

# HENRY GEORGE HERALD

Lu

"LET no man imagine that he has no influence. Whoever he may be and wherever he may be placed, the man who THINKS becomes a light and a power."  
—Henry George

PUBLISHED BY THE

HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

333 N. Madison Ave., Los Angeles 4, Calif.

NOrmandy 5- 8398

"THE great work of the present for every man, and every organization of men, who would improve social conditions, is the work of education."  
—Henry George



OCTOBER - 1954

Volume 8

Number 9

## California's Tax Trends

In 1949 the California legislature passed an Intercounty Equalization Law (Chapter 1466), whereby the assessed valuation of land, improvements, and personal property in each county would be compared with actual market values and equalized to around 50% of the cash value by the State Board of Equalization. Average discrepancies for each county would be arrived at, and the tax assessor would be instructed to raise or lower the assessed valuation of each class of "property" by a certain percentage for that class in that county. For most counties it means an increase in assessed valuation, especially for land.

This law has been fought repeatedly by the large landholders. Its implementation has been deferred repeatedly. Now it is scheduled to take effect in March, 1955. However, the landholders are busy again. They are presenting arguments before the Assembly Interim Committee on Revenue and Taxation, which is holding hearings in various cities. Such a hearing was held in Los Angeles Sept. 27 and 28, at which the landholders' representatives recommended increasing the state sales tax to 4%, instead of increasing property taxes under the equalization law. They pleaded that assessments, particularly of real estate in downtown L.A., are already too high.

At this same hearing two of our good friends, Herman Ellenoff and Stanley Sapiro, made speeches, presenting the other side of the picture.

Our research for downtown L.A. assessments shows that, instead of being over-assessed, the valuation, particularly of land, is less than it was 25 years ago, notwithstanding an

(Continued on P. 2)

8162

## Introducing Our Class Leaders

The volunteer class leaders are a most vital part of your School's make-up. All hail to the following persons who form the Fall Term faculty: Vernon Beaver, Walter Linstadt, Mrs. Bessie Mitchell, Stanley Sapiro, and William Truehart, who have led classes for several terms, some for several years (Mr. Sapiro and Mrs. Mitchell are each leading two classes this term); Robert C. Bryant and Herbert Thompson, who are back on the faculty after a necessary absence of some time; and last but certainly not least, two new members - J. C. Athans and Wilfried Wegener.

In addition to these, the following are serving in an important capacity on the correspondence course faculty: John Bostain, Robt. C. Bryant, William Hennings, Mrs. Bessie Mitchell, and Charles Rodriguez (Mr. Bryant and Mrs. Mitchell also lead personal classes).

There are many more who have led classes, and will again, as soon as circumstances permit. They and new, qualified recruits, are encouraged to make themselves available as soon and as often as possible, as our expansion is limited to a large degree by the availability of competent class leaders.

## Land Reform in Bolivia

Drew Pearson, in his column Oct. 6 and 7, discusses the rise to popularity and the sweeping land reforms of Bolivia's President Victor Paz Estenssorro. Ninety percent of Bolivia's population are Indians, who have lived under a feudal system whereby they were required to spend 3 to 5 days a week working on their landlord's hacienda in return for the right to cultivate a patch of corn and potatoes. The Indian was paid no wage, and his wife was required to work as a servant in the home of the landlord. Bolivian economy has been controlled by 3 great tin barons and 1,000 ruling families. Of Bolivia's nearly 4,000,000 population, only 140,000 - chiefly the landholders, were permitted to vote. President Paz, with the moral support of America's present administra-

(Continued on P. 2)

California's  
Tax Trends  
Continued

approximate doubling of popu-  
lation, and a fall in value  
of the dollar to only 50%.  
The improvement assessments  
showed little change, with  
a few increases over '28 and '29. Here are  
some examples:

Property Year As.Val., Land As.Val., Imp.

Bank of Amer-	1954	\$265,000	\$630,610
ica, 7th & Spr.	1933	444,300	544,100
	1928	680,930	705,300
Broadway Dept.	1954	1,250,000	952,000
Store, 4th and	1936	1,144,540	474,500
Broadway	1929	1,586,980	603,020
May Co., 801	1954	2,100,000	809,000
S. Broadway	1931	2,617,160	623,100
Bullock's,	1954	1,260,000	430,130
7th & B'way.	1932	1,337,670	147,560
	1928	1,768,940	187,610
Barker Bros.,	1954	485,000	930,400
818 W. 7th St.	1938	782,580	608,530
	1928	1,618,500	948,980

A glance at the above figures shows that  
downtown land is grossly under-assessed to-  
day, while improvements are not. The applica-  
tion of California's Intercounty Equalization  
Law would take, for the benefit of the com-  
munity, some of the community-produced "un-  
earned increment" in land value now going into  
private pockets. In many cases these pockets  
are not those of the businessmen occupying  
those sites (under leases).

HENRY GEORGE HERALD

Published by

HENRY GEORGE SCHOOL OF SOCIAL SCIENCE  
333 N. MADISON AVE., LOS ANGELES 4, CALIF.

Bolivia  
Cont'd.

tion, seized the tin mines, in-  
tiated universal suffrage, and di-  
vided up the land among the Indians  
who had worked on it.

President Paz is quoted as saying, "I have  
found that the best way to combat Communism  
is to give each man some land of his own. A  
man who owns land doesn't become a Communist."  
Mr. Pearson concurs that the Paz government,  
and the land reforms it has inaugurated, are  
the only bulwark against Bolivia's going Com-  
munist. (Bolivia is our only important  
source of tin outside Communist-threatened  
southeast Asia).

More New Zealand  
Communities Adopt  
Land Value Tax'n.

The August, 1954, issue  
of "Progress," (Melbourne,  
Australia) reports that  
five local communities  
have recently adopted  
land value taxation exclusively, exempting  
improvements from taxation, thus joining the  
majority of New Zealand local communities  
which now operate on this system. The adop-  
tions are the result of local elections, in  
which a substantial majority of the voters  
registered their preference for L.V.T. The  
communities are: Tairāhiki County, Waitemata  
County, Otatau Town, Nightcaps Town, Tiranu  
County Town, and Ashburton Borough.

(We have data available, showing the re-  
sults of such taxation in New Zealand and  
Australia, compared with the taxation of  
both buildings and land. We welcome any  
additional data of this nature.)

Mr. Robert Clancy  
Henry George School  
50 East 69th St.  
New York 21, N.Y.

Sec. 34.65 (e) P.L.G.R.  
U. S. POSTAGE  
PAID  
Permit 12842  
Los Angeles, Calif.

Discussion of  
Ballot  
Propositions  
Fri., Oct. 29

You are invited to come and discuss the ballot propositions at Hdqttrs., (333 N. Madison, L.A.;  $\frac{1}{2}$  block N. of Beverly, 2 blocks E. of Vermont)

Friday, Oct. 29, 7:45 p.m. The various propositions will be analyzed, with particular emphasis on their economic results. The School, being non-political, will take no official stand, but will try to see that all the facts are presented, and viewed through the microscope of basic economic principles. (Bring your voters' booklet).

Analysis of  
Proposition  
2: School  
Bonds

Proposition 2 provides for the issue and sale of bonds to the value of \$100,000,000.00, to be paid by state taxes, primarily sales taxes.

The proponents claim that this money is needed badly for school facilities for California's fast-growing school population, and that there is no other way to provide the money.

The opponents, on the other hand, claim that this is merely another excuse to shift the burden of taxation from landholders in each school district to workers and consumers, in the form of the sales tax.

As a matter of fact, the funds for school districts come from two sources: local property taxes, and from the state (which latter comes mostly from sales taxes). The more money the school districts get from the state, the lower they can make their tax rates. And, conversely, the less they get from the state, the higher they make their tax rates (which make up a part of the general tax rate, and are collected for the most part by counties).

So the question is not whether the funds are needed by the schools, but rather from what sources they should be collected.

If Proposition 2 carries, it will make possible relatively lower tax rates on real and personal property, with the biggest gainers being the holders of valuable downtown property.

If, on the other hand, the proposition is defeated, the school districts will be under the necessity of getting their needed funds from an increase in the school tax rate, falling the heaviest on holders of valuable real estate.

The passage of Proposition 2 will be welcomed by downtown property owners, who elsewhere in this bulletin are described as advocating an increase in the state sales tax to 4%. In fact, this need for additional revenue for the school bonds would be a strong argument for this increase.

The defeat of Proposition 2 would weaken the case for increasing the sales tax, and strengthen the one for increasing property assessments under the Intercounty Equalization Law, analyzed elsewhere in this issue.

Since the property tax includes a tax on improvements and personal property, as well as land values, it is impossible to increase or decrease one without at the same time increasing or decreasing the other two. And, although this is not an issue of a tax on land values only as opposed to taxing labor products, the passage of Proposition 2 would have the effect of decreasing, at least relatively, taxes on land values (along with improvements and personal property). The issue is one of taxing property owners or consumers.

