

# Insight . . .

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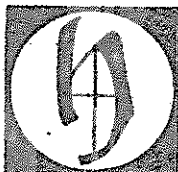
We began our High School Program - Interstudent - in the Spring of 1970. Rapidly, we found there was a need for our particular combination of expertise.

Teachers already were changing from the 'read, remember and regurgitate' system to various inquiry methods, but an obstacle to progress was the inability of most students to follow a line of reasoning. Where logical process had been taught, there seemed a failure to relate the academic to the practical. In any event, many teachers seemed to regard the social sciences as more social than scientific - an opinion reinforced by most textbooks available for high school and college use.

To large extent the social sciences had reformed into specialized history courses. The student tended to learn how something was discovered - and by whom - when scientific teaching would have concentrated on understanding of the discovery and its relationship to other discoveries. Yet, this path would have to assume the possession of basic skill in scientific method which is a high class phrase for intellectual troubleshooting. Such methodical habits of inquiry are best ingrained in grade school but are not. The high school teacher faced with the need to re-work the students' education from the beginning abandons 'science' and the disciplines are gathered under the innocuous name of "Social Studies".

The Los Angeles Henry George School's "Classical Analysis Mini-Courses" combined the teaching of basic social science concepts with the more ancient techniques of the medieval Trivium and the probing questions of Socrates. Their use enabled teachers to provide the missing basics of social science in a pressure situation that developed the vital skills of scientific inquiry and communication. This is why the Program achieved in this 2 years more than 8,000 high school completions in California and why interest has been sparked across the U. S. and in other countries. The limited experiment has burst out of the laboratory and is ready for widespread use. For more information and why (if you are a social studies teacher) you're getting INSIGHT turn to the back page.

Harry Pollard (President)



Founded 1935

**HENRY GEORGE SCHOOLS OF CALIFORNIA**

Los Angeles

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# comment

"EXPERIENCE SHOULD TEACH US TO BE MOST ON OUR GUARD TO PROTECT LIBERTY WHEN THE GOVERNMENT'S PURPOSES ARE BENEFICIENT."

(Former Supreme Court Justice Louis Brandeis)

## PROPERTY TAX RELIEF FOR CALIFORNIA? NOT SO ELEMENTARY, MY DEAR WATSON!

Claiming fast, fast, fast relief for property taxpayers, L. A. County Assessor Phil Watson asks that voters swallow a large tablespoon of his property-tax limitation medicine at the November polls. Watson claims that homeowners and renters alike will reap huge benefits from his Proposition No. 14 which will limit property taxes to 1% of true value. The Assessor's supporters claim that the increase in sales taxes to 7 cents per dollar, the increase in cigarette taxes from 10 cents to 20 cents a pack, the increased liquor taxes, and the sizeable increases in income taxes will sooth the financial irritations of all and sundry, and supply additional funds for public services.

There are some dissenters. Bryan Stevens, a member of the Board of Directors of the California Teachers Association, states: "Not only will the Watson Amendment achieve a massive tax increase to middle and small-sized homeowners and all renters, and tax reductions for oil companies, land speculators, downtown property owners and large corporate farms, but there will be insufficient funds to pay for schools and other vital public services if the Watson Amendment passes."

## EFFECT ON OILERS

Watson supporters point proudly to the inclusion of a severance tax in Prop. 14. Opponents assert that oil companies will still save a good many millions of dollars in taxes on their property taxes, especially since all oil company property tax payments will be deducted by the amount of any severance taxes paid.

Watson also claims that Prop. 14 will greatly increase insurance taxes to be paid by some insurance companies due to the shift in insurance company taxation from gross receipts to ordinary income. Detractors note that the shift to ordinary income tax payments will mean that the insurance company industry as a whole will pay a total of \$150,000,000.00 less each year in taxes, if Prop. 14 passes, according to a report of the California Assembly Revenue and Taxation Committee!

## CIGARETTE BOOTLEGGING?

Prop. No. 14 supporters assert that much new revenue will be collected from "luxury" taxes on tobacco and liquor. Opponents claim that tobacco revenues will actually decrease due to expected cigarette "bootlegging", such as occurs in New York City where a tax of 20 cents a pack is levied. The FBI has estimated that over \$1,000,000.00 a day in cigarettes are "smuggled" into New York to evade the exorbitant local levy, costing New York State about \$50,000,000.00 a year in revenues. Public officials have stated that there is no doubt that the Mafia is involved in the cigarette smuggling operation.

The argument as to whether tobacco and alcohol are truly luxuries has been going on for two centuries. The famous Edward Burke claimed that George III's use of tobacco, alcohol and other consumer levies was necessary to keep down property taxes. Tom Paine, however, claimed that the consumer taxes only reduced taxes on the great estates of the Dukes and Earls. In his book, "Rights of Man", Paine wrote: "When taxes are proposed the country is amused by the plausible language of taxing luxuries. . . The real luxury does not consist in the article, but in

the means of procuring it. An overgrown n estate is a luxury at all times, and as such is the proper object of taxation. If Mr. Burke can prove that an estate of twenty, thirty or forty thousand pounds a year is not a luxury, I will give up the argument."

#### PROPOSITION 14 CONTRIBUTORS NAMED

There were few well-known contributors in 1971 to the campaign to put Prop. 14 on the ballot. Outstanding donors to the Watson bill were Union Oil Company, the California Real Estate Association, the California Farm Bureau, and Ben Weingart, part owner of the Consolidated Hotel chain. However, Prop. 14 does so many good things for so many well-padded individuals that it should merit heavy financial support in the last minute drive before election day.

According to the Assembly Revenue & Taxation Committee report, Pacific Telephone will pay \$57,563,000.00 less taxes each year if Prop. 14 passes, Pacific Gas & Electric will pay \$46,625,000.00 less every year, Southern Pacific Railroad will pay \$10,359,000.00 less every year, and Lockheed will save \$10,800,000.00 every year in Los Angeles County alone, if the Watson proposition succeeds. Also, Standard Oil will pay \$8,000,000.00 less taxes in Contra Costa County alone if Prop. 14 wins, and IBM will pay \$3,000,000.00 less in Santa Clara County alone.

Watson supporters bring out the fact that under the new bank tax system set out in Prop. 14, banking institutions will have to pay a high 11.0% tax rate. Inasmuch as banks now have to pay on a rate of 11.6%, this change should not be too much of a bother to them.

It is obviously difficult to determine the

effect of Prop. 14 on the average homeowner. So much depends on how many clothes and shoe consuming children the homeowner has, whether he intends to buy an auto, and speculative consumption factors. The following diagram may help some.

HOW DOES THE WATSON AMENDMENT AFFECT THE TYPICAL MARRIED HOMEOWNER WITH TWO DEPENDENTS?				
Property tax relief:				
Gross annual income	\$ 5,000	\$ 7,500	\$10,000	\$17,500
Market value of home	15,000	16,000	20,000	30,000
Probable property tax reduction	98	107	139	221
Amendment's tax increases:				
Sales tax	44	62	78	112
Cigarette tax	30	30	30	30
Liquor tax	6	8	10	15
Indirect tax increases:				
State income tax	--	1	2	5
Federal income tax	--	7	11	23
Income tax increase: (assumes rates doubled to cover \$1 billion plus deficit)	--	70	129	435
Total increases in taxes:	80	178	260	620
Net savings(loss) to homeowners:	\$ +18-	\$ (-71)	\$ (-121)	\$ (-399)
Source: Excepting the "Income tax increase" line, the information was compiled by the Statistical Research & Consulting Division, State Board of Equalization, May 16, 1972.				

As far as the approximately 50% of the population who rent, a large portion of them do not vote, and therefore they are not worthy of undue political consideration. Relative to the claim that renters do nothing to pay for schools and other public works, we need only scan the classified adds which set out as added attractions, "Only 2 blocks from school", "near all schools", "1 block from High School", "2 blocks from freeway", "Near San Diego Freeway", etc., etc. If the renters don't pay for the public improvements in increased rentals they must have some terribly incompetent businessmen as landlords.

#### CHET HUNTLEY'S ROAD TO RICHES

Although the Chet Huntley-David Brinkley TV combo may have been split up by Chet's desire to spend more time on his ranch resort, we still hear the dynamic Huntley voice regularly on radio, pleading against attempts to force govern-

ment into areas in which it has no right to invade. Recently Chet has been attacking "extreme environmentalists" who have been seeking to have the government spend money to clear up our air and water resources, a dangerous unnecessary expansion of government, according to Chet.

Last month U.S. Secretary of Transportation Volpe announced that his Department would pay a \$1,000,000.00 subsidy for a 6.7 mile road leading to Huntley's privately developed Big Sky golf and ski resort in Montana.

Good night, David. Good night, Goliath.

### A VOICE FROM YESTERDAY

On June 17th, 1970 President Richard Nixon stated: "I will not take this nation down the road of wage and price controls, however politically expedient, that may seem. Controls and rationing may seem like an easy way out, but they are really an easy way into more trouble - to the explosion that follows when you try to clamp the lid on a rising head of steam without turning down the fire under the pot. Wage and price controls only postpone a day of reckoning and in doing so they rob every American of a very important part of his freedom."

### COMMUNITY REDEVELOPMENT SWEEPS LOS ANGELES COUNTY

Spreading like measles in a kindergarten class, Community Redevelopment plans are being applied in one city after another, to the delight of downtown property owners and prospective developers, and to the despair of other property taxpayers in the community who will have to pay higher taxes to make up for the statutory freeze of property tax rates within the Redevelopment area until all Redevelopment debts are paid off.

Arcadia is the latest city to jump on the Redevelopment bandwagon, with a proposed project area to include all of the

Santa Ana Racetrack property, including the proposed Fashion Park shopping center, and other centrally situated industrial and commercial areas.

Jack Saelid, leader of opposition to the Community Redevelopment Agency plan, argued without success to the Arcadia City Council: "Any thought of diverting tax revenue from Fashion Park into the redevelopment fund through tax increments financing would, in my opinion, be ample justification for a taxpayer suit against the city on the basis of promises made to the citizens during that (Community Redevelopment) referendum campaign."

Assistant City Manager Lew Pollard, defending the proposed plan stated that Arcadia would receive "millions of dollars in improvements" through the project.

### Broadway - Hale Strikes Gold In Glendale

In Glendale, Community Redevelopment opponents are reported planning to support anti-Redevelopment candidates for the City Council next year, in an attempt to stymie the Glendale CRA plan under which 57 acres composing the heart of the central business district, will be handed over to Broadway-Hale, with frozen tax rates until full payment of all Redevelopment charges.

In El Monte 155 families are to be removed from their homes in the area of Santa Anita Boulevard near the San Bernardino Freeway, so that the 16 acres involved can be used for construction of a 250 room motor hotel by the Sheraton Hotel chain.

In Temple City 108 dwelling units, consisting of 27 apartments and 81 homes, at the intersection of Rosemead and Las Tunas Drive, on a 23 acre site, are to be removed under a Community Redevelopment plan so that a K Mart Discount Store may replace the homes found

undesirable by the City Council. The whole project will involve 69 acres, but the K Mart Discount store site is a key area.

### Dissent in San Gabriel

In San Gabriel a 2-2 deadlock on the City Council on Community Redevelopment brought about plans for a voters' referendum on a plan to evict 900 of the city's 30,000 residents so that a shopping center may be built between the San Bernardino Freeway and Valley Blvd., Del Mar Ave. and Jackson Ave.

Mexican-American residents of San Gabriel charged that this area had been selected because of its predominately Latin ethnic makeup. Denying this claim, Councilwoman Helen Kennedy said: "I don't think the ethnic makeup has anything to do with it. It's just that all of the developers want to build near the freeway for commercial reasons."

In the City of Rosemead, where 511 acres on the south side already have been designated by the City Council as a redevelopment project with 150 families to be "relocated", City officials are ignoring recall threats in seeking to establish a second redevelopment project in, including the Rosemead Square, a 27 acre shopping center near the San Bernardino Freeway.

Community Redevelopment proponents claim that the forcible removal of homeowners and the freeze on tax payments of Redevelopment developers with resulting greater tax loads on other taxpayers, are essential to keep up downtown land values. They assert that free enterprise "cannot do the job" because land values are too high in our urban downtown centers for developers to buy out owners of underdeveloped property, and they claim because such areas have improvements of little value, they return little in the way of taxes on their extremely valuable land. CRA supporters decline to apply the axe of property tax reform to cut the Gordian

Knot of too low tax returns on invaluable land by reason of minimum improvements. Instead, they are attempting to untie the Knot with Government-aided purchase of downtown property, freezing of tax rates, Government clearing of the site, and sale of the cleared sites at low prices to chosen developers. And despite the admission of Housing and Urban Development head George Romney that the urban redevelopment plan has been a failure, and has only artificially inflated downtown land prices, his underlings continue along their chosen paths, with strong support from wheelers and dealers of every political persuasion.

### HARVEST TIMES ARE HAPPY TIMES

Most of us may be having economic troubles, but there's good times down at the farm. Total net farm income is estimated at a record \$18.4 billion this year, 14% over 1971. Farm land is selling for an average of 8% over 1971, according to the Agriculture Department, as farmers seek to expand operations. Since California agriculture is heavy in livestock and low in subsidized wheat, net income in this State will only increase to about \$1.46 billion from \$1.18 billion.

Within 2 months after the Russian grain export deal was announced, wheat increased about 70 cents per bushel (45% increase), and corn prices increased about 25 cents per bushel, or 15%. (INSIGHT was the first publication we know of to prophesy that the Russian grain deal would hit Americans two ways, partly in paying higher prices for their own reduced flour products, and secondly through higher taxes because of the export subsidization expenses.)

Now the grain exporters who cleaned up so handsomely in the Russian deal are seeking an income tax ruling from the Treasury Department. The question is whether exports coming under the government subsidy program, such as the the Russian deal, can claim bene-

fits under the Domestic International Sales Corporation which allows deferment of taxes on half the profits earned from exports.

In the meantime, our nomination for Gambler of the Year goes to former Assistant Secretary of Agriculture Clarence Palmby. Just prior to going to Russia to lead the U. S. agricultural negotiating team, Palmby paid top price for a deluxe cooperative apartment at 45 Sutton Place, New York, giving as references four officers of Continental Grain Co. When Palmby returned from Russia with the deal finalized he immediately resigned from the Department and became a lucrative position with Continental.

By a strange coincidence Continental became the biggest beneficiary of the Russian trade, selling the Russians 187 million bushels of wheat, and over 4.5 million

tons of feed grains.

Explaining why he invested in such an expensive apartment while still working for the Government, Palmby stated: "Mrs. Palmby and I both realized there was a gamble as to when we might occupy the apartment, but we both had absolute confidence that I would successfully and gainfully continue my career in the private international trade sector."

Explaining why he gave the names of the four officials of Continental as references when he applied for the apartment, Palmby said: "To minimize the risk of premature publicity I chose as my personal references the persons all in this one company, from which I had an offer of employment."

It's this type of rugged individualist gambling that made this country great.

## Land Use Reform Upcoming in California

WHEREAS, It is desirable to reduce urban sprawl and to conserve recreational, scenic, and arable land, the preservation of which is vital to the protection of the quality of life in California; and

WHEREAS, This could be more effectively accomplished if society were to achieve a greater compaction of its urban areas through a more intensive utilization of undeveloped and underdeveloped urban site land; and

WHEREAS, By its very nature, the property tax, as it operates in urban core area, discriminates in favor of the preservation of old structures and against the erection of new structures and acts as a monetary inducement and encouragement to the residential and commercial development of low-cost, non-urban lands, and, therefore, to the aggravation of urban decentralization and sprawl; and

WHEREAS, Unrestricted expansion of urban population into the suburbs increases the cost of government, since the

government is required to provide transportation, fire and police protection, education, sewage, water, drainage, park and recreation services, which are costly to provide and which often experience only partial utilization; and

WHEREAS, The development of low-cost land peripheral to urban areas tends to force assessors to increase non-urban land appraisals in order more accurately to reflect potential patterns of land use; and

WHEREAS, The impact of increased assessments of non-urban land generates financial pressures upon local government to modify or revoke land-use plans and restrictive zoning ordinances, and, as a consequence, to force farm land onto the market for real estate development and out of agricultural production; and

WHEREAS, The economic affluence of many families has created a rising demand for residential and recreational housing in areas normally reserved for

scenic and recreational purposes or for agricultural production; and

WHEREAS, The economic power of buyer-demand, when exploited by real estate promotion, poses a serious and growing threat to the state's limited and diminishing acreage of arable, recreational, and scenic land; and

WHEREAS, The economic forces of market demand and property taxation, by virtue of their individual and reinforcement effects, are contributing to the rising costs of local government, the decline of the core area of our cities, and the destruction of the quality of the natural environment through their encouragement of inappropriate uses of land, the nation's most valuable resource; now, therefore, be it

*Resolved by the Senate of the State of California,* That the Senate Committee on Natural Resources and Wildlife review the potential advantage to society of the utilization of land value taxation in conjunction with land use planning and zoning to achieve socially and economically desirable land conservation and land use.

State Senator Albert Rodda's Resolution #74 wisely seeks to make good land use profitable

## DUMPING - A NEW INTERNATIONAL CRIME?

The complaints filed early this year by Magnavox, Zenith, and the Electrical Workers' Union to the Treasury Department against the importation of Japanese TV sets on the grounds of illegal "dumping" has been followed up by a long series of complaints about low cost imports of tires, electronics, etc.

Just as the U. S. Domestic International Sales Corp. subsidizes the sale of American products abroad at prices lower than American prices, numerous foreign industrial nations also subsidize exports to America at prices considerably lower than that paid by the folks at home. If American competitors feel that sales are being made "below cost", "cost" being a nebulous phrase at best, Customs and Treasury officials can find sales to be either legal or illegal depending on what percentage of overhead and administrative expense they estimate should be charged against each article. Lately they have been making rather harsh estimates.

Magnavox's complaint charged that low-priced imports eliminated 26,400 American jobs in 5 years. Besides the TV complaints, charges of dumping have been made against imported radios, tape recorders and other electronic products from Sony, Panasonic, and other Japanese manufacturers, and heavy "unofficial" pressure has been exerted to cut future imports. Magnavox claimed that direct aid from the Japanese Government amounts to 9.7% of the total price, and that together with indirect aid, the subsidy comes to 25% to 30% of the total price.

In addition to the Japanese items, complaints have been made on such diverse products as large power transformers from England, France and Italy, sulfur from Mexico, and vinyl film from Argentina.

Particularly troublesome to Treasury Department officials has been the complaint concerning importation of Michelin tires, which is approaching 500,000 tires per year. U. S. tire producers claim that tax and other incentives given by the Canadian government to the French tire producers will exceed \$25 a tire in the first three years of operation of the new \$80 million Michelin facility in Nova Scotia.

Zenith claims that the low priced imports against which it complains constitute "a calculated predatory invasion of the United States", by Japan. Strange, when some politicians suggested that Japan, Germany and Italy be forced to send over manufactured articles free of charge as reparations at the end of World War II. They were attacked as supporting excessively harsh terms on our former enemies. Little did they know that such reparations would have been, in truth, a predatory invasion of the United States, and a favor to the defeated nations.

## OIL IMPORT QUOTAS TO REMAIN LOW

Oil import quotas will not be increased, according to a statement by Gene Morrell, director of the Interior Department's Office of Oil & Gas, addressing oil importers seeking greater imports.

Morrell said: "Some gasoline marketers want product quotas, some producers want quotas, utilities want product quotas, yet, with every product quota given goes a piece of our refining, a glimmer of our security, a larger chunk of our balance of trade, and a step backward from research for clean fuels. People who seek this kind of short-term benefit could undermine the whole philosophy of domestic self-sufficiency."

Translated into ordinary English, this means that such oil producing states as Texas, Oklahoma and California are still important politically.



"INSIGHT" and "INTERSTUDENT"

INSIGHT is a regular production of the Alumni Group of the Henry George School of Los Angeles. It seeks through the vehicle of humorous comment to spread understanding of current affairs.

Your agreement with its analyses is neither assumed, nor expected. Contrary opinion is welcomed -- but it should be kept short. A recent eight page dissent was delightful, but too long for publication.

With this issue the circulation broadens to include more than one thousand social studies teachers in California who have expressed interest in the Classical Analysis Program. It is hoped that they will join the many scores of teachers now involved in "Interstudent" teaching -- where students teach each other and the teacher becomes a 'resource'.

Within the pages of Insight, Interstudent sections will service the continuing Program. Advanced and more sophisticated Programs will be available for students who have completed the basic schedule of Mini-Courses. Untenable positions will be provided for student Trivium Teams with the instruction to hold them against interrogation. Space will be given to student questions and arguments.

If some of these words and phrases are unfamiliar, it's because you are unacquainted with an exciting and successful educational innovation which, for an outlay (including all equipment) of about \$20, can make the dulllest social study as exciting as Friday's big game.

So, ask us about it.

If you failed to return the envelope attached to the last issue - this really is your last issue! Remain a reader by returning the reply paid envelope NOW!

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