

Baroque



HENRY GEORGE SCHOOL OF NEW JERSEY

No. 63

J U N E 1 9 6 2

TAX HEARING

In April, Dr. G. W. Esty, as an individual of Princeton, N. J., appeared at a public hearing before The New Jersey Tax Policy Commission and went on record as advocating permissive legislation in this state for untaxing improvements and increasing taxes on land. Mr. Leo Cohen, Chairman of the Oakland, N.J. Tax Study Committee also appeared before the Commission making a similar proposal.

Several newspapers reported these, one quoting Dr. Esty - "A shift from present rigid property tax methods to a graded incentive tax on real estate sites aimed at eliminating urban slums."

Mr. Cohen called the attention of the Commission to The Real Property Appraisal Manual for New Jersey Assessors (two volumes) stating that Volume I deals almost exclusively with land appraisal, and Volume II deals with improvements. He contrasted the exactness of existing, sciences - mathematics and surveying - presented in volume one with the "unsound whims, fancy, personal likes and dislikes and standards of procedures of Vol. II."

These testimonies became part of the report which is to be given to the Governor of New Jersey for study in making his recommendation to the State legislature. Of course it remains to be seen what, if any, consideration will be given by the Governor to the proposal of land value taxation. It may, or may not be mentioned by the head of the State to the legislative body.

Briefly, the bulk of the hearings dealt with a State individual income tax and a State sales tax, with only one other voice heard for just additional taxes.

Any intelligent discussion of taxation must be based upon fundamental economic principles and the undisputed fact that there are but two sources of public revenue. Taxes, like pumps, are not sources. They are but means (machinery) to transfer from source to user.

One source of public revenue is human effort and the rewards of human effort. To tap this source is to discourage and penalize. The other source - natural resources including site or location value

of land and severance value of minerals, oil and timber. To tax this source is to encourage and provide incentive. It is the natural source and should be tapped first for support of government.

This is the sum and substance of what Messrs Esty and Cohen have proposed to the State of New Jersey. It is simple in principle and application, readily understood by those who have studied fundamental economics at the Henry George School. Such persons know that while economy in government, local, State and Federal is in itself desirable, the ultimate effect is to increase land value, prices and speculation in land. Thus the problem of taxation is aggravated. They know also, of course, that both personal income taxes and sales taxes tend toward diminishing returns to individual and to government. Such taxes increase costs, lower production, employment and wages.

However, far too few people have ever heard of, or given any thought to these aspects of taxation. A tremendous tax educational program is needed.

The Henry George School of New Jersey has indicated its willingness to the New Jersey Taxpayers Association and the New Jersey State Junior Chamber of Commerce, through their local chapters, to assist in an educational program via showing of the film LAND..AND SPACE TO GROW, and Tax Seminars.

Could we envision the effect of the Esty-Cohen proposals when the report of the tax hearings are presented to the legislature, if the thousands of voting taxpayers of just these two State-wide organizations understood and endorsed Land Value Taxation?

"SCANT"
FOES OF NEW TAXES

The Newark News, May 10th reports - A "non-partisan, non-political" committee of about 40 persons was organized in New Jersey to oppose state sales and income taxes. Mrs. Bernadette Walsh of Jersey City, organizer of the group is out to obtain five million signers of a petition to be presented to the legislature. She says "We're just a group of citizens fed up to the teeth with taxes, and it has to

stop somewhere - 500 million a year is enough to run the state." This group is to be known as the State Committee Against New Taxes, or SCANT.

They have received the endorsement of the Hudson County Chapter of Young Americans, for Freedom and promised the co-operation of St. Peter's College Conservative Club.

The John R. Longo Association is also reported to be another group against sales and or income tax. It claims it will "dispel the climate that has been deliberately created that there appears to be little public opposition to the imposition of a broad base tax in the state." End of newspaper report.

Comment: Here then are groups which will endeavor to block new taxes. It may be this action will give us time to educate for an alternative change in the tax structure. We ought to take advantage of it.

THE INTELLECTUALS VS THE POST OFFICE

H.R. 7927 is causing quite a furor in cultural circles. This bill is designed to raise an extra \$50 million in postal rates from magazine publishers, who claim the increased rates would put many of them out of business.

The intellectuals are up in arms. Well known names as THE ATLANTIC MONTHLY, HARPER'S and THE SATURDAY REVIEW may fold. The Post Office Department claims the magazines have been getting a subsidy for many years as the rates do not cover the costs of handling such mail. But the intellectuals contend that in comparison with radio and TV there is no subsidy for radio and TV stations pay nothing for the valuable privilege they possess of using the airways. It is true, of course, that the airways have been terribly mal-administered and the Georgists have been fighting for years to rent the airways to the highest bidders. However, two wrongs don't make a right. The fact that TV stations are subsidized is no reason for subsidizing magazines.

It is rather strange that the intellectuals are very intellectual apparently they are not intellectual enough to realize the core of this problem. It is that the postal service is a socialized service, and the publishers have no competitive postal services to which to turn in order to get the rates they want.

It is a bit ironic for some of the publications facing oblivion are magazines as THE NATION and THE NEW REPUBLIC. These magazines have long been in the forefront with proposals to socialize industry. Now they are up against precisely what the devotees of free enterprise have been pointing out for years, and that is that socialism results in decreased production, stagnation and loss of freedom. In this instance the decreased production hits home for it will be the cessation of these magazines.

Naturally, intellectuals do not appreciate this. All they see are higher postal rates, and what they want is that their little subsidy be continued so they can spread "culture" among the ignorant masses.

If they would review the history of the post office, they would find that there was a time when it was relatively efficient. That was in the middle of the 19th Century, when it had the competition of private postal concerns. Up to about 1860, private companies were permitted to carry mail. Their competition forced the post office to adopt many of the improvements in service which these private entrepreneurs introduced.

The intellectuals might note that it was the private dispatch companies which forced the post office to reduce its rates on letters. In 1845, before the envelope was introduced, the charge was 8 1/2 a sheet. The private companies reduced the rate for a single sheet and nothing for a second or third sheet. This forced Congress to slash the post office rates.

Unfortunately for all of us the private companies did too good a job, with the result that the post office was in danger of being put out of business. But the politicians could not tolerate this as it was too convenient a device to reward the faithful for services rendered. Thus, the competition had to be eliminated. So in 1860, thru a legal device, the private companies were forced out of business.

Once competition was eliminated, the department entered upon its dreary record of obsolescent equipment, inefficiency and terrible service. There is only one good thing to be said about it. It is that it is a perfect example in our own country of what happens to an industry or service when it is socialized. As it is owned and operated by the government it is a socialistic service. And just as the socialized telephone and electric power systems of European countries are poorly run, so our socialized postal system is badly run.

If the intellectuals really want to solve this problem let them campaign for the return of the postal service to private enterprise. It could be very easily accomplished and with many of our postal companies, the magazines could pick and choose the one they want.

To accomplish this end, there could be a transition period of five to ten years during which time the post office could be sold and the money used to take care of a program of retirement and dismissal of the present post office employees so as to cause as little harm as possible to these people.

To a Georgist it may seem a minor matter that the postal service is socialized in comparison with the private collection of economic rent. However, the basis of Georgism is private enterprise and indi-

vidual initiative carried out to the nth degree. Therefore, the restoration of a service to the field of free enterprise is part of the fight. And in the fight, it may be possible to get people to focus their attention on the land and the proper method of treating it.

There are many paths to Rome. There are many paths to freedom. Let's not neglect any of them.

Oscar B. Johansen

SENSE AND NONSENSE

Did you know that those on government pay-rolls (Federal, state and local) now outnumber the farmers?

The Lord's Prayer has 56 words. Lincoln's Gettysburg Address has 266. The Ten Commandments have 297. The Declaration of Independence has 300. But a government order setting the price of cabbage has 26,911 words.

A letter writer to one of our dailys points out that the government does not want high prices. It does not want low prices. And it does not want equal prices, which leaves him speechless. His warning is that Big Business beware--Little Brother is watching.

Did you know it takes a baby two years to learn to talk, and then about 50 years to learn to keep his mouth shut.

There is an anecdote going the rounds in Soviet Russia today. It seems the Russians have discovered that Adam and Eve were Soviet citizens. How did they know? Pure deduction. They had no clothes to wear; they had only one apple between them, and they thought they were in Paradise.

Patriot: A person who wants the Reds out of the Government and the Government out of the Red.

Did you know that a man pays a luxury tax on his billfold, an income tax on the stuff he puts in it, and a sales tax whenever he takes anything out.

We just read that credit is much like a rubber band. It will s-t-r-e-t-c-h just so far before it will break, and then it's liable to snap back and hit you. It's something like booze; a little doesn't bother anyone who can take it or leave it alone. But too much can ruin you.

The Peace Corps idea is catching on. It is now suggested that other nations set up Peace Corps. A letter writer agrees. He suggests that Germany send one to the U.S. to teach us how to stabilize our currency, balance the budget and stop the gold outflow. Of course, one difficulty is that the members of a Peace Corps are supposed to live like natives. If those in a German Peace Corps live like us by the time they return to Germany they will be so much in debt and have contracted so many socialistic ideas that they will become a corrupting influence on the German people, so maybe for the good of the Germans, they had better just ignore the suggestion.

It is reported that Castro is starting a new economic policy. He is now going to let peasants have medium sized farms which will be operated by themselves for profit. Communism won't work, so he is calling upon Capitalism to save him. Reminds one of the New Economic Policy of Lenin. As a result of communism, in the early 1920's conditions in Russia became so bad that Lenin established a new policy which was that people would operate small farms and small businesses for private profit. The revival in conditions proved that superiority of capitalism, even restricted as it was, over communism. Of course, the Communists did not allow it to continue, for if they had, they would have lost their power. When conditions were sufficiently improved, they abolished most of the rules permitting this enterprise and Russia promptly went back to her starvation economy. Maybe, tho, they learnt something, for today in Russia they do permit the peasants to have a certain amount of land for their private use. It is reported this small proportion of land devoted to private cultivation yields a major portion of the food the Russians consume.

If Castro's smart, he'll continue to increase the field of capitalism, but judging by his past actions it would be a foolish man who would depend on it.

It is reported that a Cuban defector upon landing in Florida made a bee-line for the nearest barber.

THOMAS ROMAN

I am often astonished with many small miracles of coincidence. On the same day that I called Mr. Roman, of North Arlington for an interview, he had read in his local paper, under the heading "21 Years Ago in 'The Leader'", the following: "Thomas Roman, former North Arlington councilman, received a diploma in graduation exercises held at the Henry George School of Social Science."

Roman was selected as spokesman for the two hundred seventeen graduates participating in the ceremony. Other local graduates were Mr. and Mrs. Stanley A. Stark, E. O. Emerson, Virginia L. Harvey, Robert Torrence, and Lily Welandere. The course completed was "Fundamental Economics and Social Philosophy."

Discovering that we were members of the same group, we reminisced regarding this class led by the well-remembered George Winne, way back in 1941. There were more than forty of us. And in the first issue of THE GARGOYLE this little series of personalities was tentatively begun with a profile of the above mentioned Lily Welandere and her husband.

Mr. Roman told me, that he has continued his interest in our work. He has informed his family of the economic principles suggested by that diploma; and he has used the material to the extent that he could in his relations work. And so, here is another of our not-so-silent

friends.

Mr. Roman and his wife, Mary, have always lived in the area of North Arlington. They have four children and five grandchildren. He was at one time a sports enthusiast, particularly of swimming and golf.

But he has been occupied of recent years in business and public activities. He is on the board of elections of Bergen County, vice president of the Library Board, a director of Kearny Federal Savings and Loan Association, past commander of the American Legion.

He is vice president of the Ampere Businessmen's Association and president of the Worthington Ampere Employees' Credit Union.

According to a profile of him two weeks ago in THE OBSERVER of Kearny, he started with Worthington Corporation in Harrison and rose rapidly through various assignments.

In 1935 he was transferred to the Ampere Works as Manager of Manufacturing. He is now Manager of Employee and Community Relations. This work involves him in leadership in the Y.M.C.A.; he is a trustee of Worthington Ampere Supervisory Club, and vice president of the Industrial Management Club.

He finds time, in addition, to be the editor of the monthly Worthington News letter, and is regularly moderator for panel discussions. He is busy with other matters pertaining to relations work. It only goes to prove once again that the busiest man is the one most economical with his time.

I am happy to hear that he constantly uses his economic knowledge obtained through our school. And so our influence widens in ways often unsuspected by us. But occasionally it is encouraging and heartening to hear of it from friends like Mr. Roman.

Virginia Harvey

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SALT OF THE EARTH

Conservative: One who refused to get a color TV set until he has finished the payments on his stereopticon viewer.

Progressive: One who runs out to buy a color TV without waiting to see whether or not electricity is here to stay.

Cash Register: Jack in the Box.

Failure: Path of Least Persistence.

Dividend: Percentum, per annum, perhaps.

Supermarket: A place where you travel farther than your money.

During WW II, when food rationing was in effect, point values were: Brains 3 points; Tongue 6 points. This is just about the usual ratio.

What this country needs is a vending machine that will honor credit cards.

Radio may be old-fashioned, but then at least it can never be accused of showing an old movie.

CHECK LIST

June 21st Banquet - Governor Clinton Hotel, New York. 6:30 social hour - Harry Golden speaker. \$6.00 - Send your reservation NOW direct to Henry George School, 50 East 69th St., N.Y.

Activities and progress of the Henry George Schools summarized in the 1961 Annual Report. Copy may be obtained from school office - also available 1962 Catalog of publications of the Robert Schalkenbach Foundation.

Combined conferences Henry George Schools and Henry George Foundation Chatham College, Pittsburgh, Pa. July 11th - 15th. Plan to attend.

Have you seen LAND, AND SPACE TO GROW? If not, better see it - then contact a group to include it in their program.

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