

# BUREAUCRATIC SYSTEM SAID TO BE CAUSE OF WELFARE TAX BITE INCREASES

A number of national magazines have taken a closer look at the welfare tangle, some reporting the scandalous, others making attempts at constructive thought.

One of the latter is the October issue of *Harper's*. In an article by Edgar May, a newspaper man who worked as a case worker for several months, the welfare problem is scrutinized and surprising changes are recommended.

Mr. May attacks the bureaucratic system and says that the social worker is

nothing but a glorified clerk with clerk's wages and managerial responsibilities. The case worker is inadequately trained for his job and is subservient to the mountain of paper work required by the federal, state and local welfare agencies. Investigation is haphazard and incomplete, promoting chiseling and lack of rehabilitation. Welfare officials are suspicious of change and—unless concentrated effort is made by local civic groups—they tend to drift along, doling

out the checks month after month, not seeing and caring more or less who the recipient is, not to mention that individual's mental or physical health and well being.

"How can you do casework around here when your master is a piece of carbon paper and an adding machine?" says one of Mr. May's co-workers.

Mr. May's suggestions will not be received without some political cries. "First," he says, the caseworker's "crushing burden of paper work must be reduced." Modern business methods must be introduced and the federal government must eliminate its paper requirements, although Mr. May points a finger at state legislatures which do nothing but give "perennial flights of oratory about the red tape in Washington." The state's responsibility is to provide adequate educational programs within the colleges and universities, and some attempt must be made to raise the social worker's status symbol. What would you rather be: a teacher, a doctor, a jet pilot, a movie star, or a social worker? Rehabilitation can begin if the recipient respects the caseworker, and the caseworker has sound incentive.

In answer to the sharp rise of aid-to-dependent-children-families, Mr. May suggests that birth control information should be provided where religious faiths permit it. At the same time, "chiselers" and "freeloaders" must be weeded out and sentenced jail terms. Mr. May points out that the percentage of chiseling is not as great as could be expected. "When a shoplifter goes to the penitentiary," says Mr. May, "and a major relief cheat is placed on probation, the public's confidence is not enhanced."

Mr. May's argument rests and depends largely upon a sound rehabilitation program. The implication is that when the recipient has been helped by selective, well-trained social workers, the less time he (or she) will remain on the relief list. Hence, the welfare budget will not demand so great a percentage of your tax dollar. This was sufficiently proven by Mr. May, but much groundwork is needed and responsibility, both public and government, must be equally shared.

—Jim Hoteling

Small town: the only place in the world where sound travels faster than light.

Conference: a meeting at which people talk about what they should be doing.

The ladder of life is full of splinters but we never realize it until we begin to slide down.



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## TAX SAVERS DINNER SET

The next meeting of the Portland Tax Savers, Inc. will be a dinner at 6:30 pm in the Odd-Fellows Hall at Southeast 65th and Holgate on Saturday, October 28th, honoring outgoing president, Mr. Joe Dobbins.

The public is invited to this dinner meeting.

In the Portland Tax Savers, Inc. meeting on Monday, October 9, a slate of new officers was elected to serve for an annual term. It came somewhat as a surprise to those attending to hear Mr. Dobbins, the outgoing president, announce his withdrawal from an active position in the organization for the time being.

Mr. Dobbins said that for reasons of health and pressing private business matters, he had to decline further active participation. In the memory of people of Portland and Multnomah County, his name and that of Portland Tax Savers had become practically synonymous. Mr. Dobbins has given the organization leadership for nearly four years now.

Although he came to be somewhat of a controversial figure, his absence from the local public scene as head of Portland Tax Savers will be keenly felt by those who could see in him hope of getting relief from their tax impecuniosities, especially the elderly homeowners and those on small incomes.

"Joe's controversial status," one of the directors of the organization was quoted as saying, "was mainly newspaper-induced, and with a purpose: downtown

Portland had reason to fear his activity."

Election of a new slate of officers for a promising year ahead came in the October 9 business meeting. The following were elected: Mr. Harvey Akesson, president; Mr. Larry Gould, vice-president; Mrs. Ethel Gould, secretary; and Mrs. Elsie Perry, treasurer.

Also at the business meeting, the board of directors of Portland Tax Savers welcomed the addition of five new members, who are: Mr. Torie Kelso, Mrs. Olive Crawford, Mr. Erick Hansch, Mr. Walter Bell, and Mrs. Laura Clancy.

## SITE VALUE TAXATION LAUDED IN JAMAICA

"Taxation of land values and exemption of improvements from taxes have won tremendous success in Jamaica, according to Mr. N. W. Manley, Prime Minister," a writer in *Analyst* reports.

"Manley asserts," he continues, "that all the small farmers, most medium-sized farmers, homeowners and shopkeepers have benefited from the new taxing system."

"In discussing charges that the new tax system was too harsh on large landowners, Manley stated: 'Most of them will pay more taxes. Most of them are paying far less than they ought to have been paying. Now they are paying what they ought to.'

(See page 3, column 1)



The Taxpayers Digest is published bi-monthly by Tarpayers Publications, a non-profit organization devoted to publishing tax news in the interest of the general taxpayer.

The Taxpayers Digest actively supports groups interested in problems of taxation and tax savings and provides a means by which such organizations may reach the general public. It holds that homes used as homesteads by the owners whose yearly income is less than \$3,000 should be tax exempt and that taxes should be placed where they will hurt the economy the least and from where they cannot be shifted.

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Readers are invited to send their opinions to the Editor, *The Taxpayers Digest*, P.O. Box 2506, Portland 3, Oregon, but the publisher and his staff assume no responsibility for views expressed by individual contributors.

#### EDITORIAL: PROPERTY TAXES SHOULDN'T BUY PARKING LOTS

Portland taxpayers should demand an end to subsidizing downtown businesses through property taxation.

These taxpayers are being taken but good through the guise of Urban Renewal and Portland Development Commission, authorized by a mere 3,000 votes. It was charged by the opponents of Urban Renewal recently that what downtown interests really wanted to see was to "bolster the downtown property value" and create parking—which is inadequate in the downtown area.

Now, using a popular appeal to the hearts of Portlanders, the voters are being told that redeveloped areas will be made into parking lots. Today, the same "downtown boys" are advancing the idea the parking spaces are to be used by

This column is designed as a forum for reader's discussions on current articles of interest found in this publication.

To the Editor:

A recent article showed that a city of 2,000,000 costs five times as much per capita to run as a city of 1,000,000. This would argue against more industries and payroll. So I would suggest a study of per capita taxes for last 20 years of the cities with—increasing population—stable—of different sizes.

**E. G. Short—Portland, Oregon**

To the Editor:

Something should be done about taxes. I never see anything about economy in city government. All the city officials want is to spend more money.

In six years the property tax on my home has increased 81 per cent. This year it had an increase of \$22.00. They never get enough money it seems.

**T. Krager—Portland, Oregon**

To the Editor:

The reason why partiality of assessments would be minimized with complete land value taxation is that adjacent land of similar quality would be similarly taxed. There would be less chance for favoritism when other things were not taxable. The element of penalty for productivity would disappear.

**Bob Benton, Detroit, Mich.**

To The Editor:

Mayor Schunk is anxious to have annexations because, first off, population of the taxable corporate limits of the City of Portland has lessened considerably, as proven by the last U.S. Census. Secondly, taxable real estate—including homes, businesses and vacant lots—has decreased, caused by the ER-Center and

Portland State College students. However, it is our belief that this is another scheme to obtain parking spaces for the downtown core area.

While it is true that Portland's downtown parking situation leaves much to be desired, taxpayers should demand that if tax money goes to pay for parking lots, all cars parked for collegiate purposes should have stickers issued by the college.

Let us not turn the Urban Renewal area into a "mass parking lot" for downtown businessmen.

The answer for the downtown businesses, we conclude, is not asking the property taxpayer to build parking lots, but for business interests to follow the example of the Lloyd Center and similar shopping centers: BUILD YOUR OWN!

*Static!*

freeways through the heart of the city.

Despite Tax Assessor Joe Hawkins' statement of a decrease in millage of half a mill (it will be 64.5 mills in the Portland area), his total tax take will be greater again due to enormous increases in assessed valuations. His assessors worked under instructions from him to increase valuations of homes and buildings outside the so-called core area downtown, while the formula for downtown has resulted in a blanket decrease in core area taxes. This is the main reason for making the reassessment in residential and sub-urban property.

As a result of all the above, the mayor and the city council are looking for increased revenue above the 6% limitation, the latter being automatic, i.e., no voter approval needed.

Annexation of certain areas in Multnomah County is wanted by the mayor to ward off county-city consolidation, which due to the party in power, would mean that the County would absorb the City. This is, of course, long range. But the immediate concern, and fear, is the newly proposed city of Holladay.

The greater part of Holladay will take in Parkrose with its businesses, homes, and schools. They have fire protection from their own fire district. Even their fire houses are less costly than those recently built in Portland. In addition to that they are more than adequate.

Police protection is paid by contribution to the County, which, on the whole, will give a more satisfactory service, because law enforcement officers will not be stopped and hindered by city limits. All other services are included in the tax base.

Of course, it is true that they pay an exorbitant rate to the City of Portland for Bullrun water. But figures show that for less money they could set up their own water system by using filtered water from the Columbia river, or from artesian wells.

Property taken in by the City of Portland will mean to Portland: more expense for additional water mains, for greater water collection and storage, police, fire-fighting, light, and sewer facilities.

It is not generally known that Errol Heights was turned down by the Parkrose Fire District, because they (Errol Heights) thought that Parkrose was charging too much for the protection. What will they say when, if there is annexation, the bills come in? They will then have no place to go except Portland. The people of Portland should maintain their right to say "No" to this deal.

**William M. Brosy—Portland, Oregon**

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## SITE VALUES LAUDED

(See page one also)

"It is a pity that the Cuban Government, in its alleged desire to aid the peasants, did not emulate the Jamaican plan of encouraging small holdings rather than the Russian system of state-owned farms. The Cuban peons will soon find the Government a more tyrannical boss than their former employers. With a few more years of governmental mismanagement, the only thing growing in Cuba will be beards."

*These comments are taken from the Analyst, March 1960, published in San Francisco, Calif.*

## LAND PRICE TAXATION CITED

Steepest price inflation of all has been the price inflation in land, but nobody is doing anything to stop it, and nobody except the builders who must pay these inflated prices seem to realize how great and how wasteful this land price inflation has been.

The builders know all too well what is happening, because the price of land they need has risen faster than the price of the materials they buy or the wages of the labor they employ. The price of big city slum land has soared so high that private enterprise cannot meet the need for low-income or even middle-income housing without a big land write-down subsidy.

The price of urban land has soared so high that in some projects the land seller gets almost as many dollars for his acreage as all manufacturers get for all the building products used in the houses. And Frank Cortright has warned that before long there may be no profit left in homebuilding after the land speculators have taken their profit out first.

One reason why rural land prices have been climbing eight percent a year in the face of falling farm prices is that Federal farm subsidies are being translated into higher prices for farm land. This land price inflation tends to nullify the hope that farm relief payments could speed and ease abandonment of marginal farms, and it helps to raise capital costs so high that some authorities say it now takes a \$20,000 investment to create one new job on a farm.

Another reason why land prices are soaring is that the expanding highway programs are skyrocketing land prices along the right of way and enriching the owners of that land with a windfall that may be bigger than the total cost of the highway. And that is also the reason why the Federal highway program is costing so much more than anticipated.

But the principal reasons for land price inflation have been our concentrating and unprecedented population explosion on a very small area. In the past decade, we have added 30 million more people to the population of our 162 metropolitan areas: i. e. we have crowded more people into an already heavily populated area the size of Connecticut than the 1950 population of California, Washington, Oregon, Arizona, New Mexico, Nevada, Utah, Idaho, Montana, Wyoming, Colorado, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, and Minnesota taken together.

And further, we have no land policy designed to bring the land needed for

this population growth into the market when it is needed. On the contrary, we make it easy for land speculators to hold their land off the market in anticipation of still higher prices later. The result has been a largely artificial and fictitious shortage of land for housing developments—an artificial shortage that is forcing homebuyers to seek cheap land further and further out when plenty of land is still undeveloped closer in; an artificial shortage that often doubles development and community facility costs by scattering new housing over eight times as big an area as a more orderly expansion would require; an artificial shortage that has pushed prices far above today's values; an artificial shortage that is almost sure to end in a bust just like the bust in land prices that has followed every past inflation in land.

The only way land price inflation can be prevented is to tax land much more heavily, shifting a substantial part of the local tax burden now carried by improvements to the land itself. Taxes are the only important costs a land speculator must pay, so taxes are the only brake on the price of land. The bigger the land tax the smaller the speculative margin will be and the less chance of big profits in land.

In much of Australia and New Zealand improvements are not taxed at all; almost the whole cost of local government is paid by taxes on land values.

Taxing land more heavily would take the bootleg profit out of slums and force many slumlords to improve their property to get enough added income to pay their added taxes. It would deflate the bootleg value of slum property and make Federal subsidies for urban renewal land-write-downs unnecessary. It would cut the cost of highway construction by cutting the land costs for the right of way. It would make the unearned increment in suburban land values pay the cost of schools and other community facilities needed to convert raw land into housing developments. It would let homebuilders offer better homes for less by spending for quality the money they now waste on land inflation. **It would reduce taxes on good homes by increasing the taxes on vacant and under-used land.**

*House and Home*, the only magazine in its field, which is published by Time, Inc., brought in its January 1960 issue, an article called "Tight Money Can Do Little About Land Price Inflation." The general trend of ideas expressed in this article is in line with what *The Digest* advocates on the subject discussed.

## BOOKS...

AUTHOR ADVOCATES  
NEW TAX APPROACH

By Harvey Akeson

**TAXATION'S NEW FRONTIER**, by Joseph S. Thompson, is an enlightening new book advocating a different approach to obtaining public revenue: taxes. Mr. Thompson's complete analysis of the major inequities in the present U. S. taxing system and its depressing effects on this country's growth, is ably shown.

In the foreword the author says: "To be radical means to go to 'the root of the matter,' and this book is an attempt to set things radically right."

Mr. Thompson examines the various forms of taxation, income, sales and property taxes as well as the import tax or duty. Of the excise, or manufacturer's sales tax, he says: "How the National Association of Manufacturers could recommend such a tax on their own products is an example of flesh-flagellating masochism that can only be explained by the complete lack of understanding on the part of their Taxation Committee of the fact that a tax is a powerful economic determinant that should be scientifically approached."

The author proceeds to advise the N. A. M. "to do the intelligent thing and employ a panel of tax experts which might put an end to the frequent loose and baseless observation that no practical alternative to the present tax hodge-podge has ever been disclosed."

Going straight for the remedy, Mr. Thompson shows that of all the factors which accounted for the rapid advancement of our country, the most important was the availability of free land. It meant that no man need work for another unless he so desired. This stimulant, the author holds, can be restored in principle, even though the last acre of good free land has long since disappeared.

He emphasizes the fact that no nationalization is involved any more than under the present system where "our land, our improvement and our incomes are all subject to a first lien of the government for tax collection." Or, to put it another way, "If you were to try the simple experiment of failing to pay your current property taxes for a year or two, you would find that your land, your house and your bed were already 'nationalized' quite as much as land would be if only land rent were to be collected by the government."

"Unless we regard our land as the common heritage of all our people, and

## LOCAL OPTION TAXES LABELED 'OUT OF HARMONY'

"All this talk about local option sales taxes," the editor of the Boulder Daily Camera wrote recently, "is out of harmony with one of the most welcome taxation trends in recent years."

"The first sign of this trend," he continues, "was the abolition of most personal property tax, leaving the large bulk of property taxation on real estate. The second sign was the proposal that the state get out of the property tax field and leave it to the communities."

"But municipalities seem to be overlooking the opportunity to solve a good many local problems through an enlightened system of real estate taxation, to the exclusion of the hodge-podge of sales taxes, and other revenue raising measures that tend to create new problems while they bolster local treasuries only temporarily."

"Taxes on income tend to discourage economic growth and initiative by confiscating part of what business, industry and workmen create with their hands and brains. Taxes on sales tend to discourage free buying and selling."

"But real estate taxes, when the major part is imposed on the land itself, encourages production, put no penalty on initiative to create new wealth and confiscate nothing."

"Man does not create the land. He is placed on it by no choice of his own. He must have space to live on, just as he must have air to breathe. Land has scant value until it is occupied or in demand. And as it is lived on and as communities develop, the land grows in value. The community literally creates the major increase in land values. Since this is true, it is entirely reasonable to conclude that the community is entitled to a tax claim on that increased value. It is one of the fairest concepts of taxation yet devised. And as a revenue source, the land value system is limited only by the capacity of the community and its inhabitants to make the land more and more valuable all to their own profit."

collect our public revenue in a way that spurs—rather than stifles—our economic progress," Mr. Thompson warns, "that all the labor of the nation's lawmakers and economists will amount to nothing more than an exercise in futility."

**EDITOR'S NOTE:** Mr. Thompson is the brother of the well-known novelist Kathleen Norris, and an industrialist in his own right. His book **TAXATION'S NEW FRONTIER** is published by the Robert Schalkenback Foundation, 50 East 69th Street, New York 20, N. Y., at \$1 per copy, postpaid.

"A number of foreign countries have adopted the land value tax in one degree or another with excellent results. It has been employed in Canada, Australia, Denmark, New Zealand, South Africa and elsewhere."

"A few communities in the U. S. A. have used it for many years. But only recently have some of the larger communities begun to apply it in modified form, notably Pittsburgh, Chicago, Washington, Kansas City and Boston."

"The results have been gratifying. Generally the first thing that happens with the employment of the land value tax is the disappearance of slums. It is a most potent tool in urban renewal. The reason should be obvious: If slum land is taxed at its actual potential value, it is no longer profitable to maintain slum structures. But as long as run-down buildings are the basic factor in real estate taxation, it is unprofitable for slum owners to improve their property."

"Another benefit of basic land taxation is that the homeowner and the business owner are not penalized for improving their property. If the main tax is on the ground, building improvement can be made without the prospect of being stuck with unreasonably higher taxes. Naturally this contributes to general community beautification, a better-housed populace and up-to-date business areas."

"The full story of land value taxation is much too long to cover in a brief editorial. There is much literature on it available, and of course, for all to see there are the actual results of the plan where it has been tried."

"One of the beauties of the land tax plan is its simplicity. There is no need for a top-heavy, hodge-podge system of multiple taxes, involving tremendous expense in administration and collection."

"The plan deserves at least a thorough investigation at this time, when the opportunity is ripe for revision of tax structures and transition into something simpler, fairer and more productive than the present patchwork system that seems to demand ever more patches."

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