

# TAXPAYERS DIGEST

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IMPORTANT

BREAKTHROUGH IN CONGRESS

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All advocates and supporters of the idea of land value taxation should feel greatly encouraged by the first major breakthrough in this field in the U. S. Congress. We refer to the Report of the Joint Economic Committee on the January 1964 Economic Report of the President, a committee publication we consider of great importance. It is being carefully read, studied and scrutinized far and wide, and especially by those who are in any way responsible for carrying out the explicit and implicit commitments of the Employment Act of 1946.

The chairman of the Joint Economic Committee, and head of the majority opinion, is Senator Paul Douglas from Illinois. Senator Douglas, as our readers will recall, was quoted in these pages (T.P.D. of July-August, 1963) from a television program answering to a question from our friend Noah Alper of St. Louis, Missouri. Senator Douglas showed full awareness of the problems underlying and connected with the economic values of land and its monopoly position in our economy. We now quote from page 13 of the Committee Report, under the heading "Housing and Community Development":

"Coordination in housing and community development programs is lacking in one critical area, notably the myriad methods of taxing real property. The State and local governments have failed to make maximum use of the enormous potential inherent in the property tax for either the prevention or the cure of poor housing and other blight conditions. In fact, since the tax is based on the value of land and improvements, those who permit their property to deteriorate, reducing area property values, are rewarded with lower property taxes. Landlords who enhance the value of their property have their assessments raised.

"We do not undertake to suggest what would be a proper method for a State or local community to tax the property of its citizens. We do recommend, however, that a model, uniform property tax code be drafted, which would encourage, rather than discourage, the best economic uses of land."

We fully realize that this is only a very faint sign on the horizon, but we hope that it indicates a small but definite beginning of the trend.

One possible way open to Congress could be to insist that States and communities which are plagued with urban blight conditions, institute certain taxation reforms before Federal matching funds or grants are allocated for urban renewal projects.

It should not be difficult to draft a "model, uniform" property tax code, because there are already in operation at least two plans in the U.S.A., one in Pennsylvania and one in Hawaii. The one in force in Pennsylvania provides for cities to option for differential tax treatment of land and improvements, with up to 50% relief on improvements, while in Hawaii the measure is state-wide and will bring a 60% relief on improvements, to be reached in steps over a period of from 12 to 20 years, depending on the governor's attitude and action. Owners of idle or under-used land are now definitely put on notice that the era of easy profits for nothing in return may soon come to an end. Speculators in the Florida land boom and elsewhere, take notice!

Much work remains yet to be done to convince our peers that there is more to this whole problem of land value taxation than just a few measly fiscal measures. It is fundamental in the battle against our economic and social weaknesses, in our fight against poverty and unemployment. If land value taxation were carried out to the fullest, our multitudinous problems could be reduced to manageable size.

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OUR READERS WRITE...

Dear Sir:

Enclosed one dollar for a year's subscription. I was given a copy at the Social Security Club and liked it very much. I will try to get others interested in this.

Sincerely,

Mary A. Read, Portland, Oregon.

To the Editor:

The elected representatives of the people are our only hope for forcing direly needed economic government. If private enterprise can profitably operate at 1/5th less than the estimated cost by a government agency, as was the case in the Lane County dam construction, a much tighter rein on the tax purse strings is indicated. The U. S. Government Engineers estimated the cost at over \$15,000,000. The successful bidder, a Portland firm, had estimated the cost to be \$12,000,000. The answer is plainly for less government service. Everywhere possible the work should be contracted out to our resourceful private entrepreneurs.

This is how the highways, public buildings, etc., are built---in all but one respect, the most important one, namely: location. This, too, it seems, could be contracted for. Private planning consultants can and do analyze economic and social forces and fairly consider the needs of all involved. They must, of course, be required to post a Performance Bond just as construction firms do. This should eliminate much disagreement and grief with irate citizens groups being formed in order to get an autocratic government agency, such as the Highway Commission, to listen to the needs of the people with sometimes the ridiculous result of highways being built in the path of least resistance with little or no planning for economy or future requirements.

When legislators fear to vote negatively on highway issues because of possible retaliation on road maintenance and construction in their jurisdiction, it is time the people themselves look a little closer into the matter.

Sincerely,

Helen Solem, Hillsboro,  
Oregon.

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## IN AMERICAN DEBTS

10, the Latin-American nations had a combined foreign debt of \$10 billion. The debt more than doubled in five years, rising to \$3.6 billion in 1955. By 1962, it rose to \$9.7 billion. As a result Latin-America had to spend \$1.2 billion in that year for debt service. By 1965 the yearly payments due for principal and interest are expected to reach \$2.2 billion. That is more than Latin-America receives in a year through its only source of large-scale foreign aid, the Alliance for Progress.

A large portion of the national debts since 1958 consists of short-term obligations that are rapidly falling due. How much longer can this irresponsible muddling last?

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## OUR LAND AND RESOURCES

We have stated in the past, and shall continue to express our views concerning give-away largess by our State government in regard to our own natural material resources. The Boardman deal of the recent past is a point in question. It is certainly the prevalent conviction of the majority of Oregonians that these resources belong to all of us. How can we, then, bring such conviction to bear on practical problems in all fairness to the parties concerned? The practical problem involved is to let private enterprises exploit these resources to the best economic advantage and strict non-interference from the side of the general public.

All that is necessary is to make the private enterprise that wants to use these resources, pay for the economic advantage that the resources afford. Such payments are made now by private enterprise to owners of resources who do not themselves use them or operate their exploitation.

But neither do these owners provide any of the services that make particular sites valuable.

The State contract with Boeing gives the latter the right to sublease any part of the land they are renting from the State of Oregon for \$60,000 yearly, with the stipulation that the rentals for subleases are to be shared with the State on a 50-50 basis. On the face of it this looks like a good deal for the State. But on closer analysis, it turns out to mean that Boeing could sublease and receive in rentals either the equivalent of its own rent payment or even some amount in excess of it, so that it will have the use of the remaining land for nothing or even at a premium to itself.

We find such an arrangement very objectionable. Instead of getting all the land is worth economically, now and in the future, it has actually been given away for much below its economic value.

It is interesting in this connection to notice the resource policy in the Canadian province of Alberta. There, the oil companies pay to the provincial coffers royalties for the exploitation of the oil resources. The same applies to other mineral exploitations. This Canadian province has an enviable fiscal position, and is even able to offer new industries investment funds out of its royalty income. The oil companies and other private enterprises using the resources are doing a fine business and do not seem to have any objection at all to the royalty arrangement. They are private companies and are perfectly willing to pay equitable royalties to the provincial government for the right and the economic advantage to exploit these resources.

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QWERTYUIOP

He who laughs last probably had to have it explained.

Portland, Oregon March 2, 1964.

Hon. Maurine Neuberger,  
Senate Office Bldg.,  
Washington, D.C.

Dear Senator:

News media say that you were the only member of the Oregon Congressional Delegation who voted against the recently enacted Federal tax cut. It would be of great interest to us to be made aware of your reasons for this stand.

May we state that we are on record as having grave doubts that the tax cut will accomplish the desired result, namely, to stimulate the economy on a lasting basis. It is our considered opinion that the economic advantage of the tax cut will in time, at the most within two years, be absorbed by price increases, meaning, price inflation, starting in the basic raw material supplies industries: iron ore, oil, timber, as well as land generally (see especially the Florida land boom).

Personally, we welcome, of course, the greater spending possibility of the tax cut, but at the same time regret that low income earners of the non-tax paying class cannot benefit in the same direct way.

Yours faithfully,

T. P. D.  
Erick S. Hansch

United States Senate,  
Washington, D.C. March 9, 1964.

Dear Mr. Hansch,

I voted against the recent tax revision bill for two major reasons. First, the legislation had little in the way of reform or loophole closing. Second, I believe that the resultant reduction in Federal revenues will be used as an excuse for sidetracking many of the beneficial basic social welfare and education programs needed by Americans.

For instance, I fear that the anti-poverty campaign will be blocked on grounds that we are too poor

to undertake such an effort.

With best wishes, I am  
sincerely yours,

Maurine B. Neuberger  
United States Senat

# AMERICA STANDS TO LOSE ITS DEMOCRACY

The recent proposed revision of the constitution put together by ex-governor Holmes, ex-governor Sprague and the rest of the committee is a direct threat to the initiative and referendum, and to the direct primary in Oregon. Such conservatives as Lawson McCall, a candidate for secretary of state, also want the elimination of the State Board of Control. They stand for the elimination of all elected offices at the State level except governor and secretary of state. And these are to be elected at the same election. This surely would enable the moneyed powers such as the ones who furnished Governor Hatfield with \$125,000 campaign expenses, to control the State government appointees.

Such methods as these enabled Hitler to gain control in Germany. Think what would your taxes have been if the referendum to kill the tax bill had not carried!

Bill Brosy

Candidate for Representative in  
the North District

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