

The Gargoyle



HENRY GEORGE SCHOOL OF NEW JERSEY

No. 47

D E C E M B E R 1 9 6 0

"New knowledge brings satisfaction."

NEW JERSEY PRIMER

Wednesday, December 14th 8 p.m.
First showing in the state of new film
"LAND...AND SPACE TO GROW." To be presented at school headquarters in Newark. You and your friends cordially invited. Years of time, vast amounts of effort and thought and considerable money have gone into the production of this documentary. An excellent job has been done and you will enjoy it. A suitable program has been arranged to round out the evening - a fine way to start the holiday season!

CONGRATULATIONS

TO - Russel Conklin, Director Henry George School, Great Falls, Montana - elected to State Legislature.

TO - Mr. & Mrs. Ernest Eblövl on their 25th Wedding Anniversary. Mr. Eblövl is a Trustee of the New Jersey H.G.S.

TO - Miss Carole Reinhardt, daughter of former Trustee C.O. Reinhardt, and who will be remembered by many GARGOYLE readers as the beautiful and charming Trumpeter at the Conference Banquet at Princeton Inn last year. Carole was selected as "National College Queen of 1960."

APPRECIATION

The October 1960 issue of the Henry George School magazine, London, England reprinted "Fairly Godmother in Saskatchewan" by O.B. Johansen from THE GARGOYLE - and it is nicely illustrated also.

Another reader, who must remain anonymous, wrote: "I am enclosing a dollar for the expenses of the Gargoyle which I think is the best of the extension papers. Enjoy the articles particularly by Goldfinger and Johansen."

1 9 6 1

Fundamental Course - Newark - Tuesdays at 8 p.m. starting January 24th.

Advanced - Mondays at 8 starting 9th.

Securities & Investing - Part I, given in cooperation with Investors Information Program, New York Stock Exchange; Tuesdays at 7:30 starting Jan. 24th - Fee for this course is \$5.00.

Bring or send your friends - or let us have names and address now so we can mail invitations. DO IT NOW!

HAWAIIAN LAND BOOM

A few months ago newspaper reports indicated that the delightful island paradise of Hawaii is having some real problems.

Land speculation has reared its ugly head to such an extent that land values in some areas in and around Honolulu have jumped 1,500% in five years. A boom psychology is rampant with its concomitant climate of high pressure salesmanship, fast money, and easy living.

Land near Waikiki Beach has risen from \$2.50 a square foot five years ago to \$40 a square foot, or about \$1,600,000 an acre! An ordinary 50x100 foot lot costs \$200,000.

Rural land worth \$1200 an acre in 1950 now goes for \$20,000. Speculators transfer land as rapidly as possible at ever higher prices. It's like the game of musical chairs. When the music stops, the loser finds he has no chair to sit on--when the speculation stops, the loser finds he's stuck with land which couldn't possibly pay the rental charges which such inflated price would indicate even if put to its most productive use.

Hawaii Island, the largest island but sparsely populated, also is undergoing a boom. Underdeveloped land has zoomed from \$75, an acre to \$500. It is stated that just as occurred in the Floridan land boom of the 1920's, much of the land exchanges hands without being seen and with only small down payments. All kinds of developments are planned. The only tangible results so far are fancy names and high land prices.

A principal cause of this land mania is said to be the optimism engendered when Hawaii became a state. This is probably partly correct, but it is more likely that the most important factor is that much of Hawaii's land is held by the government, the armed services and old family estates.

In 1898, the Islands were owned by the Hawaiian royal family, but in a land distribution program, King Kamehameha III gave out parcels of land to chiefs and sub-chiefs, which led to private ownership. Now, over 50,000 people own land but not very much of it. Eight old family trusts hold 10%, another 24 private family trusts hold 9.5%, and altogether the government, corporations and the large landowners hold about .88% of Hawaii's land.

Proposals have been made to reform the system of land tenure but apparently they are the usual type of breaking up the land estates and redistributing the land, which only creates more land-lords and brings only temporary relief.

That Hawaii is due for a crash much like Florida had in the 1920s is obvious. The only question is when.

Oscar B. Johansen

THE DEAN THINKS

The Next Four Years

There is a lot of conjecture as to what lies ahead in the next four years, but of only one fact we may be certain, that in the next four years we will have 1461 days including February 29, 1964.

As we try to pierce the curtain of future events, we must consider what factors in the world will influence or shape coming events. At this time and place, these influences may be grouped roughly in the following categories: Russian intransigence, Red Chinese war threats, President Kennedy's administration, Communism in Latin America, the self assertion of the new African nations, the effect of past and present inflation on the U.S. economy, the adjustments made necessary by automation.

What concerns all of us the most is the problem of war or peace in the coming years. In trying to determine this momentous problem, certain facts emerge. Certainly, Americans don't want war. Neither do the peoples of the Soviet Union and the Peoples Republic of Red China, nor do the peoples of the Congo or any other nation. Who, then, starts wars and why?

A survey of past wars, point to three main causes of wars. Demagogues or ambitious adventurers on their way up in power find war a fruitful field to feed their vanity and lust for power. Demagogues in power who are beset with domestic problems or with competition from within for the seat of power divert the solution of their problems by finding or creating an external enemy which war alone will subdue. Then there are the stand-patters who sincerely have principles and stand by those principles, unwilling to compromise or temper the flow of human events except in obedience or in accord with their principles.

An example of the standpatters is the position taken by the North and by the South in events leading to the Civil War. In retrospect, we clearly see that the institution of chattle slavery was doomed to extinction regardless of the internecine strife. The press of population in the North and the growth of the factory system brought wages down to a point where it was more economical to hire laborers when needed than to purchase, own and maintain slaves. In a few more short years, the uneconomical slavery would have diminished and ceased without a devastating war.

In our quest for an answer -- will there be war or peace, we try to assess the war-like threats of the Russians and the Red Chinese. We do not know all the facts as to the internal affairs in both these nations, but a reasonable guesstimate is that Russia will not start a war, and except for land acquisition in south-east Asia, neither will the Red Chinese.

Russians are convinced that, without war the western nations are embracing more and more socialism and will eventually evolve into and embrace communism, and by priority and leadership the U.S.S.R. will be the master of all the world. The Red Chinese have a long period of time until all independence of thought and action among their independence minded people are suppressed and the communist way-of-life is accepted without internal resistance. An external world wide all out war might unseat the regime now in power, and except for miscalculation, the Red Chinese leaders will avoid a nuclear war.

Our attempt to peer into the future leads us to wonder about the American economy. I believe (and this is a personal point of view) that the pessimists who feared the election of John F. Kennedy as President will find that they need not fear the consequences of his election. I did not vote for Kennedy, but I know some facts about him.

In his book "Profiles in Courage" Kennedy analyzed the biographies of some great men and sought to learn what motivated them. Of politicians, he wrote that their motivations are: to be liked, to be elected and to live with their consciences, and the last was the motive that made them great.

Kennedy is already rich, has achieved the greatest distinction in the world, the Presidency of the United States. Now his only great motivation is to seek a commanding place in history, and this he will seek by living with his conscience. He will not recklessly be a partisan for the labor unions, even though he is pro-labor in sympathy. He will not recklessly cause run-away inflation to wreck the economy, nor will he recklessly imbroil us in an international impasse which can be resolved only in war.

He is young and, at times, impetuous. But his Congress is older and much more conservative, so the restraint of the legislative branch of government will deter any rash experiments.

But, we may ask, will the United States become a second rate power economically? If by this we mean, "Will other nations like the U.S.S.R., West German and Japan advance faster and further in production of goods" then the answer is -- perhaps.

We must bear in mind and remember certain facts. We know that "Man does not live by bread alone." In this country the standard of living is not measured by material goods only. We tend, more and more, to demand and use services by a greater proportion of our population, such services as medical care, entertainment, leisure pursuits, travel, beauty-parlors, cleaners, and a host of others. It has been said by many that these demands and the satisfactions of them are the true measure of the standard of living. In the other countries that are fast forging ahead in industrial production, the proportion of human energy devoted to rendering services is less than in the United States. As their productivity increases, we would expect that their demands for service will also increase, thus tending later to diminish the proportionate gains in productivity, just as in the U.S.

When we are concerned with the rapid gains made by Japan in industrial production, we should remember that General MacArthur instituted a so called land reform in Japan that ended the feudal system, and that the Japanese have embarked on a system of market-place-enterprise that gives them many advantages in competition with goods produced under a system of special privileges, such as our tariff protected industries, which tries to assure even the inefficient U.S. producer a profit by excluding goods produced under more efficient conditions.

Similarly, when contemplating the advances made by West Germany in industrial productivity, we should recall that Finance Minister Erhardt refused American aid and economic controls to rebuild the country and induced the rebuilding under truly competitive conditions with special favor to none, but with the incentive that to the producer belonged his product. A comparison of West German economy and that of the socialist minded economy of Great Britain should impart its own moral, that a market-place competitive economy with no subsidies or special privileges has the best chance of bettering economic conditions.

We should also remember that the U.S.S.R. increased its productive capacity to industrialize by producing capital goods, factories, machines and power plants, at the expense of consumer goods, and that the workers are not sharing fully in the increase in productivity by a higher standard of comfort. The American conception of production is that, except for defense items, the end purpose of production of industrial goods is consumer products. Of course, the production of machines and labor saving devices is recognized as beneficial but only to enhance the production of goods now.

Our inquiry as to the future will certainly be concerned with the probability of the U.S. having an economic depression similar to that experienced in the thirties, when, as much as twenty per cent of the labor force was unemployed. Perhaps such a depression will again occur. The desire on the part of special groups for "something for nothing," their belief that the government owes them a living has already robbed our economy of its former vitality. Years ago, every ambitious boy had a vista before him, that, by his own talents he could become a millionaire. With the graduated income tax now penalizing endeavor and enterprise, with an economy hampered by restrictions, controls and, worst of all, with a dollar which in two decades has fallen to 43% of its former purchasing power, it may well be that the economic future is not rosy.

In the August edition of the national magazine, "House and Home", the land problem in the United States was set forth by competent researchers. They pointed out that the greatest hope for utilizing land in production or for dwelling use is in the change of the tax picture to embrace land-value taxation. The hope that this can be accomplished within the next four years is so slight that a great depression may well occur within that period.

But, it may be asked "How about the built-in stabilizers such as unemployment compensation, Social Security payments, etc., to soften or prevent a real depression?" Yes, these programs do put some purchasing power into the hands of consumers, but, at best, these are short-term alleviations comparable to putting an ice bag on a feverish brow, but in the long term view, they must be paid for, either by increased taxation that depletes consumers spendable dollars or by monetization of the Federal debt, inflation, which results in the depreciating value of consumer's dollars.

It may be asked whether I believe that such a depression will come in the next four years. If I knew what the fiscal policy of the new administration will be, if I knew whether defense expenditures will result in further unbalanced budgets and inflation, if I knew whether any real progress will be made in slum elimination by a sensible system of encouraging the improvement of run down properties by land value taxation, if I knew the answers to these and some more questions, I could with some confidence predict, but, since I can't know these things, I can only guess, and my guess is that further inflation will ensue, which will tend to artificially boom the economy in the latter part of 1961 and early in 1962 and that thereafter the piper will have to be paid by a deflationary period which will evidence itself in diminishing productivity of the total economy, unemployment etc., in other words, a cyclical recession or depression.

Why don't I end this paper with a note of optimism and predictions of good things to come? Would you prefer your physician telling you that his patient, a loved one, is going to be all well and then suddenly discover that a long lingering ailment caused a relapse or worse?

By trying to be realistic, I hope that you and those you influence may be motivated to fully understand how an economy functions, why it malfunctions and what can be done to improve the conditions. Only by having an intelligent and informed citizenry can we hope to motivate our lawmakers to any remedial action. When our influence has caused an independent informed group of citizens to understand and want a healthy economic climate we can anticipate that proper action will follow and that our children can then live in a world at peace and with economic comforts that make life more worthwhile.

Alexander M. Goldfinger

Believe it or not -
an add appeared in the New York Herald Tribune on Oct. 21st;

"Lyne, N.H. Poor road, no improvements, 140 wild acres (unfinished shack); high mountain isolation; (Indians go there when they die.) Some timber, small brook; might be good deer, bear hunting, Near Dartmouth skiway. \$950. cash, over \$5,000 existing 5% mortgage; \$35. monthly, no hurry, will be hard to sell. Carl Heyser, Stoney Brook, N.Y."

Maybe that's a new version of the soft sell.

MRS. GEORGE HISSEM

This friend of our school first heard of it a few years ago while enrolled in the Great Books course at Newark Library. Also, in attendance was our good friend, Paul Nagy, who suggested that she look into our ideas on economics. She thereafter was so interested that she studied the fundamental course twice; and later availed herself of the advanced courses. Dixie Hissem's interest is unflagging and though she is busy with many activities, we can almost count on her to be present on every occasion at the school. Mrs. Hissem's early life was passed in southwest Texas; and her background was that of big ranches and big country. Though she came of a college trained family, it was dancing for a career for Dixie; and the studies would come later. She was successful in this field, and experimented with techniques, making interpretive and acrobatic dancing her forte. Of courses, her work involved much travel in this country and abroad, mainly in Latin America.

Mr. and Mrs. Hissem have lived in Belleville with their son for some years. Mrs. Hissem continues her physical training in the interest of good health. She confounded her doctors immediately after two severe injuries by getting up into exercises with no convalescence either time.

To our considerable amusement, we found that we both had privately disputed the truth of the dentists' statement that sugar is "bad for you" until curiosity prompted to investigate, regretfully admitted its truth. And again, we both, in common, are reading everything that comes to hand in the effort to learn if civilization's nutrition is taking us forward or backward. Could it be sideways?

Anyway, in addition to her active pursuits, like ice skating and swimming, Dixie enjoys musicals held in her home. It seems that Bach crowds Berg and in turn, they are both hemmed in by the ancients and primitives. Stimulating would be a mild word for such variety. The Hissem son is a busy young pianist with good prospects for a successful career; and already has radio and television work to his credit.

But Dixie's chief interest, I believe, is that which brought her to our school; it is her fascination with ideas. She finds philosophy and theology most absorbing and has inquired most particularly into the widely divergent beliefs of Christian Science, Buddhism, Quaker, and others. Then she had to delve into the viewpoint of such groups as the B'hai. And she profited much from classic thought as propounded by the literary giants of the "Great Books".

She is corresponding secretary for the Women's International League for Peace and Freedom. And she is active in other women's organizations, particularly those with Quaker connections.

And so it goes. We find that usually people who are attracted to the economics offered at the Henry George School are also those who are fascinated and active in the "goings on" of the world.

Virginia Harvey

SALT OF THE EARTH

Of course you can look at it this way: If you didn't have to pay all that money in taxes, you'd probably just go out and spend it anyway.

The modern office girl: Been on her first job two weeks and is already a month behind in her work.

Hypocrite: One who preaches by the yard, and practices by the inch.

Blonde: A lot of men are going to be miserable when I marry.

Brunette: Just how many men are you going to marry?

Girls marry so young these days, that any day now we can expect a 21 year old author's new book - "I was a Teen-age Spinster."

You know the reason they call her the opposite sex is that every time he thinks he's fooled her, it's the opposite.

A fool and his credit card are some party.

There are two kinds of voters. Those who vote for me, and a lot of ignorant, prejudiced fools.

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