f10 Local gov't & general interest

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Exploiting monopoly & monopsony positions.

I have said that a country exploits is monopoly position by revaluing, and monopsony by devaluing. But this calls for ela boration. The assumption is that prices inside the country are fixed, at least relatively, ~~xxxxxx~~ or that supply of exports is less elastic than demand for them, at least. So that the revaluation does indeed amount to raising the price of exports. If their dollar price fell prop. to revaluation, e.g. because of inelastic supply and elastic demand, no gain.

As supply elasticity makes it work, this reveals the mechanism by which it must work: supply is reduced. Supply for export, at any rate. This is done by lowering the dollar price received by exporters. Resources leave export industries and go into domestic indust ies, or unemployment. Fixed export resources get lower rents. The monop. advantage is exploited by making the so-called monopolist suffer. Foreigners pay more for their cotton, in their own currency. Because American exporters demand more, and reduce supply.

The beneficiaries, aside from those who buy internal cotton cheaper, are those who import. For, with their dollars, they can buy more pesos from the exporters. Thus, when we exploit our monopoly position, it is our importers who benefit, and our exporters who suffer. The fact that importers benefit -- at the expense of exporters mainly -- makes them demand more imports, bid up their price in thei foreign currency

This calls for more elaboration, but principle clear. The valuation of the currency is more clearly a matter of distributing wealth within the nation, than of taking advantage of foreigners. It is also possible to adjust it to the point calculated to get most advantag ous terms of trade, and this is coming more to the fore in modern times, with other systems of internal redistribution. Where this point is depends on relative elasticities of supply & demand, for imports & exports. But back in the 1860s, when the federal govt. was less strong, exchange rates were probably calcu lated by each voting block a cording to its own interest, indifferent to whether this involved exploiting Americans or foreigners. So, naturally, the export interests wanted the foreign exchange rates held low, to redistribute wealth in their favor, while import & import competing interests wanted them kept high, i.e. the dollar high, to redistribute wealth in their favor.

So the southerners wanted us to pump $s out into the world, keep our $ cheap, so the foreign currency they got for their cotton would be worth lots of $s. An exporter is really an owner of foreign currency.

Southerners wanted tariffs taken off because this would mean increased demand in $s for foreign produts, $s fall, southerners gain. I have hitherto explained this simply in terms that exports must equal imports, so tariffs, by preventing importing prevent exporting. As foreigners must sell to us to get the $s to buy our exports. This is roughly correct. But foreinger

could always get the $s by lowering their prices enough to get by the tariffs, or by our accepting pounds despite tariffs, and it is a question of elasticities.

Hacker's explanation of ~~1857~~ 1857 depreciation of pound is what stimulated this, because he is so wet. He implies a temporary decline in L hit southerners. More likely it hit New Yorkers. Southerners receiv d $s from New Yorkers, who probly sold to Eng. for Ls, took short term forein exchnge risks. But he succeeded in hinting at a basic N-S difference, same issue as tariff really, linked with it, namely the exchange rate.

What a phenomenal piece of NE statesmanship it was to separate the agricultural, exporting west from the sim ilar South.

South wanted control of its own foreign ec. policy, is basic idea linking tariff & exchange rate issue. It would have preferred to control north to , of course, but being out populated & outvoted, sought independence.

Evidently many southerners simply got $ loans from NY, but kept cotton on own account, took exchange risks themselves

John Straub, whose architecture firm has been working on a new housing project for Met. Life Ins. in Chicago slums, tells: land acquisition is subsidized by city - this includes some Federal subsidy - because otherwise land cost would be 'too high'. But the reason land cost is too high is not primarily because of speculation, nor land assembly costs -- they could condemn -- but because

the older use yielded a higher net rent. -- slums. (Offsetting this slightly is that slums paid little taxes, & required extra high public service costs) The new use will house many fewer people, & be for higher income groups. The slum dwellers are simply displaced, crowded into other slums. We get rid of the slums, but do not house the people. Maybe one aim is to get rid of the lower income people?

Incidentally a type of land ~~use~~ use that consumes more free public services should be taxed higher. This argument often misused to justify taxing improvements on grounds they take more free services. -- e.g. apts send more kids to school. -- gets into inherent tax & public education issues.

We object to central control because of ~~it~~ local conditions are not considered, & local people not done justice.

Probably this argument is abused more often than not. If a project helps the whole, but injures a few, those few speak of the central powers not understanding local conditions.

But who is concerned with local conditions? Primarily landowners, for capital & labor are mobile. So, w/o private landownership, we need not worry so much about petty local injustices. On other hand, we will have less care taken to handle local matters. If we leave some private land equity, but recognize that all federal works will call for a fed. taxation, this compromise may get

both benefits for us.

Cty. does assessing for Winn. etc. So, it is probly not possible for Winn. as such to use assessing as restrictive device. & cty. may not have such restrictive bias as smaller unit.

I guess cties. do assessing all over. This modifies my Theories. But probly each city gets its way pretty much.

Noted: U.S. interests do not seek tariffs so much when they have foreign investments. This foreign investment may lead us to free trade. This perhaps explains in part England's free trade.

Tippets & L., ch. 5

But some states of difficult incorp penalize out of state corps doing business in them. It's constitutional, for corps ≠ citizens. But if in interstate commerce, state has no authority.

In 'trafficsome' states, e.g. Pa., big corps form special corps, 'hold' them.

N.Y. has a stock xfer tax, to benefit from the exchange.

Western states, lower fees. $75 - 125 typical for small corp of 10 - $100,000 cap. Large corps save 90% in easy states.

If politicians and their constituents always acted to promote their own or their country's long-range self-interest, this world would be an earthly paradise. As it is, they often act against their own interests, merely to gratify their least creditable passions; the world, in consequence, is a place of misery.

--- Aldous Huxley

Perhaps add to paper that this method of imposing but not only avoids confiscation but to a degree solves problem of retaining incentive for local govt.

Article on Ivt.

Add to it some examples of exemption of new construction from taxation & its encouraging effect. Ellsw. mentioned Chile in 30s, striking results. N.Y., too. & N. Western., & San Diego.

To avoid confiscati n when taxes placed on land, allow more immigrati on. Thus tie these policies together.

Altho the advantage to the locality of switching from prop. to lvt is limited to triangle, advantage to nation is greater, so should pass nat. law forbidding taxes on improvements.

Article on inv. & lvt — not only will ~~it~~ exempting improvements raise inv. opp., but also taking As caused by public works will make public inv. more feasible.

Fiscal problem of our times is how to raise revenue w/o destroying incentives to produce & create cap.

Answer, in general, is to levy taxes not ~~conditioned~~ contingent on prod. & cap. creation.

(e.g. poll tax, land tax – taxes on potentialities)

(Many such taxes are objected to because not in accord with ab. to pay. I shall suggest one that is in accord, roughly.)

One ~~case~~ of the many possible reforms is of the gen. prop. tax.

It would be possible to repeal that portion falling on cap. I suggest this. Is a great incentive to new cap. formation. – (N.Y. plan e.g., but that discriminated)

To replace the revenue, a tax not contingent on cap. form. One collected whether prop. improved or not.

~~Revenue then to be regained by~~

Locality which does this will be more favored, its land rents rise. So can hit land up for the last revenue, first of various kinds of land.

Pattern working it out for various kinds of land.

diagram.

Include gen. compl.

another way of collecting it. Will be able to pay – or forfeit. hostages.

Make explicit the simplifications used, i.e. ass, no fall of local prices

Battle-scarred ecists will recognize s.t. I trust they will be acute enough to recognize that the standard objections made to "s.t." do not apply to present proposal. It is not confiscation; it does not limit revenue. etc. I know some whose minds are so groomed that any suggestion of s.t. elicits the complete reaction.

over

--- Has been presented before, but as a means of confiscating land.
I believe the general fear of that ~~conclusion~~ prevented a general
appreciation of the genuine benefits of land taxation, as presented above.
The present proposal would actually increase land rent

★ It is unfort. nec. to mention --. I have discovered, in discussing this proposition, a good many who ~~are apt to~~ will note a similarity to old 's.t.', & take cavalier attitude "I know all about that exposed fallacy." They will dig up standard arguments vs. s.t., & think they cover present prop. This is not the same prop; & those arguments do not apply.

This a partial answer to search for new ec. frontiers.

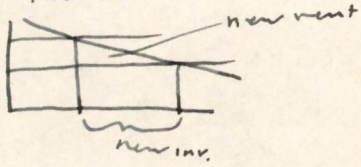
It is not the last answer. Every improvement in social (& technology) organization, of which this is but one, creates a new frontier, a place where cap. may find higher returns, where inv. can occur.

Insert p. on frontiers

Now, simply by showing that taxes contingent on cap. formation discourage cap. form. or private inv., & that same revenue can be collected by tax not contingent on cap. form. or any other act of production, can take the penalties off cap. which prevent us from using the ec. frontiers that lie unexploited around us. Is equivalent of no tax at all, as far as incentives go.

In money terms: is equivalent of plan to tax money — by untaxing the cap. into which it may be turned.

In % terms, if ret. to inv. is 6%, takes a 90% net before prop. taxes to bring forth inv. if tax 3%

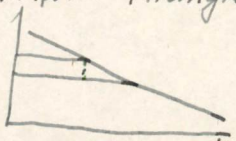


2. Cap. value xfers. → ~~Get both back from lib.~~ ~~immediately~~

On surface this seems to involve considerable cap. xfer. If so, we who have confiscated incomes can hardly be very nice about this

But it doesn't much, as presented. Only Again, I urge, do not confuse with old s.t., which was confiscatory.

for locality, repeal of cap. tax raises land rent by full am't forgiven, plus unimputed triangle, plus gen. compl. – which expand on here. - see other pp.



So get amazing result that the thing taxed may rise in value! More left after tax than before. Same income formerly taken as cap. tax now taken as land tax, – & more income total.

Neither is there a windfall to cap. owners. Seeming windfall imputed to land. The advantage created in here is in a geographical expression, not in particular cap. Cap. can & will immigrate. The unduplicable advantage lies with land in the municip. Is as tho it became more productive. Cap. costs no more to build. (tax-exempt bond analogy)

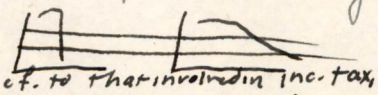
No discr. vs. owners of idle land. Potential land income to them is raised, & that is source of its value.

Potentiality, not actuality, counts.

Is ~~amazing~~ cap. xfer ~~as between~~ vs. land whose opt. improvements are cap.-light, for there with cap. intensive. Unfortunate. Will encourage search for cap. intensive ways of use, good. – these optima are nothing fixed.

emphasize windfall to, not loss to

This cap. xfer is little cf. to that involved in inc. tax, which hits land seeming rich, & owned by them etc.

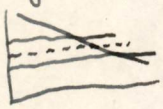


In general, then, as far as we have analyzed, shift bids fair to raise local land values considerably as well as create more opp for labor & cap. & at expense only of a small cap. xfer.

When we consider applying the policy to the whole nation instead of one community we get a somewhat different result. We can no longer assume that interest will not rise. Indeed, the whole object of the plan is to ~~make it rise~~. This means that ~~possibly rent will be reduced, and~~ capital will get windfalls, after all.

Indeed, if interest rises capital undoubtedly will get windfalls. in yield, not cap. value This is an inevitable consequence of the plan. A special tax on them might be collected. But these windfalls do not necessarily imply a reduction of land rents.

diagram



to preceding page

Land rent will indeed be the smaller insofar as the higher ~~rate of interest~~ return to capital is a controlling factor. But there will be other gains to land rent, ~~that are~~ which are net gains to society, not items to be shared with interest. One of these appears clearly on the diagram. It is the triangle of unimputed product of the increments to capital.

The other is general complementarity. As each area ours becomes more intensively developed various services with large optimum sizes will become economical; and what were monopolies will meet more competition. ~~Both~~ These developments will add to the value of land in the region where the services are available. These include both public and private services.

Another factor that might lower land rents is the rise of wages. Whether ~~it does~~ They rise depends on whether the capital invested is more complementary to labor or substitutive -- i.e., compl. to land. In general it is a fair assumption that it will be more complementary, and I will so assume.

"general complementarity" -- which may briefly be described as that general increase in productivity in all factors when all are added to an economy in equal amounts, so as not to disturb any relative values. The increase in productivity results from the increase of alternatives, the sharpening of competition, the making feasible of specialized ~~xxxxxx~~ functions of labor, capital and land, ~~xxxxxxxxxxxxx~~ either of large optimum sizes or which do not become economical until a very large market area is united / for other reasons, --- this might be subsumed under increased specialization. ---
& spatial compl., if any, & unimputed products of new factors.

e.g., there is a time when every settler wants more neighbors, so they may join & have street, e.g. & it is not for some time then that he wants to discourage further neighbors because they compete for that st.

like int. trade, means factors can go to more specialized pursuits.

Creation of segmental triangles of unimputed product — new cap. being in different ratio than old.

There are so many possibilities here, they may raise rent immensely we must admit we cannot precisely foretell outcome. It is safe to say benefit will be considerable. Have only to look at am't of opt.-size manuf., local & nationwide, to see the vast avenue of possibility. consider the areas where certain basic public improvements might be made if cap. were a little more intensive; what new combinations might be made with a few more ingredients - e.g., the Coulee pump possibilities. Consider that most of our trade is with Eur., etc. — & see the vast possibilities here for Δ returns to land, & others — just like free trade. Consider how every region can afford new items of large opt. size if better developed, & how this will go to land, - stores carrying bigger lines, etc. Now you must travel to Bennington for Buick parts, e.g.

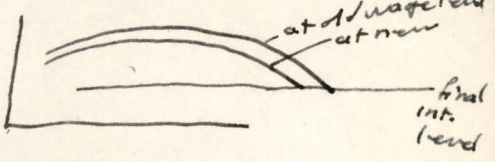
Cap. x fers if policy applied nationwide.

Above analysis only a starter. Is simplified by ass. of perf. elastic supply labor & cap, which is true for locality. But for significant Δ of inv. opp. proposal should be applied nationwide. This means int. r. will rise, Result, windfall to existing cap., in yield (not cap value); & possibly a loss to land, tho not nec., due to net new values created.

Those with improved land would find land loss, if any, compensated by cap. gain — with a weighting of chances toward net gain. Owners of idle land would not share this windfall gain, would be relatively worse off — but just like rest of community probly.

~~A probable~~ Associated will probly be rise of wages, ~~cap~~ ass. cap. to be compl. to labor. Certainly is during construction, ~~easy~~ probly is after.

This will limit possible Δ of cap., hence limit unimputed triangle & gen. compl. Besides will lower rents created before hand. This may be looked at as general reduction of mm cap. curve, which subsumes all land rent creation under it.
(or, alternately, show rents as created by labor, & higher wage level. But probly rest with mm cap. curve, say it shows that, leave it to reader to doubt)



Again, am'ts are a priori indeterminate. We cannot know how compl. new cap. will be; how elastic labor supply is; or cap. supply.

So confess a possible ~~fact~~ failure of Δ rent to be as great as Δ tax on land. Factors increasing rent: lower price of cap., causing a square & an unimputed triangle to go to rent; gen. compl. from Δ cap., & probable Δ labor
factors reducing: failure of cap. cost to fall as low as previous yield after prop. tax; rise of wages.

So in assessing value of making change, balance a possible decline in land rent (with possibility of a gain) vs. certain rise in gnp & in labor opportunities & inv. opp.

Far from being something to criticize, This shift to wages & int. is exactly what many of our policies are designed to bring about. But this

policy, unlike most, is expansive, not restrictive. It would raise them from demand side, not supply side, hence not be open to any objections about raising costs.

If the ratio change proved extreme, we could reduce progressivity of inc. tax, & otherwise stop ~~taking incentives~~ redistributive taxation. (go easy on this, or reds will see red). Labor power being something all inherit, would help solve inheritance problem, too. Most of us are not yet so far gone but what we would agree that high wage opportunities are far preferable to welfare state redistribution as means of keeping ec. equity. The Δ to poor comes as return for ec. contribution, not a handout financed by confiscatory redistr. taxes & inflationary, cumpting, ~~cash~~ borrowing & ΔM.

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finally, capital values of given yields will fall, due to higher mr. This inevitable with anything that Δ inv. opp., & present plan less confisc. than others because it raises yields simul. Cap. will not change in cap. value; land may. But this only affects potential sellers.
If society thinks preservation of existing cap. values important, at expense of new opportunities & cap. creation, it will reject this plan. But I shall assume an audience that wants to Δ opp. for inv., not argue this point.

a. You would think it could be done locally – Tho no great incentive pro.

But it would raise local land values a bit (~~barring trend~~ assuming ~~not so~~ as compl. as comp. to them). Would leave local wages & int. unaffected – if a windfall at first, only because a neg. windfall to land. In general development, local people would natch rise, due to local knowledge – one benefit.

Where pattern of xport, etc, not set, a locality may esp. gain by developing itself, attracting these unique items of large opt. size, (& non-xport items answering same description).

No raising of general mr, hence no loss of cap. values.

b. But there are contrary forces even stronger.

Monop. position of locality. (also revealed by local failure to solve dead-land problem) re this, might ask what about the marg. comp. stirred up. Answer: they are content to let other cities get some of bus., to reduce total a little, raise their prices some, for monop is not absolute. They are increasing rent of their land, the unique rent-receiving factor. So a little comp. is better than a lot. They are made more supermarginal.

General bias of existing cap. owners vs. duplication

Bias vs. outsiders – discr. taxes (v. contra)

c. Basic fact that labor & cap., in where nation-wide interest this would be, have no local interest in it, being migratory. & the balance of local interests is usually vs. it. – not always. Whether mostly or not. – I think often not, for monops may have undue power in govt., being richer, better organized, than marg. competitors. Hence govt. doesn't even represent all local interest, much less nat. int. Indeed, marg. land may be tax dead, holding it idle esp.

d. Hence local govt. probably will not do this unless compelled by federal. by, e.g., a law forbidding local taxes on cap. & labor.

Too bad to extend fed. power, * This is being written by one who fears growth of fed. power. But perhaps best ~~recipe~~ move vs. it is to grant it where needed, This raise standards, make welfare intervention needless. By giving localities power to tax capital & xactions, power over bldg. codes, over land administration, city planning we give them power by which they may exploit their monop. potential, as surely as with the trade barriers we deny them.

* Sad fact is ~~many~~ generalizing, most closed ec. groups, if allowed to determine own institutions, will have monop bias. Hence outsiders must meddle. It would be pleasant if this were not so. But, let's face it, it is.

Property taxes & investment opportunities.

Intro — New frontiers wanted. Wish to call attention to one of the many new frontiers under our very noses.

1. Prop. tax hits cap. If 6% expected, & 3% tax, cuts it in half.

But must have revenue (& want to keep soaking rich)

Can shift tax from cap. to land, ~~lose~~ forgive no revenue. Tax is now paid whether you make or not.

By repealing cap. tax, ~~keeping land rate same (?)~~ raising land tax some - not all, for han now at higher base.

Analysis. for one man's, & for whole nation.

The mechanism that's the crux of the miracle is that the tax forgiven to the capital adds to land, not cap. return. Is no reason to raise

2. This would involve a minimum of capital value xfer - a usual objection to monkeying with prop. tax. No confiscation. - even of idle land. A slight xfer vs. land whose use requires little cap. - potentiality, not actual cap. on it, being determinate.

Analysis. (& assume whether existing cap. owner helped)

Only if investors failed to respond & bring int back down towards its present level would land rent fall. & if wages, materials, etc rose. - analyze. - incl. effect on local values of more labor to buy groceries etc.

It needn't get all way back because of If labor is getting too much, lower prop. inc. tax etc.

whole nation — unimputed product ▲ triangle, & gen. compl. Also, if int remains higher, loss in all existing cap. values, incl. land, & nat. debt troubles. But if a society is to escape decadence it must not devote itself to maintaining existing cap. values from comp. of new opp. Such suggestions are the reductio ad absurdum of micro-ec, restrictionist point of view - that we should stop further growth to keep up a few bonds.

3. Problem of local govt.

Should this be done on local basis, or federal?

Is need for better national control of local govt. to prevent confiscatory taxation of outsiders. By removing cap. tax power by e.g., federal law, would cut out main anemia. But can still exploit outsiders by discrim. land tax - taxation w/o representation - & this might become de facto an 'ability to pay' tax. Add to this monop. possibilities of local govt., & argument for fed. control of land tax. (& local land policy)

But it could be done by local govt, conceivably - incentives ok, some monop. Incentives may even be esp. good for local land ownership in some cases, since their action won't affect general int.

Tax dead land, & city planning, further good local things. Their monop. interests prevent. Suggests fed.

Summarize local incentives, conclude federal control needed

SCANNED

AS

FOUND

ftnte on details

and not destructible. (ftnte: administering such a tax over such diverse elements of "land" as mines, forests, wells, fisheries, irrigation water involves many complications

ftnte on details, 2

and details. It is most important that these be worked out for each resource, they cannot be covered by generalities here, so what is said above should be taken to refer to urban sites alone)

~~The land tax as proposed~~

frontiers

New economic frontiers, new investment with and labor opportunities, these are goals that almost everyone will recognize and applaud. By improving social organization, which is certainly the job of the professional social scientist, new economic frontiers can be created beneath our very noses. Economic frontiers have passed only from the minds of some men. -- In the minds of some men they are passed and gone but, I think, only in their minds. In reality new economic frontiers can be created again, as they have been in the past, by daring, imaginative and intelligent improvements in social organization.

An economic frontier, after all, is not something that passed with the wild west. Wherever new uses of land are replacing old ones, and especially if they involve more intensive application of labor and capital, there is an economic frontier just as real as that of the pioneers. The Indians giving way to the whites was but one phase. The hunters gave way to the trappers, they to the grazers, they to the grain farmers, they, perhaps to the horticulturalists, ~~they to~~ or the factories, mines or cities. Wave after wave of economic culture has swept over the land, each with all the economic characteristics of the frontier. The same land resources were used in each case. Improved ec. culture was the basis of each advance.

Each wave consisted of investors, risking their capital in the new economic culture. If the waves appear in danger of stopping, it may as well be because our tax xystem discourages the investors as because

frontiers 2

~~"the" frontier is gone~~. There always have been and always will be frontiers for societies that know how to use them; there was never a land so fertile that it could serve societies that knew not.

ential elemen

~~society penalizes them for it.~~

A preliminary request: do not ~~stereotype~~ assume, on basis of a few statements, that ~~what follows~~ this paper fits any familiar stereotype. It does not.

INVESTMENT OPPORTUNITIES AND PROPERTY TAXATION

How to tax without destroying is (probably) the most useful knowledge that economic ingenuity can develop. In this era of high redistributive taxes, it is ~~Raising revenue without destroying~~ incentives (to produce wealth and finance capital) has become a necessity. Financing government by the confiscation involved in inflation is one alternative, ~~but~~ to taxes that destroy incentives, but not a very pleasant one. In this paper I will suggest one of the many ways that revenue may be raised harmlessly.

~~In general~~

No one can calculate the ~~economic~~ waste of potential resources caused by ~~the~~ taxes that destroy incentives. Certainly it is very great. In this era of high ~~redistrib.~~ taxes a less destructive tax system is being seen to be more & more 'desirable'. For a time the destructive effects of confiscatory, redistributive taxes may be masked by persistence of habits & attitudes springing from a past wherein one was expected to take care of himself. But, as the new philosophy corrupts the habits of new generations, the full effects will be made manifest – too late. Inflation, by which revenue may be raised w/o destroying incentives, will appear very desirable as long as ~~no other~~ alternative revenue-sources are destructive. ~~But~~ Repeated visitations of that are ~~to be expected~~ certain under present institutions. So I wish to propose a tax reform that will in some degree mitigate – – –

In general, the guide to indestructive taxation is:

'Any tax not contingent on production ~~per capita~~ will not discourage production.' Let us call this the 'principle of non-contingency'.

Many taxes, existing or conceivable, are not contingent on production. An unconditional per capita tax is a clear example. ~~It has not been~~ We have not considered it seriously because we think ability to pay ~~has been thought~~ a more important criterion than indestructiveness.

It is a tax on potentialities, not on actualities he makes of them

~~The tax reform I shall propose is more accurate~~

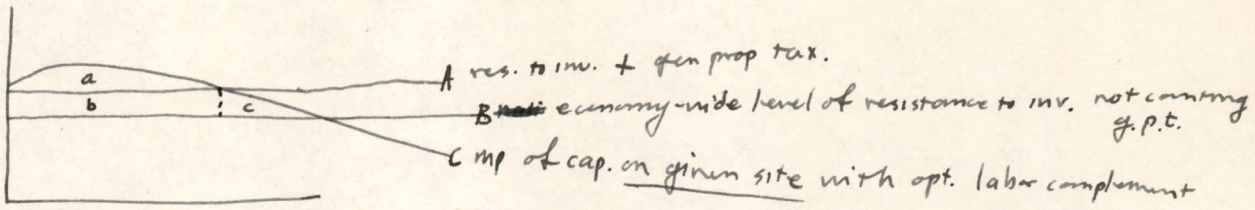
Another indestructive tax, the ~~land~~ tax on sites, has been spurned because it seemed too confiscatory. The tax reform I shall propose is not confiscatory, nor unrelated to ability to pay.

I propose to alter the local gen. prop. tax. The first step in the change is to repeal that portion of it falling on improvements, i.e. on capital. It is clear enough theoretically that this will increase the returns to capital & thereby encourage cap. formation. Empirically the efficacy of ~~exemption~~ this stimulant has been shown many times. It has ~~having~~ been adopted ~~in~~ temporarily in many places ~~for~~ the very purpose of causing capital to immigrate.

To replace the lost revenue, ~~if~~ the course consistent with the principle of non-contingency is this: ~~to~~ increase that portion of the tax on property which is levied ~~on land~~ regardless of improvements.

The effects of the repeal would be as follows:

Diagram



Assumptions:

a) Increased opp. for labor & cap. in this locality will not affect general level

b) Immigration will be unfettered (each reader can decide for himself the degree to which this is true. I won't take space here)

c) Relative prices of locality's products relative to others will not fall. (later to be withdrawn)

The amount, b, formerly taken as tax on capital, will now go to private owners. The windfall will not go to capital as capital. Local capital will not benefit, for the benefit cannot be restricted against outside capital. Capital will immigrate until marginal returns are reduced to level B. Labor, too, will immigrate, so local labor receives no permanent advantage either. Sites cannot immigrate, so the full windfall will ultimately go to them. Local govt. being a geographical entity, its actions affect a definite amount of land, but floating labor & capital will tend to react to its policies so their returns in the locality will equal their returns elsewhere. The windfall b, i.e., will go to owners of sites in the locality. In addition they will receive c, a net gain to society. And they will of course continue to receive a.

In addition (gen compl.)

A locality, then, which exempts capital from taxation, will be in same situation as tho it had suddenly become more favored by nature. Demand for land in this favored area will rise, somewhat ~~just~~ as demand for ~~tax exempt~~ bonds ~~rises above demand for similar bonds not exempt.~~ when they are tax exempt. The benefit will not go to the capital that is nominally exempted, but to sites.

~~It follows~~ The revenue lost by exempting capital can then be regained by taxing sites. This will simply be another way of collecting the same revenue. The difference will be that this tax is not contingent upon production or capital formation. As a result capital formation can increase. The ~~resulting impetus to capital formation~~ annual benefit of the change is represented by 'c' & 'd', the net increase of production above cost made possible by the tax reform. This amount will accrue to local landowners. In addition there will be jobs for the labor complements of the new capital. finally, & to some this is most important of all, the transition period will be one of increased investment.

This tax will be ~~from~~ levied on those able to pay it, for it will be considerably less than the ~~value~~ annual income of the land, to say nothing of the capital on it. (~~true~~ It will not be exactly proportional to the income of the payer, but it ~~will~~ bear about the same relation as the present property tax does.) If payment is delayed the property is right there to be taken & sold for taxes.

~~Write V.T. st. dev. comm. offer to analyze tax system, etc~~

This tax will not be confiscatory. Indeed, as far as the analysis has been carried, it will increase the privately collected rent of land. ~~The~~ Similar proposals made by Henry George ~~involved~~ were designed to confiscate land. The general horror at that idea, & other aspects of 'single-tax', seems to have closed the minds of many ~~against~~ to the genuine benefits of land taxation. I trust my readers will be acute enough to realize that the time-worn arsenal of pat objections to 'single-tax' do not bear on the present proposal. I mention this because ~~many~~ I have discovered, in discussing this matter, an appalling number ~~prevalence~~ of juke box (link) ~~fazy~~ minded economists. They ~~critics who~~ to spare themselves mental exertion, ~~toss off some~~ & get maintain their prestige, ~~toss off~~ a few ~~some~~ irrelevant remarks which they gleaned from some elementary textbook ~~educated refutation of 'single-tax'~~, & think they have disposed of the matter. (link) Some minds are like juke boxes: dial the right number, pay your money, and ~~art comes~~ the old familiar refrain, ~~comes out~~, down the groove from beginning to end.)

Where large scale land division & planning is necessary, as in ~~s/u~~ irrigation districts & larger water districts, some large scale authority is needed. To reconcile this with small ownerships, it must be governmental; to reconcile it with anti-monopoly, it must be non-local governmental. To give someone a good incentive to do good work, it should be an administrator paid on % basis. -- with adjustments, if necess., to keep him from caclulating monopolistically.

Of course sometimes the local govt is better. If local govt represents local land speculators, it will develop while central govt would oppose it. The general principle is to separate the developing area from a competitive core area. Attach it, if possible, to complementary core areas.

In Dorset there are many "feuds". Pa says small towns invent lots of them just to keep people from being bored. This is doubtless an important aspect of competition. If people were perfect organizers, masters of human relationships, they might bind together in monopolies quick as a wink. But instead they are rivals. Rivalry is an important factor in competition; the system could hardly work without it. It need not depend wholely on ignorance and poor human relations, but to a great degree it does.

The IDs say that if higher standards are enforced, i.e. if marginal IDs not allowed to form, then IDs in general will have better repute, be able to borrow for less. This is a subtle form of monopoly, no? By reducing the number of ID bonds for sale it makes it possible to sell for higher prices, i.e. less interest. But this is not main thing. It cuts out marginals, thus assures the reputation of the bonds in general, the public not bothering to distinguish. Whether this is a valid thig to do is a delicate point on which I'll with-hold judgment.

With an ID yuu get an incentive to use land even greater than "economic" incentive to use, for unused land is paying for a special service that only used land gets advantage of? And, besides, the used land gets mre than its pro rata share of water as long as there is unused, further encouraging early develo pment.

An ID is just a taxing unit in which there is an obvious interest in getting all the land into use, hence it, rather than improvements, are taxed. There being a clear case where one thing of large opt. size requires large land use to support it, there is a clear and continuing interest in keeping land in use. When you tax improvements you lower land value just as much as if you taxed land, so landowners as such probably don't favor improvement tax much. It is monop. etc interests that lead to it.

Capital's dual role. 1st, it creates something that can be exploited; 2d, it creates an interest wanting to prevent new cap. accumulation. Both interests agree on indirect taxation. Latifundia grow, civilization weakens.

Besides, as civilization ages, it either gets inequities from inheritance & diff. b.r., or it spends thru confiscation, in either case destroys self. Only young civilizations don't (Irrigation & history) have some such problem, hence they grow.

Hypothesis: irrig. connected with ancient civ. because it requires little scientific knowledge, only organization. At first probly the works were financed by land taxes, this being nec to finance them Because There Was No Cap. Accumulated Which To Suck On to DO IT! Even as in our own day, when we are witnessing The xition from lvt to other taxes, they probly went thru same xition. Of course they had slave labor complications

San Francisco Chronicle
THE CITY'S ONLY HOME-OWNED NEWSPAPER

Founded by M. H. de Young, Publisher 1865 to 1925

GEORGE T. CAMERON, Publisher PAUL C. SMITH, Editor

EDITORIAL PAGE

Personal Property Pitfall

So overwhelming is the announced opposition to Proposition No. 1, it might seem to have no chance of passing. Yet the fact that it deserves to be snowed under, and that almost every organization competent to express an opinion is urging the electorate to snow it under, does not guarantee defeat for a measure smoothly and deceptively packaged, as No. 1 is, to appeal to the voter.

Proposition No. 1 promises to abolish personal property taxes, and the tax-burdened average man might be inclined at first glance to suppose that that would be a fine thing for him.

The average man who thinks that way had better look twice. By abolishing the few dollars in personal property taxes that he is obliged to pay, this illusory measure would accomplish nothing more for the average man than to increase his total tax bill. It would result in tapping his other pocket for more taxes than he would be relieved of by abolition of personal property taxes.

Though represented as a great boon to business and industry, Proposition No. 1 is strongly opposed by the leading representative of business and industry in California, the State Chamber of Commerce, which says:

"This is not a tax reduction measure—it is a tax shifting plan, and points to heavily increased taxes on homes and homeowners, farm land and improvements, higher sales taxes and grave danger of municipal income taxes . . . It would not solve any of the State's tax problems but would increase troubles for California taxpayers."

That's a fair warning from the State Chamber of Commerce to beware of No. 1.

The supporters of this chaotic measure, a Southern California group calling themselves United Taxpayers, Inc., do not bother to explain where the various governmental units of the State will turn to get the $200,000,000 a year of which they will be deprived if personal property taxes are abolished.

If they were candid—which they are not—the supporters of No. 1 would advise the average taxpayer that the various tax treasuries will turn to him for every dime of these millions.

What's in it for the average citizen, then? Not a thing but more taxes exacted in some other way. The proposition would benefit large public utilities, and particularly such out-of-State firms as have little or no taxable property in the State except personal property.

We've always taxed personal property in California. If there is need for reform of any inequities in the personal property tax, the Legislature is the proper agent to study the need and vote changes in the tax. By writing No. 1 into the Constitution the voters would put personal property beyond the reach of taxation, despite the fact that large consignments of personal property, as in stores and warehouses, require expensive police and fire protection toward the costs of which they are now justly obliged to contribute.

Proposition No. 1 is aptly called a "pig in a poke." Vote "no" on No. 1.

Nixon's Philosophy

...olitical ... with that philosophy will vote for Nixon. We fully expect that when the returns are in, they will be in the majority ...

METROPOLIS
Part Two
San Francisco Chronicle
CCCCAAB PAGE 17
FRIDAY, NOV. 3, 1950

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Posse Finds a Lady With a Temper

Special to The Chronicle

MARYSVILLE, Nov. 2 — Kate Lenahan is one who likes a daily constitutional.

Yesterday she started out at 5 o'clock for a walk from the home of her daughter at Smartsville, some fifteen miles northeast of here. At dinnertime the daughter, Helene McGovern reported anxiously that her mother had not returned.

A little later, a Sheriff's posse of 40 men began scouring the Sierra foothills. They caught up with Mrs. Lenahan at 12:15 a. m.

Mrs. Lenahan was cross.

"I was just taking a little stroll!" she snapped. "Send me the bill."

Mrs. Lenahan is 80 years old.

Paris

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$15

regular and half sizes

ssy rayon crepes, swishy taffetas, rich ols

and two piece styles . . . daytime and er 5 dresses

fashion colors . . . high shades, deep umn shades

y purchased . . . specially priced for nendous $5 DAYS SALE! Copies sive fashions—at a price that barely ur budget. Dressy, casual styles in l fashion colors. A Dress Bonanza dinette Sho! Sizes 12 to 20, half



As long as migration free, & still local gov't. has power, can be no great redistrib. state. Growth of fed. power goes with redistr. because it is ~~largest~~ unit of gov't. into which immigration not free.

Perhaps a big reason why localities prefer indirect taxes, despite excess burden, is they are institutionally more convenient for lowering wages, hitting org. labor's rents, e.g. But, as organized labor has local pull, too, this not so sure.

If demand very inelastic - e.g. toll bridge - & instit. rigidities strong, the locality may really shift some burden to

outsiders by indirect taxes, keep local land rents higher than otherwise.

I was maybe wrong to even say socialism made nations more monopolistic by rationing nat. resources wider. For gains are already ~~the as a matter~~ rationed by immigration restrictions to local labor.

Δ production in a country doesn't nec. hurt its trade terms.
If stuff is for domestic mkt, improves terms.

SCANNED

AS

FOUND

Preacher R

BROOKS DEFEATED AT CHICAGO BY 6-4

Roe Pulls Shoulder Muscle While Pitching to Sauer of Cubs in the Third

MINNER SCORES ON MOUND

Goes Route for Third Triumph of Campaign — Pafko Belts 14th Homer Off Branca

By ROSCOE McGOWEN
Special to THE NEW YORK TIMES.

CHICAGO, July 13—The Dodgers' third Western trip started in Wrigley Field today on a very sour note—and the reference is not to Hank—as the Brooks not only lost the game to the Cubs, 6—4, but lost their most dependable pitcher, the veteran Preacher Roe, as well.

The Preacher pulled a muscle in his left shoulder throwing a fast ball to Hank Sauer in the third inning and had to leave the game after hitting Andy Pafko and then going to a two-and-two count on Bill Serena.

Adding to the bitterness of defeat and the joy of the 25,702 cash customers and 2,826 boys was some confusion on the defense involving Jackie Robinson and Peewee Reese, while the winning pitcher was Paul Minner, the lanky southpaw who was cast away by the Dodgers.

Reese fielded a grounder within stepping distance of second base in the second inning but was unable to get his foot on the bag for the force-out that would have ended the inning because Jackie was blocking his way.

Minner Drives In First

As a result of this the Cubs made it a three-run inning when probably they shouldn't have scored at all. Minner drove in the first run of the inning with a squibber off Billy Cox' glove, which rolled into short left field. Reese had broken to cover second base on the pitch.

Then came the Robinson blockade on Wayne Terwilliger's grounder to Reese and Bob Borkowski followed with a single to left to drive in the third run.

Two more runs came in the wake of Roe's departure after he had been replaced by rookie Joe Landrum, who was greeted with a double to right by Serena and a single through the middle by Phil Cavarretta.

Andy Pafko completed the Cub scoring with a long drive into the center-field seats in the fifth off Ralph Branca for Andy's fourteenth homer of the campaign and his second off Ralph.

The Dodgers blew their biggest scoring chance in the first inning. Billy Cox opened with a single to center and, after Jim Russell had fouled to Mickey Owen, Duke Snider singled to right and Robinson lined another to left for one run.

Carl Furillo drew a pass to fill the bases, but Roy Campanella killed the rally by bouncing the first pitch to Terwilliger for the start of a double play.

Two Errors In a Row

The Cubs tried valiantly to give the game back to the Brooks in the fourth. With Furillo on first via a pass and two out, Minner was charged with a throwing error on Gil Hodges' high bounder and Terwilliger let Reese's grounder through for another misplay that scored Furillo. Here Tommy Brown batted for Landrum and lined a single to left for another run, but Cox grounded to Cavarretta to end it.

Furillo bounced a triple off the right field wall to open the sixth and scored when Campanella caromed a hot one off Minner's shin to Terwilliger, who threw Roy out. But that was the last hit for the Brooks.

They had one more good chance in the ninth, when, with one out, they got the tying run on second through a pass to Hodges and Serena's wild throw after fielding Reese's grounder. But Bruce Edwards, batting for Joe Hatten, fourth of Barney Shotton's pitchers, fouled to Cavarretta and Cox grounded easily to Roy Smalley on Minner's first pitch to end the game.

Fills Bases on Walks

Hatten blanked the Bruins in t
last two innings although he
the bases on passes with two
the seventh.

Snider was booed on hi
trip to the plate but, strang
was Sauer. . . . Roe now h
10 and lost 5, Minner 3 and
is one and one against the D
. . . Erv Palica starts tomor
Dan Bankhead said his a
fine after pitching batting p
but Shotton is skeptical ab
ting him in a game unti
further medical attention.

The box score:

BROOKLYN (N.)	ab.	r.	h.	po.	a.	e.
Cox, 3b	5	1	1	1	4	0
Russell, lf	4	0	0	2	0	0
Snider, cf	4	0	1	2	0	0
Rob'son, 2b	4	0	1	2	4	0
Furillo, rf	2	2	1	1	0	0
Camp'ella, c	4	0	0	4	1	0
Hodges, 1b	3	1	0	11	1	0
Reese, ss	4	0	0	0	2	0
Roe, p	1	0	0	0	0	0
Landrum, p	0	0	0	1	0	0
aBrown	1	0	1	0	0	0
bPalica	0	0	0	0	0	0
Branca, p	0	0	0	0	1	0
cMorgan	1	0	0	0	0	0
Hatten, p	0	0	0	0	0	0
dEdwards	1	0	0	0	0	0
Total	34	4	5	24	13	0

CHICA	
Terw'ger, 2b	
Bork'ski, cf	
Smalley, ss	
Sauer, lf	
Pafko, rf	
Serena, 3b	
Cavar'ta, 1	
Owen, c	
Minner, p	
Total	

aSingled for Landrum in fourth.
bRan for Brown in fourth.
cFlied out for Branca in seventh.
dFouled out for Hatten in ninth.

Brooklyn 1 0 0 2 0
Chicago 0 3 2 0 1

Runs batted in—Robinson, Minner, Borkowski, Serena, Cavarretta, Brown, Pafko, Smalley and Cavarretta; Cox, Robinson and Serena. Left on bases—Brooklyn 6, Chicago 8. Two-base hit—Serena. Three-base hit—Minner. Home run—Pafko. Double plays—Terwilliger, Smalley and Cavarretta; Cox, Robinson and Hodges. Left on bases—Brooklyn 6, Chicago 8. Bases on balls—Off Minner 3, Roe 1, Hatten 3, Branca 1. Struck out—By Minner 2, Branca 2, Hatten 1. Hits—Off Roe 4 in 2 1-3 innings, Landrum 2 in 2-3, Branca 3 in 3, Hatten 0 in 2. Hit by pitcher—By Roe (Pafko). Winning pitcher—Minner (3—5). Losing pitcher—Roe (10—5). Umpires—Conlan, Warneke, Stewart and Gore. Time of game—2:13. Attendance 25,702.

SCHOOL AID VOTED IN 'DISTRESS' AREAS

House Adopts the Bailey Bill, Setting Up New U. S. Policy Under Education Office

WAR WORK IMPACT CITED

Districts Affected Would Obtain Aid for Operating Costs—Both Parties Applaud Measure

By BESS FURMAN 1950

Special to THE NEW YORK TIMES.

WASHINGTON, July 13—The House of Representatives today adopted by voice vote the Bailey bill setting up a permanent Federal policy of giving operating aid to schools in districts under heavy impact from United States installations.

As part of the new pattern, the United States Office of Education would be put in charge of all Federal school activities with the exception of those operated by the Indian Bureau. This would put a dozen Federal agencies, including the Army, Navy, Air Force and the Atomic Energy Commission "out of the school business." All these agencies wanted to withdraw.

Cost of the new program for the fiscal year 1951 was estimated at $32,500,000, which would be about $15,500,000 more than various Federal agencies now are contributing to schools' operating expenses.

Over half the estimated cost would go to help educate the 293,500 children residing on Federal property. Other aid would go for children whose parents are employed on Federal property, for districts that have suffered sudden impacts such as war production operations, and for land removed from the tax rolls since 1937.

Both Parties Applaud Work

The bill was passed with bipartisan applause and congratulations to two subcommittees that had conducted field investigations on twenty-three locations in sixteen states, receiving testimony from 600 witnesses in forty-two states.

The result of this nation-wide study was a list of 410 school districts with statistical evidence of more than 70 per cent increase in school load as a result of Federal impact. These districts had a total of 1,816,000 children, which was 738,535 more than before the Federal Government built great installations near by. War and defense activities were responsible for the problem in more than three-fourths of the 410 districts.

The only opposition voiced to the bill was from Representative Cliff Clevenger, Republican of Ohio, who moved to recommit the measure. His motion was quickly voted down. The many speakers who joined in the strong bipartisan support of the measure repeatedly referred to a companion bill for Federal aid to school construction in these distressed districts.

The legislative situation on the two types of aid to "distressed districts" for school operation and for school construction now stands as follows:

The Senate has passed the bill to aid school construction in the Federally affected districts. Members of its Labor and Public Welfare Committee have indicated their willingness to introduce and help push through this session the companion bill on school operating expenses enacted today in the House.

The House Education and Labor Committee has met in executive session every day this week, and will again tomorrow, on the bill to provide for school construction in the "distressed districts." Its chairman, Representative Graham A. Barden, Democrat of North Carolina, said today he was making every effort to get it to the floor for speedy action.

Aid Based on Formula

Speakers on the bill today said that the subcommittees had found a hodge-podge of widely different Federal practices in aiding school districts in which large tracts of land had been taken from the tax rolls by the Federal Government. The Bailey bill sets up a unified system for all school districts having dealings with the Government.

It differs from the old Lanham Act in that Federal aid is based on a formula of the measure of Federal impact and not on the size of the district's deficit.

Districts deprived of their taxable ac[illegible]es by flooding from large Fed[illegible] dams would be included among [illegible]e to receive a helping hand [illegible] the Government.

[illegible]presentative Cleveland M. [illegible]y, Democrat of West Virginia, [illegible]or of the bill and chairman of [illegible]ubcommittee that considered [illegible]id that he had received a [illegible]am today from a school in [illegible]na that would have 500 added [illegible]en as the result of the re[illegible]tion of an aviation plant..

[illegible]resentative Samuel K. Mc[illegible] Jr. of Pennsylvania, rank[illegible]nority member of the full [illegible]ion and Labor Committee, [illegible]at all realized that, in view [illegible]Korean situation, there was [illegible]o be reactivation of plants [illegible]y districts.

[illegible]nges in G.I. Bill Signed

[illegible]HINGTON, July 13 (AP) —[illegible]nt Truman today signed in[illegible] measure setting minimum [illegible]ds for profit-making schools [illegible] war veterans under the [illegible]ill of Rights. The act also [illegible]hes more liberal procedures [illegible]t veterans changing their [illegible]f study.

[illegible]includes current Veterans [illegible]istration restrictions upon [illegible]cational and recreational [illegible]ng. The Veterans Adminis[illegible]n said that none of the [illegible]es affected the July 25, 1951 [illegible]ff date for starting G. I. Bill [illegible]ing, nor the regulation that [illegible]rans actually must be in train[illegible]oy then if they wanted to con[illegible]e schooling afterward.

Petition in Oil Suit Asks for 20 Million

A Dallas couple, seeking $20,000,000 in damages, filed a petition to intervene in the Texas Consolidated Oils, Inc. receivership suit in 116th District Court here Tuesday.

The petitioners were John C. Van Wagner and Mrs. Jane Louise Van Wagner. And they asked for either the damages or a third interest in the company.

Their attorney, Searcy Johnson, said the Van Wagners held an original third interest in the Texmass Oil Company. The company was later reorganized and its name changed to Texas Consolidated. The couple contend that the present management of the company has failed to recognize their interest.

District Judge John A. Rawlins told W. C. Gowan, Texas Consolidated lawyer, that he would not act on the Van Wagner petition Tuesday.

Searcy Johnson complained about the many delays in the receivership hearing, which started Nov. 24, and the fact that one of the defendants, Homer W. Snowden, was not present.

Most of the proceedings Tuesday was occupied with Johnson's questioning of Texas Consolidated's president, Arthur W. Kincade, who is also president of a Wichita, Kan., bank.

Dialogue in this question, included this:

Johnson: "Mr. Kincade, don't you remember that bad debt to your bank for around $435,000 of Snowden's that you wiped out. Did you open any objections to wiping out that bad debt?"

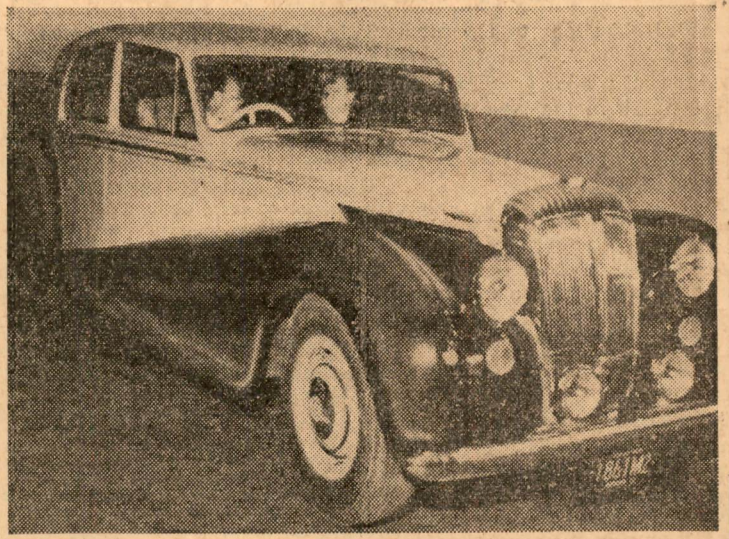
Kincade: "I don't recall all the details."

Johnson: "Who got the $15,000,000 which the RFC loaned the company?"

Kincaids: "You'd have to refer to the records to answer that question. It went for payment of debts and for expansion of the company."

Johnson then asked the Consoli- ... the company ... farmer ...

Attorneys Vote



—Dallas News Staff Photo.

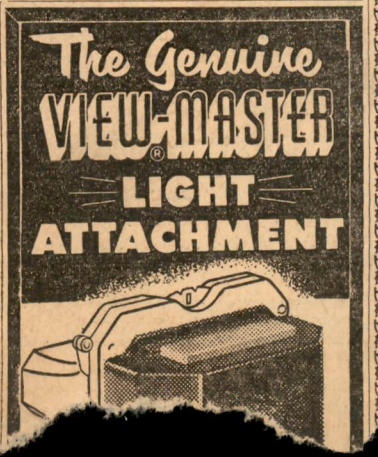
Norman Armstrong of New York, right, United States representative and engineer for the Daimler Company, Ltd., of Coventry, England, shows Clarence Talley of Clarence Talley Auto Company how this $17,000 Daimler is operated.

$17,000 Daimler Goes on Display At Talley Firm

A $17,000 Daimler passenger car was put on display Tuesday at the Clarence Talley Auto Company, 2146 North Harwood.

Similar to cars made for the King of England by Daimler, the automobile is being driven cross-country by Norman Armstrong, United States representative and engineer for the British firm.

It has many fineries including six individually-molded, leather-covered, foam-rubber upholstered seats; a ... trays; D... transmiss... ated rear ...



COURT CALENDAR

FOURTEENTH DISTRICT COURT
Sarah T. Hughes, Judge
Gwen Graul, Clerk

Ira L. Rupley vs. William J. Erck, et al., damages; dismissed.

... H. Lynch & Company vs. John Aleo, ... judgment for plaintiff.

... White vs. Loyce A. White, di... ...ged

... Aviat... ...ply vs. Gar... ...rt B.

H. B. Sherrill vs. David Lee Motor Company, et al., injunction.

Alice Baker vs. Joe Baker, divorce.

H. M. Stanley vs. C. M. Day, also known as Clarence M. Day, debt, etc.

Southland Supply Company vs. Joe Fairless, sworn account.

Bill Lindsey vs. Katherine Lee Lindsey divorce.

Helen Tully vs. Johnnie L. T...

Lola E. Frith vs. Lion...

Claude Marshall D... Kathryn D...

Water Tax Idea Stirs Opposition

Austin Bureau of The News

AUSTIN, Texas, Dec. 12.—A proposed constitutional amendment that would put a new tax on water users apparently got the skids put under it here Tuesday.

Strong opposition to the idea was voiced by several members of the Texas Water Code Committee after a 2-day public hearing on the committee's proposed rewrite of the state's surface water laws.

The proposed change in the constitution would provide state funds by taxation of water users to help finance water projects.

Spokesmen for water users in the Lower Rio Grande Valley spearheaded objections to the proposal of Sen. John J. Bell of Cuero. A somewhat similar proposed amendment died in the Legislature last year.

Several committee members indicated they opposed it.

Among them was Sen. Rogers Kelley of Edinburg, chairman of the committee.

"I would not go along with the Bell amendment in its present form," Kelly said, "or with any amendment that would levy a direct tax on the farmers. I have been notified by the voters in my area. I'm a realist. I try to do what the majority of my people want me to do."

He added that he believes the farmers are almost 100 per cent against the proposal.

It calls for a 10c per acre per year tax on land irrigated by flowing fresh water, a tax of 5 mills per acre-foot on water used for hydroelectric power and a tax of 10c per acre-foot on water for al diversionary uses other than irrigation.

"I think a good compromise on the Bell amendment is brewing," Kelley said.

He appointed a subcommittee to make a final draft of the proposed water code revisions that will be presented to the Legislature next month and urged that the subcommittee meet in Dallas.

Sen. George Moffett of Chillicothe was named chairman of the subcommittee. Its other members are John D. McCall, Dallas lawyer; Rep. William Fly of Victoria; Victor Bouldin, Houston lawyer, and Bell.

Among spokesmen for the water users here Tuesday were A. L. Cramer of Elsa and Judge D. F. Strickland of Mission. Both objected to the "scheme of financing" proposed in the Bell amendment. They pointed out that farmers who have been irrigating their land have raised considerably its taxation value and thus have been paying indirectly an irrigation tax.



STILL TIME TO BUY

SCHENLEY

Order now for the Holidays!







I have feared that world govt. would weaken humanty, by reducing competition among nations. But comp. among nations is monopolistic, while world govt.'s object should be, & probly would be, to vastly increase competition among individuals. So it wouldn't nec. cause degeneration.

Admit foreigners to U.S., tax A.I.V. to compensate this generation of voting Americans, then in next, let all be =. ?

Fortunately, people are not so passionate to migrate, & maybe we can just ~~forget~~ this. Maybe.

The principle that both nations or cities are better off to trade freely with each other is of same stripe as rinciple that every segment of economy is better off to bust other monopolies, rather than to monopolize itself. If you fight fire with fire too much, you burn up the world. Better to fight it with water.

& here is where the fed. govt., or world govt., rather than any small group, is essential.

From my window I see a great monopoly: the City of San Francisco.

... and over in that fog lies the mind of the monopolist.

From Sing supply there are 2 primary divisions of benefits: 1, Benefits to resources whose supply is Sd; 2, Cons. surplus due to lower prices .. & producer surplus to complements in production Cons.

My original graph of benefits from SQ failed to show the first kind. Now it still fails to show everything about complements.

An industry in one town might be in industry decreasing costs -- even tho each individual plant in increasing - bulk line cost curves. This town tends to have monop -- for presumably other towns also in decreasing costs, first one to be started is way ahead. City butches town between expanding & lowering price, or restricting & missing economies of size. Ever happen in reality? Detroit?

When labor gets control of a local (including nat.) govt., it restricts immigration. This checks the growth of the locality, and thereby reduces the growth of its strength also no doubt.

A country, like a business, is more likely to exploit its monop. position when i.r. high -- for all monop. positions are limited, & you only exploit when are heedless of how high price stimulates future competition.

Banks are esp. key pts in affecting local development. Hence local bank policy a key to local manop. policy, & my banking studies relevant.

See Munn vs. Ill.

& ICC development, for stuff on local govt. & municip.

Bob Freeman has dope

~~"Ec. of Am. Ind." — Bob Gutman has it.~~

Write for Mosk on impetus behind migration in America - of industry & labor - & use it for Harwood. Conclusion that labor organization & govt. regulation caused exodus; worth establishing - & publicizing. so country will learn.

Mass. labor org. & state regulation raised costs in textiles.

Could tie this in with Gt. Barrington picture.

& philosophy of

migration & local incentives.

(New Haven, says Bob Cushman, discourages new industry, because cap-ists, headed by Winchester's pres., want to keep out labor unions. Recall Meriden situation. New Bedford better. Fall R. still falling.

Buy some mt. tops - residential gold mines in helicopter age.

Thoughts on thesis & 290B

p.1101

Local institutions, run with monop. overtones, in newly developing countries. Is desirable to integrate economies, which means more than free trade, means also either complete individualism at home, or else a world (or large) govt. to enforce, to prevent local govts. from being monopolistic.

Their desire to import capital gives a good "in" for world govt., in bringing them into fold. As the price for loans, demand cooperation of this kind. Try to show them its advantages; practice it ourselves; etc.

But for some things it would be fantastically difficult. e.g. land tenure. Would have to start with the simple things.

An international money, another good idea.

Call this "restoring a world economy". or such.

Frequently, now, when foreigners invest in another country, they do so to improve their own terms of trade. So world control of investment would not be such a blow to the new countries. Instead of their fighting to direct things to improve their terms, and investors fighting the opposite, we should have.nat. govts. removed from influence of direction of investment. Yet we must have some form of local govt. in ch rge of local public investments -- one function of my thesis will be to point up fact that this is the great problem --- just because we have not solved this problem with our own local govts. doesn't mean we can't solve it with world govt., for that is the new, the fringe of institutions, where innovations can be made. & innovation is to put public works in charge of govt. units that have no monop. interest in them net -- insofar as this possible -- also using competition threat where not possible -- e.g. if N.Y. refuses to expand her docking, invest in Boston.

In general, problem to convince each nation not to seek her future safety in isolation, but in world cooperation. So that all would elect people to world govt., & delegate authorities to it over their own country. And by so doing ~~xxxxxx~~ receive many benefits. E.g., would get more for. inv., because foreign investors won't come in unless they have political assurance in some form of not being expropriated, of payments being free enough so they can be repaid, etc. If all subjectto u niform laws on these subjects, had uniform currency, etc., much gained.

Opposition tremendous, but my work not just a pipe dream. Divergence of cultures not insuperable obstacle: we have in U.S. divergent curlturues fused & under one law. Divergent cultures identified with particular regions, v ested interests, & regional p litical representatives, is another problem -- hence free migration important -- that is another trade we might make, U.S.allows immigration if they allow free trade, join us in various ways. But obvious difficulties in U.S. to that. & that is perhaps a major difficulty: U.S. is too damned secure as she is to be forced to sacrifice any vested interests to get peace. She cannot assume world leadership because of that strong isolationist drift.

But I can excuse myself for not limiting ideas expressed to what seems at the moment politically feasible. For if one so limited

himself, he would be able to say little except "Let's do what everyone thinks we should do." And he might as well have tacet. held his peace. The assumption on which one troubles to write is that the spread of ideas has some causative power in human relations. So forgive me for going a little ~~exxrhoxrix~~ beyond what might be accomplished within the limits of our chronological myopia.

For Buchanan: I might write a preview of my thesis. Test reactions, get ideas -- ultimately, save much work.

I might do a regional, or one country, study. Could dabble in all its business: land tenure, capital creation, commercial policy, anti-monop. policy, tax policy, irrigation development, inheritance laws, money system, methods of financing -- recommend bonding secured by lvt, .

Could concentrate on writing something that would be published. A journal article.

Might take any one of the subjects above, alone. Monetary system would help me review that subject. -- & interlock with whatever else I wanted to do: land tenure, commercial poicy, cap. creation, etc.

Might introduce subject as "For. policy for U.S." "in relation to underdeveloped countries."

Well, don't try to decide all now. You have a start, let it rest for a bit.

New Trier Twsp. is free of bonds in 1951.
Inflation frees ~~on~~ borrowers, improves their
credit rating, thus Δs inv. opp.

Dominance of labor, not property, in Nat. govts, shown by immigration barriers erected by U.S., objected to by potential emigrants. Only in Russia do they try to prevent emigration -- suggesting dominance of landowners there, in some sense.

Import. creation of cap. stimulated, will keep wages from declining somewhat. Land different.
But, like many desirable changes, it injures particular groups, in this case Am. labor. So what is involved is just a matter of improving social organization, for, if total product is to be Δd, we can surely distribute it in such a way as to please a majority. One way of doing this would be to tax Δ in prop. values resulting from immigr., pay native labor. If we think of problem just within limits of existing institutions, the injury to Am labor is inevitable & a conflict of interest is inev. If we use our imag., other ways aut.

If underconsumptionism comes up, 2 pts.
a) It is nullified. Prop. owners spend, & laborers save. Top 1%
b) Adm. now devoted to maintaining ρ by def. finance, despite infl., we'll get plenty of p-p.
c) Idea of overproduction would have prevented peopling of Am west, prevent all Δ of production. But fact is prod. keeps on Δing every year, & each individual consumes more, despite underconsm. Theory, overproduction or limited mkt theory. Some ec-ists tell you idea that Δ product creates its own demand is outmoded. But production goes right on Δing.

7. free migr. into labor unions also needed.

8. Migr. of individuals a marvelous institution, lets diff. pop. pressure be relieved w/o war. – not nec. for state itself to expand to find lebensraum.

9. Immigration won't lower Am. standard of living, but redistribute it. & to find this could be re-redistr. by taxation.

9. Migration a means of judging between different ways of life, letting individuals choose institutions they prefer.

Marta & Marvin settled out of court.

Marvin & I will present theoretical ~~stuff~~ arguments on 2 sides. Then Marta, who is more of a realist, will bring us down to earth.

Birth control – not necessary to prove that raising standards will lower b.r.

10. Some object to frictions of bringing in for. cultures. But if we are to prevent war the strong culture unity of different groups must be broken down somehow, & free int. migr. the easiest way, where different cultures met as individuals.

The need for int. migr. Keep this as basis for possible article & part of thoughts on world govt.

The semester problem: What have been causes of recent wars, what are likely to be causes of next war, and what can be done about it.

The discussion of international migration:
To what extent did search for lebensraum in undeveloped areas cause last wars? Is U.S. immigration restriction defensible? Is it compatible with world government?

Wilton says occupation authorities in Japan had to face problems Japs had been working with all these years, became quite sympathetic with their drive for more land. But they never settled many people in Manchuria etc., suggesting conclusion that the more immediate drive for colonies is for markets, not lebensraum.-- tho I frankly doubt this, from past u.s. experience.

My remarks:

1. Pop. pressure is relative to institutions. Japs not so crowded, if they can be an ind. nation; trade barriers, by lowering our effective culture, make pop. problems where were before.

2. exhaustion of resources a cause.
Bldgs take up space, & they grow old, yet they cannot be immed. replaced. Compl. cap. is adjusted to them, pattern fixed. Very familiar fact in our cities. Brit., best sites covered with old factories, cap. natch turns outward. Labor must follow - or stay behind & socialize cap., further discouraging cap. formation.

3. Migration a slow, inspectacular process, we are apt to underrate it. esp. when a whole new society must be built from ground up. Once it gets rolling, Calif. migration is typical. So we cannot say 'They won't emigrate'. They have, & will.

4. World govt probly impossible w/o lowered restrictions on migration. Yet Am. labor has vested interest in high ratio of resources - labor, would fight it.

5. Migration restr. nec. to give labor incentive to raise general standards in a pol. unit. As it is, prop. common favor immigration, labor distavors. Only ultimate solution is world govt. which will raise all standards everywhere. At present we have labor controlled govts which protect a vested int. of Am & Australian labor vs. Eur. & oriental comp.

3. A subtle & little noticed, yet pervasive & determinant process. Once nations go to war, they do not say 'Lower your immigration barriers.' They take areas outright.
The apathy of unprotected - from - immigr. labor also subtle, but very real.

6. Migration would cause an Δ in world prod. This very desirable.

I have been wrong about the president's being elected "at large". He is elected by electoral college. But still, he does have to appeal to all states. & ~~labor does take~~ those with no local interests do take more of an interest in him, no matter how elected.



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(Continued from Page 62)

Kennelly promised action, asserting that 'housing was the Number One problem.' It was, indeed, 'the Number One problem.' It still is. Chicago has definitely missed the boat on its housing program."

I asked, How come?

My friend said, "Lack of leadership by the mayor. Kennelly was given a program for public and semipublic housing, a good program, and the money to carry it out, but he became an arbiter, not a leader. An arbiter among various pressure groups. If one little improvement association objects to a housing project, he quits cold. You see, everything else in the world gets tangled up in public housing—slums, city planning, the race question, superhighways, private enterprise, sanitation, building trades-unions, contractors' monopolies, public subsidies. Even traffic—in the latest attempt to kill the New York Life project the leading lobbyist was the Chicago Motor Club, believe it or not." Today, he said, Chicago needs at least 290,000 houses. The city itself is not even planning to build or help build them. In fact, the city is wrecking houses to make way for other public works. As for private housing, in other cities a boom had begun almost immediately after the war, but Chicago hadn't got started till 1950. And now, with the new war coming on, that'd stop too.

Did all this mean that Chicago's ...age was worse than at ...it's

newspaper publisher widely respected for his civic zeal, told me in his cluttered tiny office, "We've got a lot of local statesmen in Chicago. Really statesmen. Where do they come from? From the university, from the bar, and, oddly enough, some of the best ones come from the ward machinery. What's wrong with Chicago fundamentally is the pressure of the groups. Whenever anything comes up, the State Street Council says, 'Is it good for State Street?' Not 'Is it good for Chicago?' Or the big taxpayers, like the utilities and the real-estate interests. Or any vested interest. We need housing and we need playgrounds and we need schools, but we get one thing for sure—bigger, faster superhighways to the Loop, so people will go down and shop on State Street. There are very few politicians in Chicago bigger than the selfish interests. The politicians don't have enough money to run their own campaigns. So they take money from the interests. So they become their errand boys. If Chicago doesn't get farseeing government, it will die. The only time it will get it is when we get a politician that has so much courage and prestige that he is bigger than the interests. Which brings us to Kennelly," he said.

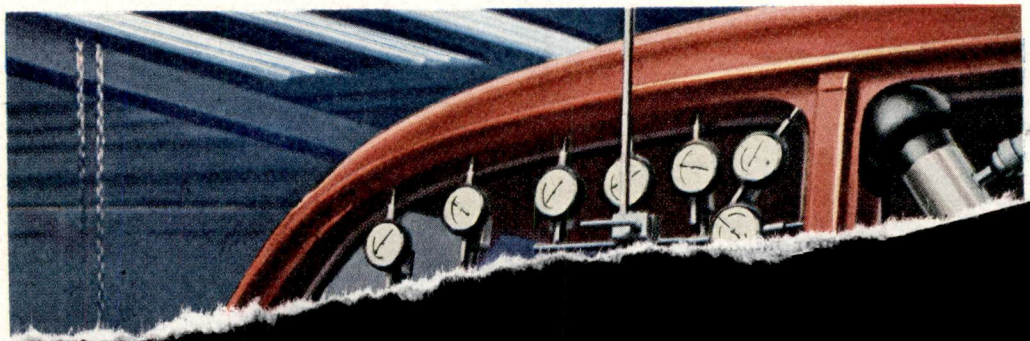
In 1947 Lerner had supported Kennelly for mayor. Since then, like many independent voters, he has been somewhat disappointed in Kennelly. Nevertheless, he probably will support Ken-





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Private utilities, like PG&E, are often superior to local enterprise, because they sell power where it is worth most, even perhaps to utilities outside their own area, but local govt. or coop. would try to keep all power at home, as with water rights. Therein immense superiority of private enterprise. ~~The Hog~~ They do not take account of effects off on l.v., & this is a drawback in many ways, but it does increase mobility of resource produced.

General principle: Group with voting majority tends to shift taxes to other groups. Any group with disproportionate voting strength will shift taxes from itself. Shift away from land taxes reflects fact that land values are high, relative to pop., in areas of disproportionate representation. By shifting to sales tax, they hit city people (who also take less income in kind)

consider L. J. Johnson on this.

We have two conflicting desiderata or aims: to preserve local govt.; to compel it to act in the general interest.

As far as lvt goes, this means a compromise between both goals. As we cannot have both in the extreme together, we must find the best combination. This is the sort of choice we must make every day to live at all.

Federal administration of cities is to be avoided. But federal laws, enforced by federal courts -- there is the device that will do what we want. For central administration of local affairs would be ponderous & unpopular. But every local action helps some, hurts others. Those who are hurt may appeal. They are the local allies of central govt. They will bring suit in federal courts. Thus, thru this court mechanism, we can keep localities from acting against the common interest.

Another compromise is to retain some of the incentive of local landowners to keep up land values. By allowing them to collect some of the ec. rent. And having periodic revaluations by central authority, & increase of central taxes.

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REPORT FROM THE NATION

Matters of Main Interest in Seven Sections of the Country

In the following dispatches correspondents of THE NEW YORK TIMES *report on the matters most widely discussed last week in various sections of the country.*

NEW ENGLAND

Farmers Reject Federal Offer of Aid for Drought Relief

Special to THE NEW YORK TIMES.

BOSTON, Aug. 6 — Massachusetts farmers declared themselves this week against this commonwealth's being named a drought disaster area by an average of 14 to 1. Spokesmen for the 32,897 persons classified as farmers called the move by Secretary of Agriculture Charles Brannan little more than an "empty gesture."

They said that the great majority of agriculturalists who have suffered substantial losses from the rainless summer would be refinanced through their normal sources of credit, and in the long run would have to "take their losses" like any other business men.

One of the leaders, L. Roy Hawes, head of the State Grange, reported his organization had voted against Federal aid by an average of 100 to 7. He said that Washington loans were "unnecessary."

Without minimizing the seriousness of the drought, Mr. Hawes asserted that there was more than ample local credit available to needy farmers without Federal funds.

By the end of the week, Maine was the only state not yet in the "disaster" column, but Federal agriculture officials had asked Secretary Brannan to declare an emergency in the eight southern and central counties.

THE DEEP SOUTH

Moonshiners and Klansmen Keep Area's Law Officials Busy

Special to THE NEW YORK TIMES.

CHATTANOOGA, Tenn., Aug. 6 —Moonshine whisky, which since the Prohibition era ended was only a minor problem for law enforcement officials, is making headlines again in the Deep South as agents of the Federal alcohol tax unit battle illicit distillers to reduce the supply of untaxed spirits.

Special squads of agents are being sent into various areas in the Deep South to raid moonshine distilleries.

The cost of producing legal spirits has risen steadily since the war owing to increased taxes. The lowest-cost legalized whisky averages about $2 a pint on practically all markets in this section of the country. Moonshine is selling for $1 a pint.

In Alabama this week William Hugh Morris, head of the Ku Klux Klan in that state, was returned to jail on a contempt citation for continued failure to reveal the names of the members of his hooded order. Asked if he could remember the name of a single member of the 7,500-strong Alabama Klan, Morris replied he could not. Back to the jail cell he went.

The Ku Klux Klan was again front-page news this week in the Deep South. In Georgia, at Rome, a Federal grand jury indicted a county sheriff, three of his deputies and eight other persons for flogging seven Negroes in a small rural community some fifteen miles south of Chattanooga last April.

The Federal court took jurisdiction in this case under the civil-rights section of the United States code. It is the first time that the Federal courts have taken cognizance of Ku Klux Klan activities in the South.

CENTRAL STATES

Great Lakes Shippers Ask U. S. Help to Rebuild Their Fleet

Special to THE NEW YORK TIMES.

CHICAGO, Aug. 6—A plea to Federal officers in Washington to help avert threatened domination of some segments of the Great Lakes shipping trade by foreign vessels has served to bring to public attention a problem described as affecting the "entire economic structure of the Middle West."

A warning that Canadian shipping enterprise is providing modern vessels and expanding service, while an aging and declining American-flag fleet leaves great gaps in its service, has been forwarded to the United States Maritime Commission by the Milwaukee Harbor Commission.

In a memorandum to Gen. Philip B. Fleming, chairman of the Maritime Commission, Harry C. Brockel, Milwaukee port director, urged the commission to come to the aid of Great Lakes shipping circles with surplus vessels from the fleets built up for service in World War II.

Mr. Brockel stressed the lack of package freighters on the lakes. Before 1939, he informed General Fleming, there were twenty-four package freighters. Now there are none, because the entire fleet was rushed out of the lakes into war service.



Lewis in The Milwaukee Journal

"Maybe I could believe them if they all told me the same line."

THE MIDWEST

Marked Rise Is Noted in State and Local Taxes for 1950

Special to THE NEW YORK TIMES.

OMAHA, Aug. 6—With the formal setting of state, county and local tax levies for fiscal 1950, Midwest residents are learning that the Federal Government has no monopoly on high spending. All along the line the cost of state and local government in this area is increasing.

The reasons for the high tax bills are numerous, but they boil down largely to the taxpayers' increasing demand for more and better service coupled with the politicians' easy willingness to make more and better jobs by complying.

The bulk of the increases will be absorbed largely by these categories: The modernizing and extension of highway systems that were neglected during the war; payment of a bonus to World War II veterans by some states; expansion of state aid to school systems; expansion of welfare service to citizens, a trend that has been expanded in recent months by a jump in unemployment; higher salaries and pensions for civil servants, and the expansion of physical facilities at many state and local institutions in the Midwest.

MOUNTAIN STATES

Region Taking Sides in Major Rail-Freight Rate Battle

Special to THE NEW YORK TIMES.

SALT LAKE CITY, Aug. 6—Western shippers, growers, business men and consumers this week were choosing sides in a major rail-freight rate battle initiated by the Denver & Rio Grande Western Railroad against the Union Pacific. The Rio Grande, seeking to force the bigger road to open its "gateway" at Ogden, Utah, through to the Pacific Northwest. filed an action with the Interstate Commerce Commission replete with charges that the Union Pacific is throttling competition in Idaho and points north by refusing to establish joint through rates to and from that territory.

Rio Grande President Wilson McCarthy told the ICC and the region's press: "It is not in the public interest to allow a single road to use the club of discriminatory rates to force traffic over its lines." He referred to the fact that Idaho potato shippers, for example, must use Union Pacific facilities all the way from the Gem State to Denver on hauls to Texas if they wish to enjoy through rates for the entire movement.

President A. E. Stoddard of the Union Pacific, labeling the Rio Grande's action before the ICC a "raid," terms the call for joint rates "absolutely unwarranted and detrimental to the area involved."

Less interested railroaders point out that success for the Rio Grande in its Ogden gateway fight might break down a parallel situation at Denver and perhaps aid other less-fortunately situated railroads in other sectors of the nation.

Shippers and consumers are far less concerned with the complexity of the fight between railroads than its possible effect on specific tariffs. While success for the Rio Grande would by no means guarantee lowered rates to and from the Mountain States and the Northwest, competition might have healthy results.

THE SOUTHWEST

New Mexico Seeks to Develop Natural Gas Resources

Special to THE NEW YORK TIMES.

ALBUQUERQUE, N. M., Aug. 6 —Development of natural gas resources was the focus of much interest in New Mexico and the Southwest this week.

The resources in question are in the San Juan basin in northwestern New Mexico, long a center of oil exploitation. These fields have been estimated to contain upwards of two trillion cubic feet of proved gas reserves.

The El Paso (Tex.) Natural Gas Company, which last year completed an $80,000,000 pipe line from West Texas gas fields to southern California, has proposed to build another pipe line from the San Juan fields to the rich potential market of northern California. Gas would be furnished also en route to many interested centers in Arizona and Colorado.

New Mexican communities are naturally anxious to have the resources developed, but by themselves do not offer a big enough market to warrant the large investment. From this standpoint, the project seemed like a happy one.

However, the question of conserving the state's resources was raised in Federal Power Commission hearings by the Atomic Energy Commission, which wants to protect the supply of its important installations in New Mexico.

Assuming reservation of enough gas for the AEC, some quarters expressed the fear the pipe line would not leave enough gas for other local needs. At the proposed pipe line flow of 400,000,000 cubic feet a day, the proved reserves would last only fifteen years. But oil engineers suggest there is almost certainly a far vaster reserve which awaits only discovery operations.

"Why sell gas to California to enable it to attract more industry when we want to build up our own industry?" one observer summarized.

"But," countered a spokesman for the opposing school of thought, "We'll never be able to build up local industry until it's worth somebody's while to make gas available."

PACIFIC STATES

California Prepares to Vote on Old-Age Pension Law

Special to THE NEW YORK TIMES.

SAN FRANCISCO, Aug. 6—A growing West Coast, vitally interested in the "aging population," watched Californians working out strategy this week in an old-age pension battle that has potentially great political consequences.

At a special election on Nov. 8 this state's voters will decide whether to repeal Article 25, which went into the California Constitution only last November by popular vote. This measure increased the monthly maximum old age pension from $65 to $75 and lowered the eligible age from 65 to 63 years, besides boosting maximum monthly payments to the blind from $80 to $85.

If the measure is repealed its monthly maximums for pensions and for aid to the blind will stand. But the eligibility age for pensioners will go back to 65 years. Moreover, the Legislature will be free to change the maximums instead of having them frozen into the Constitution, and the office of state director of social welfare will be appointive instead of elective.

Repeal leaders, headed by the California Council for the Blind, have attacked the measure both on financial and political grounds. They estimate its cost to the state at $50,000,000 to more than $100,000,000 a year, partly because of the lowered age limit.

But they gave evidence at a strategy session this week that they would hammer energetically at other issues as well. Dr. Jacobus Ten Broeck, a University of California professor and president of the National Federation for the Blind, charged that promoters of the California pension movement were setting out to build a political organization "coming about as close as possible to the Huey Long machine."

Both sides are raising funds for an all-out campaign and many a pensioner turns on his radio every afternoon to listen to confident words from George H. McLain of Los Angeles, head of the Citizens' Committee for Old Age Pensions. He claims 100,000 dues-paying members and he persuasively tells voters that the present constitutional set-up on pensions shifts the burden "from the home-owning taxpayer to the corporations."

ANSWERS TO QUESTIONS ON PAGE 2

1. Gen. Omar N. Bradley, Army Chief of Staff; Admiral Louis Denfeld, Chief of Naval Operations, and Gen. Hoyt S. Vandenberg, Chief of Staff of the Air Force.

2. On Aug. 8 another "A" bomb was dropped on Nagasaki, and Russia entered the war against Japan. On Aug. 14 Japan surrendered.

3. One was Senator Harry F. Byrd, who backed John S. Battle, winner of the Democratic Gubernatorial nomination in Virginia last week. His brother, Rear Admiral Richard E. Byrd, announced plans for a new naval expedition to the Antarctic.

4. Eniwetok.

5. Chief Justice Fred M. Vinson and Justice Harold H. Burton.

6. The U. S. Military Academy—established in 1802. The Naval Academy was set up in 1845.

7. In 1856.

8. Bolivia. Paraguay, another landlocked nation, can be reached via the Parana-Paraguay River system by vessels of moderate draft.

9. No. The unpaid balance, including interest, is $7,928,598.

10. (1) Oliver H. Perry, after the Battle of Lake Erie, 1813; (2) John Paul Jones during the battle between his Bonhomme Richard and the Serapis, 1779; (3) Lord Nelson, before the Battle of Trafalgar, 1805.

11. In nautical slang, "splice the mainbrace" means to issue a ration of grog.

12. Java. The agreement was between Dutch and Indonesian leaders.

13. Eduard Daladier.

14. Yes. Britain was invaded by the Danes in the ninth century and by the Normans in the eleventh century.

15. (1). When the Metropolitan Police Force of London was founded by Sir Robert Peel in 1829, its members were called "Peelers"—or "bobbies," for Sir Robert's first name.

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RECOVERY UNDER THE MOLOTOV PLAN—AS THE CARTOONISTS SEE IT



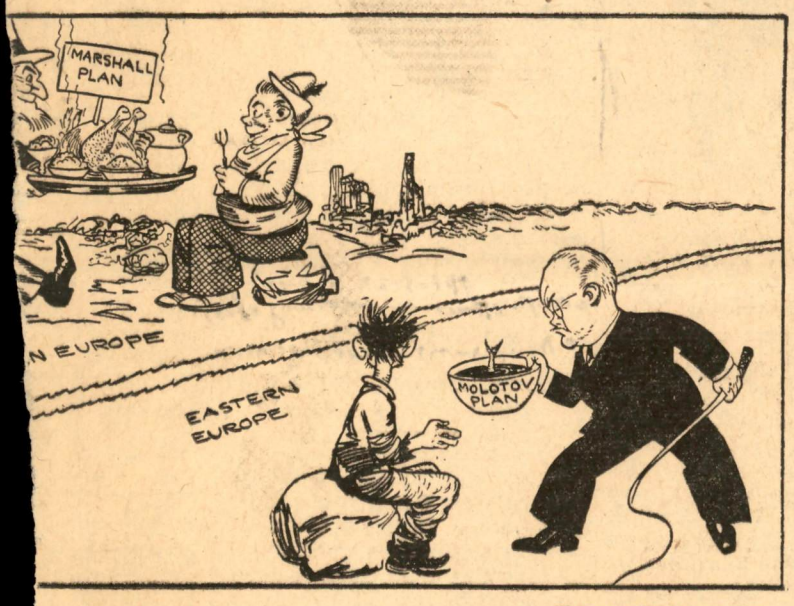
Alexander in The Philadelphia Evening Bulletin

"That old stall."



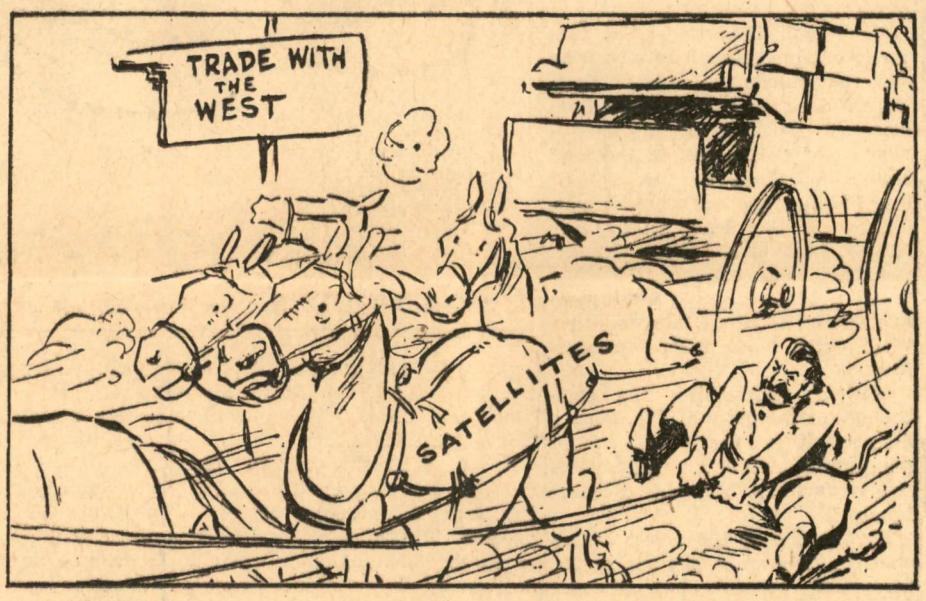
Somerville in The Denver Post

"The same old ball and chain."



Thomas in The Detroit News

"Food for thought."



Sweigert in The San Francisco Chronicle

"Maybe the job is bigger than Joe."

CAN VS. KREMLIN: SURVEY OF EFFECTS OF PAPAL DECREE

ORK TIMES *last correspondents in untries to report the Vatican's de- which ordered the n of all Catholics nunism or its doc- spatches follow.*

ALY

s Decree Having ct in Parishes

EW YORK TIMES.

—Preliminary re- ishops sent to the thering informa- priests of their according to Vati- the decree of ex- sued last month ad repercussions all walks of life. the reaction of of bewilderment Priests have re- are being asked a ons by the faith- one way or an- ommunist party. ave been no spe- o the number of no have left the ations are that high cials are concerned eport to the execu- Communist Deputy ta said last week e has been "to a effective. ng to non-Commu- way of saying that immediate reper- are important rded in an official

ation of the seri- hich the Commu- decree is seen in by their newspa- es. The tendency tization of sanc- Communists. Ef- ecially not to of- eling by distin- atholic doctrine, profess to ac- tholic clergy, s reactionary.

E

in No Hurry Edict

TIMES. correspond- TIMES re- e villages ing Com- Commu-



Reports From Five Key Countries Show How the Ban On Communists Has Been Received by the People

nist populations, looking for French reaction to the Vatican edict excommunicating Communists. In each place the local priest was asked what had happened in his congregation since the issuance of the decree. In village after village the story was the same. Nothing has happened. The priests have not even mentioned the Vatican decree at mass or posted it on the church doors as the edict requires. The newspapers have not printed much about it and the priests are not hastily applying it.

Since the curé is the church to the villagers, until he does something the local Communists will not get excited or belligerent. However, as soon as the curé refuses to bury a known Communist in holy ground or refuses to give one any of the sacraments, as is happening in Italy, then the whole thing will break into an open struggle.

One village priest said that only one case had come up so far in his parish. A known Communist was supposed to be godfather at a baptism. The priest said:

"He is a good fellow. Why start anything? So I let him act as godfather."

All the village priests visited said that they were waiting for further instructions.

On being questioned about local clashes between the Church and the Communist party, the Bishop said quietly:

"You Americans want to rush things. Why anticipate trouble? We have no titular Archbishop [Emanuel Cardinal Suhard is dead] and we won't have any specific instructions on how to apply the edict until maybe October or November when the French College of Cardinals meets."

Thus far the only struggle is in the minds of the intellectual Communists who are also practicing Catholics, such as the poet Loys Masson, or Communist sympathizers such as Abbe Jean Boulier, who has been forbidden to say mass by Acting Archbishop Henri- ger Beaussart of Paris.

time the conflict will un- tedly sharpen and hurt the munists, who will then fight but in the meantime both e just sparring.

GERMANY

ecree Seems Likely to ct Few Germans

to THE NEW YORK TIMES.

Germany, Aug. 6— excommunication of is expected to have effect in Germany, bservers here. They unlike the Church —yet last night Max Reimann, the Communist leader, drew one of the biggest election crowds, more than 13,000. By comparison, Kurt Schumacher, the Social Democratic leader, last night drew only 5,000.

The Communists have not let up in their anti-church attacks despite the papal decree. One of their repeated arguments was voiced by a woman speaker here Thursday night, who demanded, "Why didn't the Pope excommunicate the Nazis?" She was loudly applauded.

Those Communists who are Catholics—and it is pointed out that there are comparatively few in Germany—are not expected to quit their party. The percentage of Catholics among the Communists is larger in the Ruhr area, which borders on the Rhineland, but there has been no indication of either increasing or diminishing Communist strength in recent months.

Thus far only the Communists have reacted to the decree and there is no indication that they feel any injury to their cause in Germany.

The Communists have been expected all along to get about fifteen seats in the new Parliament. Political experts have not changed their views in the wake of the excommunication decree.

CZECHOSLOVAKIA

More Vigorous Action Is Taken Against Catholic Church

Special to THE NEW YORK TIMES.

PRAGUE, Aug. 6—The principal effect of the Vatican's excommunication of Communists has been to give pause to the vacillating members of the Catholic clergy who had been inclined to collaborate with the Communist Government.

At least one priest, Josef Fiala, who had helped to organize the Government's "Catholic Action," is known to have repented following the Vatican decree excommunicating supporters of "Catholic Action." About twenty priests have been excommunicated, according to church sources, on the basis of the Vatican's decrees.

Although there has been little evidence of attempts by priests to enforce excommunication by denying Communists the sacraments, Catholic priests claim that the decree has had a profound effect in stirring conflicts in the consciences of many persons who had previously claimed to be both Catholics and Communists.

Czech priests explain that in most cases it is up to the individual to decide in his own mind whether this form of excommunication applies to him. Only in the most blatant cases is the individual priest's or layman's excommunication likely to be announced or conveyed to him personally. It is a kind of psychological warfare.

There has been no sign at present of a movement among Communists to disavow membership in the Catholic Church.

The most tangible effect has been to give the Government a pretext for vigorous measures against the Catholic Church. Enforcement of excommunication for political reasons will be treated as high treason. Next autumn the church will be under direct financial and administrative control of the Government.

POLAND

Decree Gives Impetus to the Regime's Fight on Church

Special to THE NEW YORK TIMES.

WARSAW, Aug. 6—If the Vatican's decree ordering the excommunication of all Communists and supporters of communism was intended to have an immediate effect, it has failed in that purpose in Poland, Catholicism's greatest stronghold in Eastern Europe.

Instead, it has given fresh impetus to the Government's campaign of making some Poles feel that there is little understanding in the Vatican for their peculiar situation and problems. Moreover, it has thrust new and bewildering problems on the faithful.

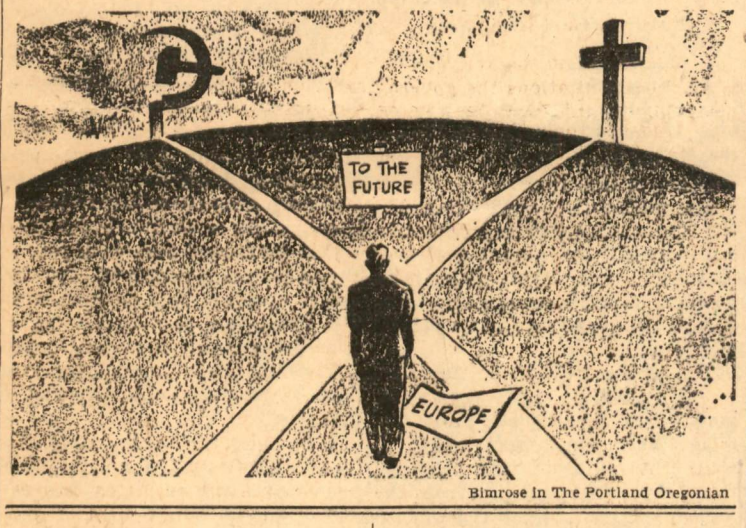
Technically, there is no Communist party in Poland now. There has been only the Polish United Workers party since last year's merger of the Communists and Socialists.

Government speakers emphasize that the party's efforts are directed toward putting the country on the road to socialism, not communism. Such theoretical loopholes are providing for many Catholics a temporary refuge from making a decision until the Catholic hierarchy points out the path it wants the faithful to follow. As a result, there has been no discernible effect on the party membership.

Embarking, as it is, on a new series of negotiations with the Government, the church hierarchy is evidently loath to implement the decree at this time. The hierarchy has almost completely cut itself off from all contact with Western representative observers to protect itself from charges similar to those made in Hungary and Czechoslovakia that it is conniving with the West against the regime.

However, some priests who are still approachable indicate the dilemma that the Vatican has thrust upon them. Many of the faithful hold party cards, for otherwise they would not hold the positions they do, and in these positions they can frequently soften the impact of rigid orders received from higher up.

"DAYS OF DECISION"



Bimrose in The Portland Oregonian

THE PERONS MEND POLITICAL FENCES

At Mid-Term the President and His Wife Rally Supporters, Crack Down on Opponents

By MILTON BRACKER
Special to THE NEW YORK TIMES.

BUENOS AIRES, Aug. 6—President Juan D. Perón, who was inaugurated June 4, 1946, is two months past the midway mark in his six-year term and, in a manner of speaking, is doing fine.

His domestic economic problems do not look nearly so disquieting in a world that murmurs of recession in the United States and of downright crisis in Britain.

President Perón and his wife received last week the sung and chanted plaudits of the first national convention of the peronista party.

The Government party has been formally reorganized. There will be a daily "turn of the screw," Señor Perón said, in a non-violent purge of self-seekers, incompetents and the corrupt.

Where does this leave the Opposition? For one thing, its distaff side is wholly unprepared for the assault by Maria Eva Duarte de Perón's new peronista women's movement. The symbol is a picture of Evita herself depositing a ballot.

Acclaim of First Lady

In February, 1952, thousands, like her, will be voting for the first time in a Presidential election, and anyone who doubts how they will vote should have seen their hysterical acclaim of the First Lady last week. Her candidate, assuming her husband does not run, seems sure to be Col. Domingo Mercante, Governor of Buenos Aires Province.

Right now the Opposition—the Radical, Socialist, Progressive Democratic, Conservative and Communist parties—faces a difficult task. The Radicals, who hold all but one of the forty-one minority seats in the Chamber of Deputies, have the loudest voice, for speech on the floor is still free. But in any election in the immediate future Señor Perón would win hands down.

President Perón's current relations with the United States are a far cry from the situation that obtained as little as two and a half years ago. Then Ambassador George S. Messersmith was trying to reverse the policy of former Ambassador Spruille Braden, who this week has been the subject of a violently resurgent press campaign.

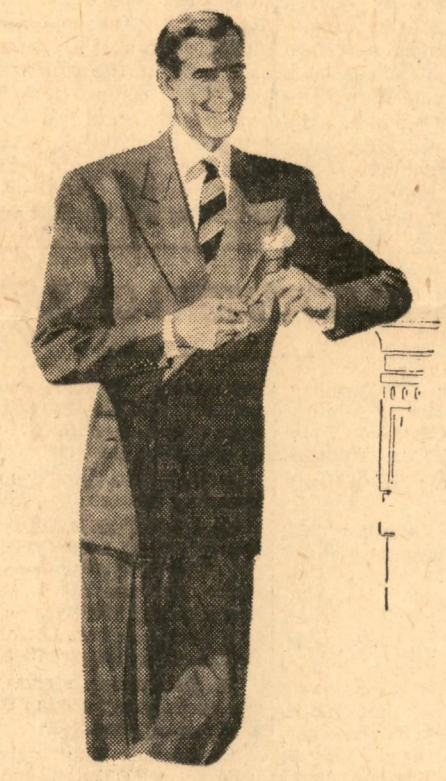
End of an Era

Mr. Braden's job was primarily political and Mr. Messersmith rubbed the cat the other way. But James Bruce, the present Ambassador, has dealt far more in economics than in politics. On Nov. 3, 1947, he called President Perón a "great leader of a great nation." That was not casual; it was studied. In effect it punctuated the Braden-Messersmith era with a period.

Ever since then Mr. Bruce has been interested primarily in improving economic relations between the United States and Argentina.

The implementation of such work has shifted to Washington. There sits the new joint Argentine-United States commission that is seeking ways of putting the nations' trade on an equitable and expanding basis. The upshot will probably be a full-scale trade agreement to replace that of October, 1941.

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Tax delinquency -- when it is a question of the municipality's survival, as it was in I.D.s, won't be tolerated. ~~But when~~ & any motives to allow it -- e.g. in slums, dead land subdivisions -- must be very strong for it costs other taxpayers plenty -- & they are always aware of when land is taken off tax roles.

Land spec. also helps landowners when municipality is a monopoly. Less productive land use.

Extreme case: delay land settlement, keep down ~~price~~ supply of your services.

Hank Bent observes the ruling clique in Columbia, Mo, are downtown landowners who have low assessments. Hence they oppose any change, no matter how beneficial, because it might upset their small racket.

This is essence of reactionarijism, & cause of stagnation.

When vested get ahold of any valuable or strategic position, be it a townsite, a profession, or a mineral, they blindly oppose all change.

~~which might~~ for any change might lead to a reshuffling which would destroy their racket, by drawing public attention.

Such people will also be very shy about divulging information. oppose public education. etc. Blaisdell

Hence the great value of all catastrophic changes, not to mention competition. Free trade would be a change.

Here it is not Locality acting as monop that explains all. But a clique exploiting others.

Earl ~~Hansen~~ Hansen observes is much less idle land in farm areas than cities, thinks probly farm tax admin. is much less monopolistic & improvement based. He's probly right -- tho what Margie Bullard's grandfather told me about Ia. tax titles suggests they are pretty tolerant about delinquency back there. But that makes

sense -- delinquency there doesn't mean non-use, so much, just a means of extending credit to hard pressed farmers from country as whole.

What, where, & when.

What: Municipality, like school district, road d., improvement d., etc. With taxing, bonding, & forced participation power.

Where: San Joaquin, & mainly in two clusters. Not the factories in field. Reasons for location.
Are also in other w. states, after same pattern.

When: 1887, to present. Main development so far in 20s. Present CVP development will go thru IDs to some extent.

Why do they tax land values?

HG followers? Regrettably, no. Within some IDs, wonderful spirit. But haven't raised sights beyond locality yet, & concept of equal opportunity doesn't extend to those who don't own land in ID. -- as shown in CVP dispute.
Some connection, in origin. Small farmers forcing participation of big, at time & in area where HG had influence. Appropriative doctrine, same time, ownership thru use, similar influence. But neither was really HG -- object to increase land values. Roy Sullivan, occasional. But Solvang, HG Peterson.

Redistribute land? Socialism? Again, no, no more than Winnetka's munic. water supply. No one in ID would gain, some would lose.
Only theocracies kept redistributing for any time, Utah & Mass. Immigration stopped.

They tax land to benefit landowners. Important, so will elaborate. Seems contradictory at first.

Excess burden, triangle. Shows taxes on improvements lower ec. rent even more than taxes on land. So in absence of forces to contrary, is best for landowners to tax land values. (What the forces are, will come to)

To collect benefits that cannot be sold. Costly to measure water anyway, & at first is surplus anyway. Dim. ret. to water, & rent.

Force all potential beneficiaries to participate, thus make project possible. (ID for large, expensive projects) Which is another way of saying, prevent land speculation. Forced participation originated because small owners who wanted to irrigate & improve saw that only by this could they prevent projects' being ruined by non-participation of big owners. Various quotes. With lvt, those who improved & used water not penalized.

Why are they ceasing to?

Projects being paid for, just O&M now. (& bond defaults)
Remember, these people are not believers in HG. Private land-owners, they want nothing more than to get rid of those taxes.

Ration water. Partly justified -- it is land, too. But partly, to keep from spreading it very thin. They have fixed water claim, for whole district. Many districts included land they never planned to irrigate, just to get larger claim. Now they want more per farm.

Break, questions. Maybe stop here.

Why didn't same motives that made IDs tax land make cities etc. tax land?

They did. Gen. prop. tax has been, in various times & places, primarily a tax on land values. Portland, Oakland, San Diego, Utah cities, Houston, Tacoma, Vancouver, New Westminster. Probably all, if you checked it closely -- isn't always apparent on surface, is matter of practise more than law.
All kinds of districts; special assessments. Old state prop. taxes. Only in very recent times has GP tax stopped being main source of revenue, & much & often most of it was on land. (This one big cause for rapid growth of U.S., we depend on prop. tax more than any other country.)

They are leaving it. Thru changing assessments to improvements, no change in law.

Why? Some pure corruption, for votes & campaign contributions. But are deeper forces even at work.

Distinguish Expansive vs. Restrictive attitudes community may have.

Expansive: to get established; to pay for original basic public works; to attract such works -- r.r.s;
IDs never got beyond this stage. Always struggling to pay for original basic public works. Until recently.

Restrictive: Once established, to exploit monopoly position. San Francisco.(not half as bad as New England)
It has special services for a special market. Reduce supply, raise price. Reduce supply by taxing improvements. Hotels, piers, houses.
Another way of observing this is shifting tax to outsiders. Tax shifted when supply reduced -- e.g. lvt cannot be shifted, because supply not reduced. By taxing capital & production, reduce supply, shift tax.
Reduce supply both by discouraging improvements; and by increasing land speculation.
Do other things that work in same direction: let dead land lie dead; building codes; encourage bldg. unions;

existing bldgs exempt

(existing bldgs exempt)

zoning (existing bldgs usually exempted).

Excess burden doesn't hold, for existing bldgs. already built, little excess burden there. For them, is just a reduction of taxes, since they are old bldgs. on valuable land. For bldg.s not yet built, is a burden. Owners in old areas like this, slows the inevitable march of most desirable areas away from old bldgs.

Since cap. mkts imperfect, some of burden borne by investors, in form of lower yields -- they go ahead & invest anyway. But this also bids up land values, another gain for old owners. Acceptance of lower r.s. by investors a, reduces excess burden; b, Raises capitalized values. Competitors become customers - instead of buying new assets, they buy existing ones.

Finally, landowners want to shift ~~m~~ city taxes to increase their support in fight vs. redistribution. As more residents become non-landowners, & settled & in politics, strong pressure to use city taxes for handouts. Lorenzo quote:"...". & think of Chinese Warlords.

I.D.s, with limited function, can't be used for redistribution, so this doesn't apply to them. It doesn't apply to municipalities until they acquire many permanent residents who aren't landowners.

Conclusion:

To get lvt, will not get it thru local govt., except temporarily. Still find it at growing margin, but lose it.

Need a state or national law; ultimately, a world law.

Georgists tend to be decentralists. I think Georgism has strong centralist implications. Meikle quote. Local govt. has depended for impetus on private landowners, the only ones with fixed local vested interests.

Owners of old areas want to stop drift to new.

—

Evolution of politics -- politicians give privileges to get support, these take form of tax favors to old timers.

Every time tax is shifted from land to improvements, friction of situation causes temporary shift of burden to outsiders, ~~to~~ due to impact of tax. This may motivate some shifting.

Which is really just taking advantage of very short run monop. gains.

Monop. cities are mainly victimizing other landowners, for labor & cap. can shift.

To stop all monop. would thus raise l.v.

So maybe could tell lvt to landowners as their basis.

Auditor's Annual Report
for year Ended 6-30-30
(Probly have to go to city
hall -- or Bob has it)

—

Annual Rept. of Controller
for 6-30-41
& 6-30-49.

Shows new land values
assessed stayed same,
improvements Ad 5 x.

When town is controlled by ambitious expanding elements, they being enterprising, have high mrs & ~~large~~ relatively small land holdings -- small relative to their improvements. So they like IVT -- because it shifts burden to a minority group, the rodzy landowners. But when majority become rodzy, they shift it to enterprising minority.

Individuals with low m/s put relatively more value on their land than cap

As an economy becomes urbanized, people come to evaluate their land more relative to improvements due to lower m/s. So they benefit by shifting taxes to improvements

Dubious -- for improvement tax hits L.V. harder than L.V.T.

A bank wants customers who will keep m
in it. So it ~~specializes in~~ prefers lending to those who
will spend m to bank's customers.

Effect of taxing improvements is same as of low i.r. It lowers yields. Thus moving cap. into land, raising l.v.

So when landowners shift taxes, thru this double effect, they may gain net. This may explain why they do it. Lower i.r. locally.

Their net loss is triangle of 'excess burden'; net gain is monop. plus lower i.r.

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FOUND

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OLD ENTITY WANES IN NEW ENGLAND

Last 20 Years Has Seen Rural North Lose Touch With the South, Economists Say

By JOHN H. FENTON
Special to THE NEW YORK TIMES.

BOSTON, July 22—New England, long considered an homogeneous region by economists who have kept it under almost constant study, appears actually to have been subdividing for the last twenty years.

An informal survey of the region on the basis of intangibles, rather than on statistics, indicates that this subdividing, however imperceptible, has been political, sociological and industrial, in that order.

Although regional economists hesitated to endorse any theory unsupported by statistics, they admitted that there was a "different feeling" north of the Massachusetts border. Other observers, taking a non-statistical view, almost unanimously agreed that there was a difference. They included insurance executives, political figures and industrialists.

While most of those who expressed opinions insisted on anonymity, the genral impression appeared to be that the upper tier of New England states—Maine, New Hampshire and Vermont—had become a region of their own in many respects, compared with Massachusetts and Rhode Island.

The Position of Connecticut

Also, there was a widely felt belief that Connecticut, principally because of its geographical position relative to the metropolitan New York area, might be considered a third subdivision, possibly even embodying the best of the old New England tradition.

The principal reason for tending to put Maine, New Hampshire and Vermont into one group apart was that they were considered more rural than urban in population, with the fundamental political power vested in the small towns' representation in their respective legislatures.

This, it was pointed out, generally meant an inherent conservatism that was reflected in legislative votes on spending, since these had a direct, personal effect on the individual legislator. More often than not, observers declared, there was a greater degree of home ownership and less renting of tenement housing among Northern New England legislators.

In the more densely populated states like Massachusetts and Rhode Island, it was agreed, a legislator either was not a real-estate taxpayer himself, or else the larger majority of his constituents was not, and hence, sociologically, less sensitive to the economies of taxation.

Then, too, it was explained, there now were fewer high-powered industrial cities in the three nothern states, with a consequent lesser organization of trade unions for political action.

Both of these factors, according to Northern New England observers, were leading ones in keeping their states at a Republican constantcy all through the Roosevelt era and into 1948. New Hampshire, to be sure, did join the Roosevelt parade from 1936 through 1944, but went along with Vermont and Maine as Republican states in 1948.

It was noted, however, that New Hampshire continued to elect Republican Governors through the Roosevelt period; and that, as the state recovered from the depression of the Nineteen Thirties, Republican party strength at the national level increased.

While inherent Republicanism in New Hampshire was returning toward the steadfastness of Vermont, observers noted that Rhode Island "threw off the G. O. P. yoke," and Massachusetts and Connecticut gradually increased in Democratic strength, largely because their industrial centers swung the balance of power.

Even in face of their stiffening Republican adherence, the three upper states continued to accept Federal grants, for, as one industrialist expressed it "They won't shut the door on this money, as witness the potato farmers of Aroostook County, Me., but they still are suspicious of strings attached to anything out of Washington."

Gov. Sherman Adams of New Hampshire, for example, plans to be represented at a New England hearing of President Truman's Water Resources Policy Commission at Springfield, Mass., on Tuesday. His stand will be in favor of inter-state compacts for the "aggressive and vigorous development" of water resources, rather than face the "threat of Federal encroachment" in the field.

Cautious Policy Adopted

Yet, every step of New Hampshire's recent streamlining of state government was checked through Washington sources to make sure it did not violate any possible Federal aid, according to one of the planners.

Vermont Republicanism appears to have become a matter of personal opinion, rather than of party label, according to those familiar with the situation. Since the state has an open primary, Democrats often can, and do, vote for Republicans. As a consequence, the minority party has sought in vain, so far, for some one to oppose the Republicans' Senator George D. Aiken this year.

The attitude is summed up by Tom Hayes, a war veteran who was graduated from the University of Vermont in June. He is spending the summer campaigning for Winston L. Prouty, a former Speaker of the Vermont House, who seeks the Republican nomination for Representative in Congress.

"I'd be a Democrat," Mr. Hayes observed, "if it weren't for men like Aiken and Prouty. I'm an Aiken liberal."

He added that three other Vermont University graduates of 1950 also were working for Republican candidates under a similar conviction. It was learned that all four stood near the top of their class.

They favor development of the St. Lawrence Seaway, as do political figures in Maine with due respect to Passamaquoddy. Man-

the-street opinion in both states appears, nevertheless, to be skeptical of their practicality.

These all are factors in political surveys as to future Republicanism in Northern New England.

Great Neck Fights Fraternities

Special to THE NEW YORK TIMES.

GREAT NECK, L. I., July 22—After September, 1952, all students of the Great Neck High School who are members of a fraternity or sorority will be barred from athletic teams, elective offices, bands and glee clubs and all extra curricular programs of the school, the Board of Education has announced.

India Needs 50,000 Technicians

According to the Scientific Man-Power Committee of the Government of India, India's requirements in scientific and technical manpower in the next five to ten years will be nearly 50,000, notes the Reserve Bank of India in Bombay.



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s on pages 18, 19, 33 and 44

A farm area may also be trying to use its monop. power, vs. the city to which it contributes. Is probly a continuous restrictive battle of city vs. its hinterland, and the hinterland, being less organized & centralized, probly gets worst of it.

Farm areas also have the immobility of capital to help them out. Local people bid for local farms.

We say that farms aren't monop. because their product, when finally sold to nation, isn't so. But their product when sold to cities is. Pressure of surrounding farms on limited marketing facilities in town may explain much local restrictivism.

With cities, there definitely comes a point where outlying development is more competitive than complementary. For the outlying development is not just of things tributary to the center, but of all things, new cities: industries, houses, shops, all move out. Draining pop. from center -- and competing with it for outsiders' business.

Is temporary exploitation of immobile labor, too. Stopping construction means lowering wages, raising rents. Monopoly minds always overstress the inelasticities.

IDs stuck with lvr because they were always marginal, had no fut. (evidenced by frequent repudiations) They needed all the settlement & development they could get. Were always in stage of paying for large basic improvements.

Why in S.J. Further S., water dear, had to be rationed; & main costs were O&M, power bills, no big desire to get all filled in. Further N., were doing 'all right' w/o districts, opposition too strong. S.J., had right combo. of circumstances. Sierras, & desert below.

S.J. fastest growing area in Cal. & most pop. in ID areas. 'Factories in

'field' not in I.D.s, but contrast to them. They settle down to small holdings -- surprising how often '30 acres' is ave.

— Suburbs, 'tax colonies', to avoid ~~city~~ restrictivism of center.
— Typical pattern of underass.t is central land most underass.t.

—

Water of I.D. analogous to market of city, roughly. When you first build works, have more water than can use, ~~want~~ just want others to help pay for basic public works, not worried about their raising water cost. When city now, want others to help pay for urban necessities of large opt. size, like r.r.s, roads, ~~harbors~~, market-place, depots, terminals, etc. [Customers not strictly analogous to water, for I.D. owns water, has no monop. interest vs. it.] City at first has no monop. position to exploit, position tenuous, equivalent of elastic demand -- even worse than that, demand might disappear altogether if not pampered. So is 'more demand than you can use', in ~~some~~ that ~~any more demand would~~ demand elastic, to at price you must charge ~~could get~~ have excess customers, but can't charge more, don't mind competitors, they attract new business, don't take yours. They complement you by establishing the place -- people won't come just for a few stores, need everything.

But as more water users come, their use begins to pinch others. & as more stores come, they begin to take customers from others. So you start to discourage them.

Generalizing: when large expensive public works have just been built, bias toward LVT. But when ratio of private improvements to works gets high, demand less elastic, no payment problem, bias away from it.

When irrigation works are constructed, it is marvelously obvious that no part of area potentially served should be allowed to be idle, since this wastes the potential of the works. Hence, I suppose, the determined opposition to land speculation in irrigation works. What did the Mormons do? Do we have any large group of irrigators besides Mormons, Californians, & Federal Projects?

Perhaps theworld has learned, as it settled more & more new land, more & more intensivly, as anti-land spec ideas crept into culture, to stop it -- all, or most, lvt at present is in most recently settled Anglo-Saxon areas.

It was not until after movement to shift takes to improvements had been underway for some time -- during 20s mainly -- that org. labor had its big boom.

Was it that shift created high l.v. which are req. for org. labor to exploit?

(Will get no org. labor where low l.v. -- worth a study sometime)

Certain parts of cities definitely are more competed than complemented by new improvements. There are those that were once tops. As buildings age, they ~~naturally~~ fight the natural drift to some other area. New areas don't mean new business for them, but less. Etc.

Supervisors Will Consider New Sewer Tax Bill Today

A proposed sewer use tax ordinance will be considered by the Board of Supervisors at the weekly meeting today in City Hall.

The levy, amounting to 35 cents a month to homeowners and 13.2 per cent on the monthly water bills of large users, was recommended by the Board's finance committee last week.

Since the committee action, however, figures have been compiled showing that owners of 135,000 homes would pay $567,000 annually in sewer taxes. The home owners' share of the $1,000,000, required to finance operations of the sewage treatment plants, would be $150,000 a year if the $1,000,000 were raised by property taxation.

Commercial, industrial and business property owners would benefit under the proposed sewer tax. Their share would be $371,224 instead of $850,000 this group would pay to finance $1,000,000 in the property tax rate.

Market Street • Shop 9:30 to 5:30,
Mondays and Th... till 9 • XIU...

. $ 8
. $ 995
. . $ 795
. . $ 245
. . $ 195
. $ 295
. . $ 95
OS & HTRS.
Like These
ESSONS
RCHASE
CONDITIONAL
E ON ALL
AND A 2-YEAR
OLICY
OU MONEY
er Ed's
Cor. Eddy
akland
r 5030 E. 14th
Howard Ave.

. . $1695

Many factory extras. Club sed.

'49 DODGE . . . $1195

Radio, heater, sedan.

$1825

DRA., '48," radio, htr., sed.

'41 BUICK $335

Radio, heater, 4-door.

'41 FORD $195

Heater, radio, sed.

WORLD LEADER IN FINE AUTOMOBILES



STANWAY MOTORS

Entire city block on Van Ness—1919 Van Ness

BET. WASHINGTON AND JACKSON STS. PR 5-6244

S. F.'s LARGEST CAR DEALER

Present this ad for these prices at time of sale

171a Used Cars for Sale
East Bay

173 USED CARS WANTED

One very often hears, in areas where fed. govt wants to own land, complaint this lowers tax base.

Part is not meant, just designed to get handout.

But part must be genuine. Now area govt takes doesn't have to be served, so should lower costs as much as revenue. Except if area in stage of wanting to finance things of large opt. size. Hence they must be in that

Marin Castro's
Book Store, Kittredge St.,
tells of Caseberg, "subway"
Roseville -- by underpass,
N of town

His land assessed
at 15¢/acre, he uses for
sheep. Land accross
St. ats. at $100/acre, very
roughly,

City grew in all directions,
save his, he flocked it
cold.

Can city take him in
& tax him vs will?
Possibly no -- if so, there

is big ~~reason for~~ weakness in land subdiv. & tax laws.

Why is this weakness? Why don't other city land-owners gang up on him & force him in? Because this would Δ land supply, lower values -- the old story of city monop., but seen ~~in a~~ more straightforwardly.

"A Lesson of
Agr. & Urban prop.
taxes in Calif"

showing how urban
tax imp. more. Say
why.

Berkeley is land speculated thru & thru. But main highways crowded. How much worse if all built up.

But hiway 'crowding' not due to space limit yet. Easily afford some overpasses, tunnels, double decker hiways, handle 4 times present traffic easy.

Even so, may not psych. belief in being crowded push restrictive measures?

Why rent control?

If local landowners are so powerful, why are rent controls so widespread?

Maybe other people will organize to give selves vested int. in locality.

& maybe it is good for landowners by discouraging new bldg. Maybe rent controls equalize rents -- owners

of new bldgs not allowed to take as much differential over old as bldg is worth.

Old bldgs can be quickly allowed to deteriorate down to rent control level. New ones perhaps not, but anyway they are discouraged. - - - unless free of control.

Where old ones controlled, new not, expansive elements control situation.

Once let much land be withdrawn from tax rolls, & exempted, & then other landowners have incentive to shift taxes to sales etc, this then relieves them lowers tax on land more than lowers rent.

But this wouldn't apply to shifting to improvements, as all r.e. is exempted on church etc land.

Unless exemption was on some base period basis. Or some maximum exemption, as GI & homesteads.

Check into banks policy of lending just to those who will redeposit in their banks --- mainly, those who will spend locally.

Might be big element in local ~~lending~~ money actions.

~~2028~~

Complementarity --- & local monop.

Exposition: Two bales of cotton in warehouse. They seem competitive, for same space, same buyers, etc. But are also compl., for are under same roof, and roof is only ec. because there are so many bales. Could start a light discourse like this, expand it to cities, nations.

Pamphlet #2, Isaacs, "2/3 of the World"

56 1949 annual rept. IBRD, "strong vested interests often resist any changes which would alter their position". (in near East, etc) e.g. Iraq irrigation, where irrigation is everything, to change it is to upset vesteds, they oppose any change.

(In order to get just a little squeeze, corrupt politicians may spend many times what they get, to conceal & justify it -- thus city's enthusiastic support of urban subdivision, forcing farmers to subdivide, etc. Thus tying up much capital.

In booms, get migrants to big cities, & non-landowning pop hence corruption, hence wasteful p.w. -- a cause of cap shortage.)

(A way in which local political machines of non-landowners cut selves in on landownership is to issue bonds, liens on land, for boomer purposes in which they cut selves in especially)

Which is important for my theory of local govt. & monop. practise. The existence of land values indicates that a town has a monopoly potential. If it had none, any other location just as good, no land values. Hence it is that rise of land values goes with end of open policies.

Heat Ordinance For Apartments, Hotel Protested

Apartment house and hot owners filed a protest with t Board of Supervisors yesterd that they would be forced to in crease rents if the city passes a ordinance requiring them to install automatic heating equipment in their buildings.

It would cost about $100 per room to install the heating units in a hotel or apartment house, the owners said.

Such installations would be necessary, they said, under an ordinance proposed by Supervisor Marvin Lewis requiring landlords to maintain a minimum temperature of 70 degrees between 6 a. m. and 10 p. m. whenever the outside temperature falls below 65 degrees.

The landlords, protesting the ordinance yesterday, said the expense such a law would bring to building owners was unjust because only a "negligible" number of persons living in hotels and apartments need heat during the day and many apartment houses furnish local heaters for those tenants who need them.

Fair Trade Laws

They prevent merchants in low rent areas from underselling. Thus are part of pattern of downtown landowners choking growth elsewhere.

Masked as anti-chain store laws, on part of small mon.

Where central ~~Nat.~~ govt is restrictive, is often because it is, from world view, local. World govt indicated. But problem of size. As technology & world understanding Δ, opt size Δs. Present Eur. govt well below opt size. As govt fns Δ, opt. size falls -- so no soc-ism

General city pays more taxes than it gets services. Hence tries to pull out -- after a point, no longer wants to subsidize competitors.

Skyscrapers compete for limited lite, air. Society rightly limits this kind of comp. But also compete for limited customers, & wrong

land.

(Because planners are concerned to maintain l.v., above all. So deliberately choke off possibilities)

"Where 2 great waterways Meet."
1st biennial rep't, Chicago Regional
Port District Board. 160 N. LaSalle,
1953.
By Harold M. Mayer &
M.W. Oettershagen

Shows colossal waste, failure to develop land resource. — Calumet-Sag Canal, inadequate to let much traffic trickle thru.
(Thus Chi. is a great parasite, forcing boats to stop & break cargo.
National planning needed)

Gravity, points up waste of uncoordinated action, waste of all kinds -- failure to use

State Trade Walls - Melder.

Pa greatest steel producer.

✓ 5 states award public contracts usually to local firms only.

The strong desire to monopolize comes from fear of depr, poverty, etc. States restrict competition because they feel their boys cannot stand it, etc. Solving general ec. problem hinders monopoly mostly.

✓ Maine forbids export of hydropower, to force industry into state. It should not have such power, & mostly land ownership makes it desirable.

The state's powers need not be minutely detailed, but of those who suffer can take it to court & object to such law. If generally accepted principles existed, decisions would be obvious.

✓ Police power, protecting public health - moral - safety, tax power, used to effect tariff. also hiway reg.

Okla charged ½¢/ton mile for out-state truckers, $5 0 dep.,

Also quarantines everywhere, license fees for doing business in state, special grading & labelling requirements for produce coming in from out of state. - all "to protect the public." - Bishko, Birdsell. "Everyone is agreed protection of cons vs harmful products & disease is resp of state & local gov't - ugh.

Citrus protection, N.Y. dairy protected from having out-state cattle shipped in. Here we have the N.Y. cattle growers injuring N.Y. milk producers, & latter are a strong pressure. How do they do it? They must believe in it!

✓ Tax power most imp - foreign corps, trucks, etc. Margarine, eggs, beer, wine, alcohol taxed - note it is mostly agric. products.

✓ Supreme court revoked 'pink marg' laws. 1898 Actually marg. was passed off as butter at first, but if one trades with a reliable dealer he needn't worry about that, if consumers are intelligent.

c. 1918, marg. - license taxes, little effect.

'25, Calif. marg excise tax, like gasoline, all states have 'em now, Supr. court upheld. - tho Cal's was repealed by referendum, showing some consumer consciousness.

'33, S. states apply excise to marg not produced from local products.

21st am. allowed states to go dry, this provision used to tax out state liquor.

Some even exempt experts from taxes. Most state excises are on all products, whether in state or out, tho actually all grown out. But liquor of certain kind taxes are outright tariffs.

1939, tide stopped. Ore & Vt refused to pass oleo laws. 90% Wisc. butter sold out-state, where tariff does no good.

THE FOREIGN CORPORATION'S RIGHTS TO DO BUSINESS

by

F. E. Melder

The courts have consistently held that a state may determine the conditions under which corporations may be chartered to do business within the state. This principle applies also to corporations chartered by other states or foreign countries (otherwise known as foreign corporations), as corporate existence cannot be projected beyond the jurisdiction of the incorporating state.[1] But the conditions under which corporations may transact business within a state must not unreasonably burden interstate commerce.[2] We need then to answer the question: When does a corporation doing interstate business engage in interstate commerce, and at what point does its activity become "transacting business within a state", requiring it to qualify as a foreign corporation to do business in states other than the one it is chartered? A concern does not have to qualify as a foreign corporation transacting business within a state if it is in the mail order business, advertising for orders by catalogs, letters, or circulars,[3] or soliciting orders in other states by salesmen, canvassers, drummers, or sales offices where samples are kept, providing such orders are filled with goods shipped from outside the state in which the orders are taken.[4] The state has no authority over such transactions, unless specifically delegated that power by Congress.[5] But if a

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1. Paul v. Virginia, 8 Wallace 168, (1868); Cooper Mfg. Co. v. Ferguson, 113 U. S. 727; Doyle v. Continental Insurance Co. 94 U.S. 541.

2. Crutcher v. Kentucky, 141 U.S. 47; Western Union Telegraph Co. v. Kansas, 216 U.S. 1.

3. Larkin v. Commonwealth, 172 Kentucky 106.

4. Robbins v. Shelby Taxing District, 120 U.S. 489; Crenshaw v. Arkansas, 227 U.S. 389; Real Silk Hosiery Mills Inc. v. City of Portland, Ore., 228 U. S. 325.

5. Leisy v. Hardin, 135 U.S. 100, 1890.

Can we make living taking in each others' washing? Or selling hamburgers to each other? These are fillers. Must be a resource base for a city -- an export. (Is negligible home production for home cons, of the exportable things) So a city has many like ~~a~~ the nation.

Rolph says Calif. cities
mnpze or mnpsmy milk.

No milk accepted, but from
~~mnpsor~~ approved plant. No
plant approved outside city
limits.

Inter-urban struggles for water, aspect of urban clash & mnpsmy --- tho here it is lack of mnpsmy, competition.

concern does business across state borders and makes sales, repairs, or replacements from sample stock carried by its salesmen or on display in its sales offices;[6] or if it maintains stocks of goods within other states and makes sales and deliveries therefrom,[7] or if it turns over orders solicited by its employees in other states to local wholesalers or jobbers, it is transacting intrastate business.[8] If a corporation holds stockholders' and directors' meetings in other states for the purpose of transacting business permitted by its charter,[9] or if it undertakes, through its agents, to erect or install its products in other states, although the products be shipped from outside the state,[10] it is doing business within the state in question. In such cases, its transactions are subject to the laws of the state, and the concern itself is subject to the foreign corporation laws of the state. Insurance transactions are not interstate commerce,[11] hence all insurance corporations must qualify in every state in which they sell policies.

A state may determine the conditions under which foreign corporations may do business within its borders. It may even exclude such corporations from transacting business other than interstate commerce,[12] provided such foreign corporations are not in the employ of the federal government or engaged exclusively in interstate or foreign commerce.[13] A state may also discriminate between its own

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6. Locomobile Co. of America v. Massachusetts, 246 U.S. 147.

7. Wilson Rubber Co. v. Hospital Equipment Bureau, 229 III. Appeals 653; Smith and Co. v. Dickinson, 81 Washington, 465.

8. Northwestern Consolidated Milling Co. v. Massachusetts, 246 U.S. 147.

9. Champion Copper Co. of Michigan v. Massachusetts, 246 U.S. 147.

10. Browning v. City of Waycross, Georgia, 233 U.S. 16.

11. Paul v Virginia, 8 Wall. 168, (1868).

12. Bank of Augusta v. Earle, 13 Pet. 519; Paul v. Virginia, 8 Wall. 168.

13. Pembina Mining Co. v. Pensylvania, 125 U.S. 121; Stockton v. Baltimore and N.Y.R.R. Co., 32 Fed. Rep. 9-14; Blair v. Perpetual Insurance Co. 10 Mo. 564.

corporations and those domiciled in other states which desire to do business within its jurisdiction,[14] by levying franchise or license taxes on the latter without such taxes constituting an interference with interstate commerce.[15] The courts disregard the motives for such legislation so long as the state is within its constitutional authority.[16]

A state may not refuse to permit a foreign corporation engaged exclusively in interstate commerce to come within its borders, nor may it impose terms or conditions precedent to admission upon such corporations.[17] When such a corporation seeks to enter a state for the purpose of doing both interstate and intrastate business, however, even though its business is primarily interstate commerce, the state may exact license fees or impose other terms or conditions for the privilege of carrying on domestic transactions, providing such fees or conditions do not constitute a direct burden upon interstate commerce.[18]

These legal principles have given state legislatures considerable latitude over non-resident corporations wishing to do business within their state's borders. The legislatures have exercised this authority in several ways.

One means by which several state legislatures have penalized foreign corporations desiring to carry on domestic or local business is the requirement of higher entry fees and license taxes than are collected from domestic corporations. Several states, Alabama, Colorado, New York, North Carolina, South Carolina, Tennessee, and Virginia, collect entry fees which tend to bear more heavily on foreign corporations than on similar domestic concerns.

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14. Ducat v. Chicago, 10 Wall. 410.

15. Commonwealth v. Standard Oil Co. 101 Pa. 145.

16. Exparte McCardle, 7 Wall. 514; Doyle v. Continental Insurance Co. 95 U.S. 151.

17. International Text Book Co. v. Pigg, 217 U.S. 91.

18. Williams v. City of Talladega, 226 U.S. 404, 33 Sup. Ct. 118; Ewing v. Leavenworth, 226 U.S. 464, 33 Sup. Ct. 157.

Melder, The Foreign Corp's right to do business.

As long as you are strictly interstate, not subject to (doing business within the foreign state.

But very little is interstate commerce. If you solicit mail orders, or send salesmen & samples, even sales office, it is interstate. But if you do about anything else in a state, even stockpile goods, it is intra state. Even if it just holds director's mtg. in the state. or sells insurance.

Foreign corps are at the mercy of states. (Thus increasing their incentive to bribe state govts.) Maybe excluded altogether, unless corp is employed by fed gov or is only interstate. It may tax 'foreign' corp more than one domiciled in its state territory, so long as such taxes do not interfere with interstate.

If you do both inter & intra, you are taxable - on any basis state desires, if it can get away with it. Ala, Colo., NY, NC, SC, Tenn & Va discriminate vs. out-state corps with high entry fees.

Is limit to what can be done by bringing money into community. Once you bring it in, is some resistance to its leaving, s ome friction to buying outside, hence local price levels are higher. But this in itself does not do you any good, if a local vested, for a mere higher price level does not mean higher real income. What you want is to permanently transfer real demand to your assets. You do accomplish this by keeping your local people from buying abroad -- & you also thus raise prices. But if prices were raised by just importing M, not same. The gain is not from producing more, but just by transfering demand to your assets. There must then, be a loser. Is he in locality? If so, is just redistribution. One loser is, indeed, the buyers of the local stuff. Another is the outsider from whom demand was shifted -- you now get his stuff cheaper. The only net gain to locality is from this -- hence this is a terms argument primarily.

Geiger, ~~F.~~ R. 'The Theory of the Land Question'. ~~AP~~ 1,25,1 G4

Thoughtful, philosophical style, good thinking. Finish it.

'Tax Barriers to Trade'. Symposium, conducted by Tax Inst., of Wharton School.

Th. dupe

1940 H7 1455 T28

Describes Interstate trade barriers, recent growth. Seems to me states getting too strong, not Fed., recently. Now they can restrict interstate commerce.

They describe various devices. Set rate authors, e.g. Melder, but good stuff.

Why shd city limit who can sell milk to farms w/in 3 mi radius? Bes those farms spend $ in town.

10-54 Drew Pearson

It's been crowded out of the headlines, but 17 states are at each other's throats in a transportation battle that may drive small trucking firms out of business.

It's the kind of interstate war which the founding fathers sought to prevent when they set up a homogeneous United States and provided that no state could charge a tariff against another.

The State of Ohio began the battle when, because of heavy truck traffic across its centrally located borders, it slapped an extra "third stricture" tax on out-of-state trucks. New York immediately followed suit, also imposed a ton-mile levy aimed at squeezing as much in taxes as possible from transient trucks.

This set off a whole series of retaliatory measures. Other states fought back with their own taxes, some of them especially aimed at competing states, so that the founding fathers' whole concept of no interstate taxes or tariffs against another state has gone glimmering.

Though under the Constitution no state can tax or put a tariff on the products of another state, it can tax another state's trucks out of existences.

For instance, a big multi-axled truck from Indiana can travel through Kentucky and Georgia to Florida for $120 in taxes. But an Ohio truck going through the same states has to pay $360—chiefly because of retaliatory taxes.

As a result, some 15 trucking companies had to move their headquarters out of Ohio last year. They couldn't afford the extra taxes slapped on by other states.


Com
Octobe
1955
Pontia
all-ne
from

— 2

Coops of workingmen's stores first breaks. Municipal operation of water works next. - from 1890. PO took over tgph, 1868, + phone 1905. Must gradually reconcile ourselves to some new ideas having to be publicly run, hence conservative & conservative. Unless could arrange competition, such as you get between warring nations, which forces armies to be progressive — how about a competition for population, residents of any municipality or county etc getting bonus from fed or world govt for all As to their pop. The answer to migration problem.

Coal closely regulated.

No demand for nationalization of coal & rr by their consumers (might lose land values?) but org. labor.

Local mnpy attitude wd surely
prevail were it not for complement-
arity — that & comp. from
other cities

A trip to Proctor, Burlington, Plattsburg, and home.

Let a field stand idle, say due to slow reform of tax delinquency, and in a few years it is covered with small trees, and its value thereby greatly reduced. The other farmers are glad enough to see it happen, and certainly no one in Vt. govt is going to get behind a vigorous reform program.

In my enthusiasm for this monop. principle I must not forget the first reason why local govt. won't tax land: this is a tax on themselves alone, benefits shared with immigrants. Other taxes may be supported on grounds "they tax outsiders," another view of same thing.

In my article on local ~~vs.~~ govt. vs. general welfare, I must recognize that only in certain times does the light take form of monop. calculations under socialism mainly. At other times it's opposite, 'exporting unempl.' etc., or 2 towns competing to get a r.r. Oft times it is central power that would restrict, local that would expand – tho here it is because central is dominated by other partial interests.

The national resources committee of Fed Govt really was a wonder. Probably something similar will be revived someday. It will be very instructive, at any rate, to look over its work, and the hearings surrounding its demise & creation, to discover the principles I think are at work.

But consider the significance of this conclusion. The first, I mean. It is not the speculative motive run amok that is the worst offender re city land, but a failure of law and administration. And what of motive? Why does no one have motive to solve problem? Has someone a motive to prevent solution? You'd think r.e. interests would be interested in putting idle land to use to provide alternative tax sources. Are they more conscious of competition? Perhaps. And if so, here is a monopolistic interest that can have no competition, i.e. the landowners of a city, banded in a r.e. lobby. No land can immigrate, so they fear no entry. They want to prevent development to prevent competition. Only in boom times do their psychology change so they want city to grow, think of that as raising their land values rather than lowering them. Is this so? Sounds reasonable. Talk to Wantrup.

Yet in actual fact, if they do reason so, they are wrong, for as rest of city developed, labor & capital would immigrate, no individual land would be worse off. Is it just that they don't realize this? Or that they fear the lag? etc etc? Much to answer.

Aha, but this misses boat. A city renders distinct, unique, services, to its hinterland. That part of the city that is developed has a definite interest in preventing the development of the rest of city, for this would definitely be competitive. Parts of the other development would be complementary, to be sure, but parts would not be.

Then there are those cities with considerable interests producing things for export from city, which compete with other cities. They cannot attempt to reduce competition in sales by keeping others out. But they can reduce competition for local factors, i.e. land and labor, by keeping out immigrants. The Meriden industrialists want to keep land idle to keep other factories from bidding for labor, and from bidding for land, thus raising their taxes and preventing their expansion, etc.

Now there is no cut and dried rule for when the monop. forces in a city overcome the competitive. But it seems a general rule of all social organization that it becomes more restrictive with age, and accumulation of vested interests.

I do believe I have hit upon something here that is not generally appreciated at all, either by land economists or monopoly economists.

Here, again, we have a problem of what to do with local govt. For the plain fact now is that power must again be taken from local govt in land administration, else this will be used as monop. device. (no doubt it is so used in IDs, too). Either by direct fed. regulation, or passage and enforcement of rules of land administration, limiting municipal powers.

Now, notive this ruins the one good argument I had against lvt, namely that it was necessary for local govt. that land be privately owned. For a local govt, motivated to maximize land values, will, as well as building public works, also do

its best to keep much of its land idle, in many cases.

This, rather than private speculation, is the worst fault, I suspect. It is monopoly that keeps land idle, and the use of local govt by local interests for monop. purposes.

The only way to prevent regional monops, is by strong central govt.

It would be interesting to know how much the city of Detroit has been used to get in hair of marginal auto makers; how much Toledo's rejection of auto industry was due to this motive -- a great mistake, incidentally, by Toledo; how much Fresno ID etc have been used to reduce raisin growing; how much city of Chicago has been used to prevent growth of new stockyards, wholesale houses, office bldgs, etc etc.

I might write an article on "Monopoly and local govt", or something of sort, showing relationships.

Take hotels. They serve people from out of town. They join in a "N.Y. Hotel Ass." or something, and do their best to keep out other hotels. Naturally they use the local govt as an instrument in their monop, for the victims have no say in the local govt.

Of course it would be to their advantage to have a general development -- well, no, for in a general development new hotels would grow as much as anything else. It would be a general city disadvantage to have growth, for this would worsen the city's position vs. extra-city people. Hence few in city will actively campaign for improving land administration and putting idle land to use. Many among the land speculators would like to see it, but they are scattered and unorganized. The general weight of city vested interests is to stop growth.--in certain stages of city growth, i.e.

There will be logrolling, on particular issues, and each group will get its particular monop. bolstered at expense of supporting monops of others, which will harm outsiders particularly and insiders incidentally and generally and less. Just like tariff fixing. I imagine the big Chicago dept. stores would like to see Chicago residential area grow. But beef producers don't much care, for most of their market is nationwide and they certainly don't want to encourage other beef producers in Chicago. Perhaps biggest lobby would be residential homeowners. They don't want a lot of new building, that lowers their values. Of course they would like new industry, in some cases -- tho here we have a general distrust, a belief that the bad effects would outweigh the good ones, esp. in depressions is this psychology dominant.

Those most interested in community development are the land speculators. While they are at helm, we have civic boosters, etc, encouraging immigratiion. But when power shifts to vested capital-land using interests, they all have potential monop, would discourage development.

There are other elements, too. Many forces for development, many against. But where lots of dead land, certainly general desire to prevent marginal competition involved.

Probly best solution is to pass federal laws prohibiting certain acts, prescribing just how local govts shall administer land, allow suits if it doesn't.

For, as it is, we prevent local govts from erecting barriers to trade; but that is not enough to prevent them using mono-. power. We must take land administration from them.

This means present system won't work with local govt, any more than lvt will. In either case local interest clashes with national.

As a city grows, there grows within it interests who cater to the local population, not foreign population. These interests cater primarily to those in a particular area. They are anxious to keep people in those areas, to prevent their moving out to suburbs etc. Hence the merchant, tho his trade be local, may want to prevent the town's growing, for growth would not help him, in his present location. It would shift values to owners farther out. When such owners are scattered and unorganized, they haven't a chance.

At first everyone in a city is a land speculator, wants to see it grow. But gradually there develops a core of vested interest that opposes further growth. Then the city is decadent, and a national problem. In booms, the land speculators come to the fore again, but then, discredited and disgraced and rejected, they leave the field to the restrictionists.

The evolution of taxation is interesting. It seems at first a paradox that in the period of speculative landowner control they should tax themselves. But in the beginnings no one is too sure of what later becomes more obvious, the inevitability of the growth of a town in this particular site. And in many cases it isn't inevitable. So they are in a critical zone, anxious to attract capital and labor. And there aren't many public services to perform, so their taxes aren't so bad anyway. And if they taxed capital and labor, since these haven't come yet and no inertia will help them out, they would be taxing themselves anyway. There is as yet little thought of restriction.

When the community is established, the old settlers have downtown land and old improvements. Their possible competitors, new builders, would have outskirt land, less valuable, and brand new improvements, latest style, high value. Hence at this point the dominant political interests favor a shift to taxes on capital and production. They are perhaps not too sorry to see the growth of building trades unions, for this raises the value of their existing buildings in fact. So once a local government has a core of vested interest it is not likely to grow. Of course if immigration is so fast that the immigrants maintain the political power, such policies won't be adopted. Hence the greater energy and political vigor of growing citys. And suburbs, politically independent.

Then comes a situation that plays into the hands of the restrictionists. Subdivisions boom -- at first they are appalled, perhaps --- but speculators take up much of the land, and, in the crash, many abandon it for taxes. Then the city administration might step in and straighten out the mess? Oh, no, who wants "all those lots thrown on the market to depress prices". Not "the real estate interests", who are all interests except immigrant interests. In flights of idealism and efficiency various individuals may put thru reforms, but the inexorable pressure is in the other direction, and remains so. What is to be done? Local authority must be curtailed.

No doubt other land speculators are also anxious to prevent the cities from putting these dead lands back into the market. The effect on their taxes, if any, is distant and dubious; the effect on their market is instantaneous and sure.

Of course many times the calculations may be wrong. People often cut their own throats. Shifting taxes to capital and preventing reform of dead land may seem at some moment to be in your interest, but actually you may be keeping out more complements than competitors, you just don't know it.

An article on this, called "Our new frontier" or "Waiting: a new public domain". It might be addressed to farmers. They, after all, are most interested in breaking city monops, and they have immense political power.

Meddling in the other fellow's business, it seems, is necessary in this world.

Think what a step this would be in reducing monopolization!

SCANNED

AS

FOUND

"Local govt and monop.", a tremendous subject for research. The biggest thing is local govt's power over land administration. But this is only one thing. Direct controls are known. Discriminatory taxation of outsiders, those not in the machine, etc. None of these are matters of absolute monopoly, but just of reducing competition somewhat. Now why does it help to reduce it somewhat? e.g., why don't existing firms then expand? Because if the control is keeping land out of use, no one can expand, and

the advantage, because it inheres in land, is localized and non-reproducible and the monopolists gather it as rent. This without any sort of monopoly organization or agreements to restrict production, but just a general prejudice vs. new production.

Hamburg, in its land purchases, turned into a land speculator itself, did not good, in 20s. But as a rule public ownership said to result in lower land costs.

See "Woolpert, Managing a city's r.e.", public management, Aug '36, p. 230

r.e. depts

1b
3a

Most cities have no department to handle the r.e. they own, which averages 5-15% city, outside streets, etc. The depts involved usually keep deeds. Administration, i.e., has not been categorized towards land administration, nor even coordinated for it. Dept. of Public works, charged with getting easements and rights of way; legal dept, traces titles and conducts condemnation proceedings; recorder of deeds another. And all 3 often separated. Property needed by one dept may be held idle by another while the first pays exorbitantly for it. Condemnation prices often exorbitant. Many cities do have r.e. depts, however. In some, a division of public works division, because of right of way and easement duties. Finance dept, because of purchasing and rent-collecting functions;city plan commission, different depts to connect r.e. divison with. But it must work with all.

city land holding

Nearly every city holds land that it doesn't use now, for future needs. Much of it improved, must be administered. Rent collecting division for this. "Rental charges are based on community averages, but lower rentals will be permitted rather than allow the building to remain vacant". Indicating oftentimes private owners let theirs be vacant rather than lower prices.

fh

See "Shine, Mary, "The Public Leasehold System in U.S.", JLPUEc. July 1925. Many cities had grants of land originally, income from which was to be used to support education, etc, most of which they sold but some of which they kept, and a ~~rdr~~ rudimentary dept along with it. They were always under pressure from leaseholders not to increase rent as ec. rent increased, but benerally resisted pretty well. These depts should be used more in future as cities reacquire land and lease it out, in accordance with the coming trend we hope.

1b
3b

Most important function of r.e. office is land acquisition.

r.e. office

1b
Gy

Postwar 1, German cities bought land at very low prices. Prewar, cities often got federal aid in land acquisition.

Eng

British policy is to limit municipalities in amount of land they can buy, distinguished from European policy.

Gy & Eng

In Hamburg, with such a large buyer in market, prices, especially of vacant, which city was buying, rose greatly. City of course raises prices when it buys, lowers when it sells. In general the programs seem to have helped development very much, and England has suffered because of her lack of such a system.

See 'Proc. Line etc" folk

HD 9006
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Local vs central gov't.

Lynching, local pro, Fed vs. Interstate trade barriers, local pro, Fed vs. Often is central gov't that must step in, guarantee Dem. form of gov't. - Phenix City.

Speed traps. Discrim. vs outstater.

Groups that depend on state for special privilege, Ruhr. Our protected ints.

Fear of furs, combined w gov't hiring & 'sec. programs'

---

allocating natch resources to others than highest bidder.

Educ-n --- state imposed, a great step toward democ. I.e., if people use their power to promote democ., can do. Danger in pressure groups that try to control schools.

T.V.A. & inv. opp. — gov't does investing

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Cushman,

Leading Decisions Cases in

Constitutional Law

"Cal wants immigrants -- with m enough, earned somewhere else, to buy our land of us, at a higher p than we paid for it. ....

It is a humiliating confession, & we shall not be really civilized so long as it remains true. ..... Cal is all right & the workers are all right. If, somehow, they can not be brought together, the fault is ours. We are not organized right; & we might as well confess it ." p 3-4

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