrial (underdeveloped) world. Professor David Mitrany is quoted, saying that "the Russian armies in 1917 were holding the front, but they quickly disintegrated when the peasant soldiers heard that the land was theirs for the taking."

Lenin's genius lay, it is observed, in the realization that the news

of the sudden releasing of "land to the tillers" has feverish impact on the poor peasant, and that the energy thus released is enormous.

To quote the CURRENT AFFAIRS BULLETIN: "On the social plane, 'land to the tillers' is central in revolutionary guerrilla warfare. And it soon afterwards was crucial in Russia. Tschapayev, the Bolshevik guerrilla leader, defeated the White Army along the trans-Siberian railway precisely because he offered the peasants land, whereas the Whites declared their intention of returning it to the old landowners. Mao Tse-Tung, the greatest of all peasant guerrilla leaders, the greatest of all theoreticians of revolutionary guerrilla warfare, understood this perfectly. The Kuomintang (Chiang Kai-Shek) opposed the agrarian revolution, i.e., the redistribution of land. Hence it found no peasant support. Despite the great size of its army it could not arouse the voluntary effort, either of the bulk of the soldiers or of many of the low-ranking officers recruited from small producers, to fight desperately on its behalf.

The application of this axiom to Vietnam is obvious.

#### NOT ENOUGH SIGNATURES?

The unfortunate case of the insufficient number of signatures admitted by the circuit court in Salem on the petitions for the limitation of the property tax to 1-1/2% of market value, has created a bad atmosphere in public relations with our State of-

ficials that can easily backfire in the November elections.

We have even heard threats of a law suit for damages against the Secretary of State because of the misleading information given by him as to the number of signatures required on the petitions.

If the final outcome will be to keep the measure off the ballot, the temper of the voters in the near future will be still more negative than hitherto. Reason will be thrown to the winds, and the most drastic voting attitude can be expected. This would indeed be regrettable.

#### HOPE FOR MINORITY GROUPS?

A Negro friend in Chicago has sent us copies of the Pembroke Eagle, a newspaper devoted to the interests of the Negro community in that neighborhood. A surprise feature in it is a column called "The Needle", the author of which must be well acquainted with Henry George's writings. He points out how much the minority groups could benefit through the application of Henry George's economic principles.

Georgism seems to come into its own after all these years of silence or ridicule, when the Henry George School convention in St. Louis last July could feature as speaker at its banquet U.S. Representative Tom Curtis, Republican from Missouri, and member of the Joint Economic Committee in Congress!

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P.O. Box 03066, Portland, Oregon 97203

Harvey Akeson, Publ.

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Robt. Clancy, Dir.  
Henry George School  
50 East 69th St.  
New York 10021