

The

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Bargyle



"A throat, mouthpiece, spout." Opinions expressed herein are those of the writers and not necessarily endorsed by the Henry George School.

HENRY GEORGE SCHOOL OF NEW JERSEY

No. 99

FEBRUARY 1966

AFTERNOON DISCUSSION

Tuesday, February 15th - 2 o'clock.

TWO PROPHETS -- TWO BOOKS

"George Washington in New Jersey"
15 minute film.

You are cordially invited to attend
and to bring a friend.

78 Clinton Ave., Newark, N.J.

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See Reader's Digest, January 1966
"The Great Boston Power Play" -
William Hines, Scientist Editor of
the Washington Star.
"Go South Young Man!" - Latin
American Report.

"A man named Lincoln was great - not because he was born in a log cabin, but because he got out of it, because he rose above poverty, ignorance, lack of ambition, shiftlessness of character, contentment with mean and low aims -- became a man immortal."

WHAT CAN WE DO ABOUT INFLATION?

1. Realize that there is no more vital issue facing the United States today.
2. Realize that while there may be differences of opinion as to the causes or cures of inflation, we can all agree as to its dangers.
3. Realize that inflation just doesn't happen - inflation is man-made and therefore it can be man-controlled.

SPECIFICALLY, what can we as Citizens, Taxpayers, Heads-of-family, do now to help stop inflation?

1. Insist that all levels of government--federal, state and local -- live within their means, spend the people's money prudently, and balance their budgets.
 2. Support your public officials who are trying to halt inflationary practices. Let your assemblymen, congressmen, senators know where you stand on free-wheeling government spending and other causes of inflation.
 3. Learn more about the specific issues and candidates you must decide on, and about the economics of our free enterprise system.
 4. In your personal affairs, spend and save wisely, shop for value, and put a little more aside for the future-savings are a time tested antidote for inflation.
- Joe Crail, President Coast Federal Savings & Loan Association

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Once again a new year has dawned. What will be the dominant problems about which the people will be concerned? Certainly at the beginning of the year Vietnam will be the Number One problem, unless some kind of cease fire is arranged. Other than Vietnam, the biggest one facing the people will be a problem which is partly an outgrowth of Vietnam, but primarily the result of the "new economics". This is the problem of inflation.

Until recently, the Administration had been concerned about stimulating the economy. It feared there would be a let down which would result in large unemployment and unrest. Therefore, it had personal and business taxes cut, provided tax incentives for business to invest in capital expenditures, and originated spending programs to aid the underprivileged, but with the war in Vietnam getting better and making ever greater demands, which is on top of a host of domestic governmental programs, it has become increasingly obvious even to the most purblind that the economy was entering a feverish state.

Common sense dictates that measures be adopted to slow up the booming economy, and finally the Federal Reserve System acted. It raised the discount rate it charges member banks for borrowing reserves from 4% to 4½%. Instead of being hailed for this action, it was roundly denounced by many figures in the Administration plus many of the Keynesian economists. However, when it initiated this step it advised that it would supply the country with sufficient money so that business need not fear its ability to get money. In other words, it made money a little more expensive to borrow, but will "pring" more than enough for everybody.

This amounts to trying to stop a car which is speeding down a hill by taking one's foot off the accelerator but not putting on the brakes.

That the stock market came to this conclusion was shown by its action. After it turned right around and continued on its course of higher and higher prices, particularly of low grade securities.

The debased quarters are being seen in the market place more and more. They are not very attractive and as people start to handle them, almost without thinking they will pass them on and start to hoard the beautiful quarters which have been in use for many years. This cannot help but remind them that Gresham's Law is in operation; that bad money replaces good money. It will confirm the rising prices which they are seeing on every hand.

What will be done? As 1966 is an election year, the Administration is loathe to institute any actions to re-

strain the boom. Yet, all the evidence calls for drastic action. The consumer price index as well as the wholesale price index has been moving up. Over \$4 billion Federal reserve Credit was added to the economy in 1965, a giant increase over previous years.

If the administration does not take effective action this year, there is a grave danger that there will be a flight from the dollar on an increasing scale in the United States. It will not be merely by foreigners, who in effect, have been doing it for some time, but by more and more Americans. They will jump into the stock market, buy real estate, raw land, anything which is fairly durable hoping to weather the storm.

1966 may be the year in which the average citizen learns a few sad facts about inflation the hard way. A word to the wise is sufficient. Put your own house in order.

Oscar B. Johansen

SENSE AND NONSENSE

People just don't like dictators, even a benevolent one like Charles de Gaulle. To his surprise in the election for President of France he polled less than 50% of the vote. He was thus forced into a runoff election against a Socialist-Communist candidate. While against him he received 55.2% of the vote, none the less his image as representing the united will of France was destroyed. This is all to the good. Power corrupts and absolute power corrupts absolutely. De Gaulle did not have absolute powers but more than is good for any man. All of which proves once again that Fifty Million Frenchmen can't be wrong.

Want to learn how to be popular? Listen closely to a lot of things you already know.

The papers report that the schools and colleges of the nation are in the process of making some massive changes in the curriculum. That's probably a good thing. However, it just emphasizes the fact that in the School of Hard Knocks the curriculum remains the same.

Advertisement in midwest paper: Farm For Sale. If purchased before the next wind storm, barn included.

People are going to wake up to the fact that the Social Security tax is really a tax, and how. In 1949, it was only \$30. a year; in 1965 it was \$174. and in 1966 it will be \$227.20, with a gradual rise to \$372.90 in 1987. However, this assumes no change in the contributions in future years. Won't be long before more people will be groaning over the Social Security tax than will be crying over the income tax.

It has come to our attention that some small California firms are using a new gimmick to reward executives. With bor-

rowed money which is guaranteed by the company, the company and the executive buy land. Rising land prices together with the deduction of loan interest and land taxes from the executive's taxable income are counted upon to provide his bonus.

Well as long as speculation in land is the order of the day, why not?

Do you know the difference between planning and not planning? When things are unplanned, things just happen. But in a planned society, things still happen, but you know what would have been the perfect paradise if they hadn't.

Do you know what the costliest invention is for Americans? It's air conditioning. Because of it Congress is able to remain in session through the hot summer to spend more and more of the American taxpayer's money.

Letter to the Editor of Daily News: "I'm really worried now. My doctors told me I am as sound as a dollar. That means I'm on my last legs."

Scientific Problem: How to find a peaceful use for the skateboard!

Now that New Year's is over it's obvious that life these days is just one tranquilizer after another.

WE MAKE "LIFE" - AGAIN

From LIFE, December 20, 1965 number on "The U.S. City -- Its Greatness Is at Stake," p. 7

"But the basic reform is essential sooner or later. And the cities can make a start on it now by restudying their own chief revenue source, the tax on real estate. Land in this country is grossly undertaxed. The improvements on it are overtaxed. The social effects of this distortion are deplorable. The fact that an improvement leads straight to a higher tax assessment is the reason why slum landlords find it more profitable not to improve the buildings on their overpriced, undertaxed land. The profit motive is 'harnessed backwards' and given a tax incentive not to eradicate slums. Landlords who permit their properties to deteriorate are rewarded with lower assessments."

"Rewarded also by this tax system are the speculators who, because of low taxes on land can afford to hold land out of use until the city's growth forces up its price. This is a direct cause of 'urban sprawls' as developers reach out for lower-priced land while bypassing idle land that is closer to the city but whose owner is not ready to sell. Urban sprawl means that the city enjoys a less than economic density of population while suburbanites have to move farther out

than they should. Lower taxes (if any) on improvements and higher taxes on idle land would induce a more efficient use of all urban and suburban land. Such a reform, says Professor Mason Gaffney of the University of Wisconsin, 'should enable many families to enjoy low-density living much closer in to the city and so save the millions of hours wasted driving home past vacant or semi-vacant lots. Such land should either be taxed into productive use or seized for parks and greenbelts. The high price of urban and suburban land today in part reflects the artificial scarcity created by under-taxed speculators.'

COULD YOU USE \$12 BILLION?

David Lawrence has pointed out this amount is the annual interest on the Federal Government's debt, and that it is second only to national defense figure in the budget. He mentions this tremendous interest is largely the result of deficit spending.

Recently the people of New Jersey voted down a proposal bond issue for State revenue, largely, it is believed, because of the amount of interest involved.

It seems today many individuals either do not know or do not care about the cost of financing purchases.

Lawrence gave several illustrations of what might be done with that twelve billion, one of which was "change the estimated 1966 budget deficit from \$8 billion to a surplus of \$4 billion."

While Lawrence did not mention it, Arnold Kleiner who submitted the article did intimate it might enable a tax reduction.

N.Y. INCOME OR SALES TAX?

It seems pretty much assured we get one this year. The N.Y. Times 1-8-66 indicated 37 states which have Sales Tax consider it a fixture, continuing or increasing - no prospects of reduction or elimination. "In Texas, one of the country's wealthiest states with tax resources from petroleum and sulphur that are matched by few of the other states, has 29 million surplus - from sales tax-selective sales tax on motor fuels, \$200 million a year. Just under \$190 million is realized from severance taxes, which are taxes on mineral production mostly petroleum and its by-products, and sulphur."

Incidentally, Arnold Kleiner is President of "SAVE" (State Association Voters for Economy, Inc.) Object to prevent N.Y. from adopting a broad-based tax by economy in State and local government without reducing services.

NEW BOOKS ADDED TO SCHOOL LIBRARY

"Hungry Nations" - "Henry George: Dreamer or Realist?" - "A Primer on Money."

NEWARK CONQUERS POVERTY

According to the WALL STREET JOURNAL, the Human Relations Commission in Newark proposes a 55 hour course of lectures, discussions and field trips, designed to improve understanding between police officers and the poor. Those attending will receive \$4. per hour for listening. The lectures and discussion leaders will be paid \$6. per hour. It is planned to bring to-gether 1200 policemen and 1200 poor or underprivileged persons.

To manage this enterprise, it is proposed further, would be a staff of 22 including a group dynamics specialist at \$10,000. a year, with payroll at the rate of about \$200,000. annually. Cost of the whole business is estimated at slightly more than \$1 million - local government agencies footing only 10% of the total.

At last report the project hadn't been approved at the Washington level. "Even in Washington where talk is not cheap, it may strike some authorities that paying people \$4. an hour to listen to lectures seems a pretty costly way to get their attention" says the Wall Street Journal.

THE GARGOYLE is grateful to Loral D. Swofford, Director of H.G.S., St. Louis, (The host city of 1966 H.G.S. Conference) for bringing this to our attention.

We wonder if the Henry George School suggested to Newark they pay the poor \$4. an hour to listen to lectures at the school, this would be approved by Washington? Or, we might suggest to the Human Relations Commission in Newark it could pay our Faculty Members \$6. per hour for lectures - even better the entire million dollars be given to this school to administer. Such would pay the Director the \$10,000. and we would not need a staff, so we could use the \$200,000. for payment directly to the poor and underprivileged persons. We might even get them to understand the cause of poverty and how it may be remedied!

* * * * *

From December 1965 HENRY GEORGE SCHOOL MAGAZINE, London - we note -
portion of an article from the DAILY EXPRESS: "Mr. Callaghan's suggestion that there should be research to discover the effects of penal taxation ought to promote employment for thousands of experts for at least twelve years. Already one of them has jumped the gun. He has made the astounding discovery that the more you pay in taxes, the less you have for your own needs."

And - from THE DAILY TELEGRAPH - "Is my Hon. Friend aware that women are an untapped source of manpower?"

* * * * *

Our thanks to those who have sent in Contributions to the school and to the GARGOYLE. Others see opposite.

SALT OF THE EARTH

Never judge by appearances. She who looks like a dumb blond may actually be a bright brunette.

They say that marriage entitles women to the protection of strong men who steadied the stepladder for them while they paint the kitchen ceiling.

Have you heard of the suburban store which is expanding by opening a downtown branch?

Secret: Something you tell one person at a time.

Rakiness: Risking your money in a speculative venture.

Discretion: Using the other fellow's.

The reason they call women the opposite sex is that every time you think you've got one of them felled, it turns out to be the opposite.

Curiosity: When people maintain a sense of wonder about life.

Nosiness: When it's your life they're wondering about.

Discerning: Spotting the flaw in an argument.

Disconcerting: When it's your own.

It takes a second-rate person to impress a third-rate person, as a first-rate person is never impressive.

LICHTHEARTED LEXICON

Middle age: A period in life when you bend over once to pick up two things.

Mother-in-law: Another mouth to heed.

Nostalgia: Longing for the place you wouldn't move back to.

Old bankers: They never die, they just lose interest.

Patched clothes: Just one darned thing after another.

Penny-pincher: Fellow with a shell-out falter.

Picnic: A snack in the grass.

TAG LINES

An occasional failure is a vital ingredient of sustained success.
A penny is still a fair price for too many people's thoughts, despite inflation.

Being an elevator operator is frustrating. You seldom hear the whole story.

By helping another up the hill, you wind up closer to the top yourself.

She may know nothing about making bread but she sure knows how to get the dough. The only time she sticks close to her knitting is when she wears a bathing suit.

A curvaceous little lass is one dame who is as strong as her weakest wink.

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To those who contribute annually to the School and THE GARGOYLE - prompt kemit-tance at this time is most helpful.