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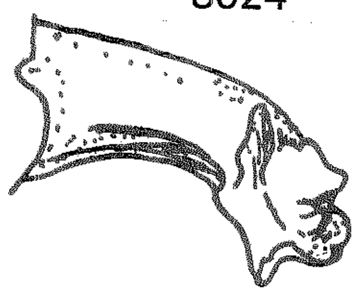
The Gargoyle



"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 Issue #127 J A N U A R Y 1 9 6 9

NEW - 20 Week Basic Course: A DIFFERENT WAY TO VIEW ECONOMICS

Introduction	Guest Lecture: Justice & Equality
Economic Terms	Civilization - origin - genesis
Production of Wealth	Sequence and Consequence
Distribution of Wealth	Scholastic Political Economy
Public Revenue	Guest Lecture: Democracy vs The State
Basis of Ownership	Value - two sources
Guest Lecture: Tax Assessments	Diminishing Returns; Time & Space
Proposed improvements	Cooperation - two ways; two kinds
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Note: These are not independent sessions, but rather are cumulative, each building upon predecessors. The appearance of Guest Lecturers may be at different points in the course than those indicated above.

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J A N U A R Y

The wreath is gone from the window. The Greeting for the New Year gone from the Bulletin Board. The decorated tree, a symbol of the holiday season has been stripped of its trimmings which have been carefully packed and stored away. We are now back to "normal" operations.

Wylie Young

At the Henry George School headquarters:

Tues. Jan 14th - Afternoon Discussion Group 1:30
Wed. Jan.15th - Regular Meeting Board of Trustees, Dinner at 6 at Hotel Suburban, meeting 7:30.
Tues. Jan.21st - Economic Course begins 5:30 and 8

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RAMBLINGS

"Wise government may lighten the lot of men, it can never make it more than tolerable for the great majority."
H.J.C. Grierson

Seen in railroad coach "NO SMOKING" - and just below this sign - an advertisement for cigaretts!

Believe it or not the following was neatly printed by hand on a poster on the platform of the Penn-Central R.R. in Newark - "Henry George School, 149 So. Harrison St., East Orange - The best for Economics."

Blessed is the man who, having nothing to say, abstains from giving wordy evidence of the fact. Geroge Elliott

"We obey the law because we know that respect for the rights of others marks the difference between a dog kennel and civilized society." Hendrik VanLoon

"Men Come Together in Cities
In order to live.
They remain together
to live the Good Life."
Aristotle

Society - conglomerate of individuals. Cohering mass, clustered, loosely cemented heterogeneous material.

Child guidance - Guidance of parents by children.

Marriage in Sweeden - average age for men 26 - women 24. Reason - chiefly economic, including severe housing shortage - persons are on waiting list for seven years.

Received in the mail - "Thanks for continuing to send me THE GARGOYLE - I enjoy reading it." We appreciate these little notes - appreciate them even more when a financial contribution is included.

The rise in the legal minimum-wage rate is a monument to the power of superficial thinking.

A woman with a newly developed interest in government wrote to the editor of a big newspaper: "I want to get into politics. Do the taxpayers have a party?" The editor wrote back "Very seldom, lady, very seldom."

Takes longer to get there than to get back. Law of diminishing returns.

The most startling fiction ever invented by the federal bureaucracy is the idea that the revenue left over each year from the personal income tax collections should be shared with the States.

Liquid Liabilities - A Landlord, says a Midland newspaper, has put the following notice in a village pub. "I bid you welcome, all customers. You have just contributed to, or are about to contribute to, the payment of the following: corporation tax, customs and excise tax, income tax, graduated pension contributions, license, duty, import duty, National Health contributions, purchase tax, rates, selective employment tax, surtax surcharge, temporary import charge, water rates, wine and spirit tax. From what is left, I hope to be able to pay the brewery." LAND & LIBERTY

Down to one model - "With mixed feelings we read about the government's decision to cut back its printing of five dollar bills to one model. The Treasury says this is being done for reasons of economy (Hear, hear!) Cessation of printing of the five-spot that says "United States Note," the Associated Press speculates, will result immediately in citizens squirreling them away as collector items. Maybe some will. But what we're going to do is go right on exchanging them for a sack of groceries which can be carried comfortably between thumb and forefinger." Birmingham News

WELFARE MESS - "In August there were 916,116 persons on relief in the city of New York. Now officials announce that there will be more than one million receiving welfare by Jan. 1, 1969, a total of nearly 15% of the city's population. This occurs at a time when both the city and the nation are enjoying an alltime peak in prosperity and there are more jobs available than there are workers to fill them in a majority of the employment categories. Parenthetically, this city of clerks is undergoing its most severe manpower shortage since World War II. Wall Street brokerage houses are starting untrained clerical employes at $110 to $125 a week and promising each a year-end bonus of $1,200, irrespective of their progress or length of tenure. The shortage of secretarial help is likewise critical. In all of America there can be no more shining example of the absolute failure of the government's anti-poverty programs of the last five years than in the city of New York, where in the boomingest time ever recorded, poverty is increasing." Columnist Donald I. Rogers

A TAX PARADISE: Big attraction to develop land in Australia is that all improvements are tax-deductible. Investing in land is a favorite way to reduce income taxes. The method is followed by "Collins Street (Melbourne) and Pitt Street (Sydney) farmers," usually professional people with good-sized disposable incomes. There are no capital-gains taxes in Australia.

"It is these land and tax laws that make Australia look good to us", says an official of American Factors, Ltd., of Hawaii, developers of 1,450,000 acres on the Esperance Plains of Western Australia. Neighbors of American Factors are such Americans as Art Linkletter, David Rockefeller (Pres. Chase Manhattan Bank, U.S.News & World Report

1 9 6 9 GUESSTIMATES

As we enter 1969, the question in the minds of many concerns what measures the new administration will take in an attempt to put the nation's fiscal house in order; whether it will stabilize the money-supply, and if so, what the effects will be.

Compared to the past two administrations, the new one is relatively conservative. It knows that nations, as well as individuals, must live within their incomes. It knows that sooner or later a stand must be taken to put the nation's finances in order; and it knows it must liquidate the Viet Nam war as soon as possible.

But the problem is that it also knows that if it does institute restrictive measures, economic distress will most likely follow. Marginal businesses will go to the wall; unemployment will increase and discontent grow.

But the administration must do something. Political wisdom decrees that any distasteful measures should be adopted as soon as one assumes office. Then when election time rolls around two or four years later, the austerity induced may have been forgotten, or at least, in retrospect, appear less painful than it might have been.

To judge its actions on the basis of the advisers so far selected is risky business. But, it does appear that some of them favor a decrease in the growth rate of the money supply. In the last two years the rate of increase has been much too high. In 1967 it was at the annual rate of 6.4%. In the second quarter of 1968, even tho it was obvious that the 10% tax surcharge would be enacted, the rate of increase was 8.7%. Only in the third quarter was the rate slowed to a 4.5% annual rate rise. Even this is high when you realize that from 1960 through 1964, it grew at the rate of 2.6%.

From comments to date, it would appear that an attempt will be made to steer a middle-of-the-road course. Be restrictive both fiscally and monetarily but not too restrictive. Reduce expenditures, particularly of projects of doubtful worth, as the supersonic airplane and reduce the money supply's rate of increase to about a 2% rate. (Strictly speaking, control over the money supply lies with the Federal Reserve System, which is presemed to be an independent body, but it is not likely to offer too much opposition to what the administration would want)

Obviously, no one possesses a crystal ball, so no one can say what the results will be, assuming the administration does take this course. One can only guess, and the reader's guess is as good as this writer's This writer, however, doubts if such a middle course will work particularly in view of the public's psychology. The people are increasingly adopting the attitude that inflation is here to stay. They say "buy today, tomorrow it will cost more." If they believe the measures adopted are only half-hearted, they will probably ignore them and keep buying, which will present the administration with a problem of what to do.

On the other hand, if the people feel the administration's actions will bring on a depression, they will say "save now, tomorrow it will cost less". This would tend to accentuate any decline in business probably to a much greater extent than the administration would have anticipated. So again, it would be faced with a problem of what to do.

Well, what would it do? No one knows, not even those in control could say. They probably would simply wait until either of these contingencies arises. Whatever measures will then be adopted will probably be done more on the grounds of political expediency than for economic reasons so what appears to be politically expedient at the time may well be the determining factor.

It could be that in either case when things come to a head, the administration might adopt the repungant policy of devaluing the dollar. It might seem peculiar for it to devalue the dollar to solve what appears to be a deflationary policy as well as for what appears to be the opposite, an inflationary policy. But the government devalued the dollar in 1934 to fight deflated prices, and it has been increasingly urged to devalue the dollar to fight inflated prices. The assumption is that this economic narcotic will work in both cases. The point is, of course, that narcotics never cure diseases; they merely relieve the pain temporarily, and an economic narcotic is no different.

Devaluing the dollar would mean raising the "price" of gold. Whether it would be a modest 10 to 20% above the present $35 an ounce, or doubled to $70 or tripled to $105, as some are urging, no one could say. The stock market apparently is betting that the dollar will be devalued for the gold stocks persist in rising to heights which could not be justified by their earnings at the present dold price.

Of course, nothing satisfactory comes from speculations as these, but then that is necessarily the case when there will be no attempts to adopt fundamental reforms. None in high office understand the land problem. The economists are either Keynesians, New Economists or members of the Chicago School of monetary theorists--Friedmanites, as they are called, after Prof. Milton Friedman.

Palliatives will be adopted, and as is true with all palliatives no one knows how long they will work until they break down. The palliative most likely to be adopted will be raising the gold price, although that is not certain. But if it is done, it will initiate world-wide revelutionary economic and social changes impossible to estimate.

As far as each of us individually is concerned,all we can do is to wait and watch, and hope that from such study we may be able to anticipate somewhat the political and economic measures which will be adopted and adjust our own personal affairs accordingly.

Oscar B. Johannson

SENSE & NONSENSE

Iran has been in the news recently. William W. Scranton, former governor of Pennsylvania,was on an information gathering tour for Mr.Nixon and found prosperity in Iran so great it resembled a bubbling oasis amid a desert of poverty and distress in the Middle East.

A graph given to him showed industrial production, automobiles, oil and petrochemicals going up at a 45 degree angle while the cost of living and wholesale prices crawled along the bottom with only a slight rise.

The reasons for Iran's spectacular growth have the experts guessing. But some suggest it may be due to the vast land reform system which broke up the large estates and created 8,000 cooperatives in 56,000 villages thereby creating two dynamic classes. One group consists of the new individual landholders who are now imbued with great interest in improving their land and raising output. The other group consists of the dispossessed landowners. Some managed to keep some of their best land, on which they applied new intensive methods so that the land they retained proved more profitable than their larger holdings. The other disposed landlords took their compensation money and invested it in business and industry profitably.

Georgists could have told them something like this would have been the result. It is interesting to note that not only the former tenant farmers have benefitted but the former landlords are better off. This is an excellent pragmatic example that a good land reform program, properly administered tends to help all-not merely the exploited peasants.

One of the good things about putting your best foot forward, is that at least it keeps it out of your mouth.

Newspaper reports indicate that western cattlemen are drawing their shooting irons once again, this time on the federal sheriff. The Government wants to raise fees for grazing livestock on public lands. Nearly 47,000 grazing permits are held by farmers and ranchers on lands managed by the National Forest Service of the Agricultural Dept. and by the Bureau of Land Management of the Interior Dept. At present, the fee is 33¢ per animal unit month. (This unit month is the equivalent of a mature cow grazing for one month.) The government wishes to raise the fee over a 10 year period to $1.23 per animal unit month.

The conservationists claim the present fee is much too low, while of course the cattlemen are opposed to any increase.

Of course, the price should be determined by some annual or bieannual auction so the marketplace would be the determinant and not political pressure. The interesting point of all this is that the government is doing precisely what Georgists suggest--leasing the land, but leasing the land is not enough. It must be leased in the marketplace, where economics will determine the rent and not politics.

What hardships our forefathers endured! Imagine pushing westward day after day -- without sunglasses!

SALT OF THE EARTH

Probably the most henpecked husband in the world is the one who is put in the doghouse for making too much noise while getting his own breakfast.

Maybe Lincoln had to walk five miles to school. But he didn't have to cross a picket line when he got there.

Don't eat so fast. Haste makes waist.

Husband: I bought something today for the one I love best. Guess what?
Wife: A box of cigars.

1st man: I met a striking blond today.
2nd man: What! Are they striking too?

Mother: I don't approve of these skimpy little mini skirts you're wearing.
Daughter: But, mother, you have to wear something!

An American is the most ambitious individual on earth. He works from morning to night, then moonlights on the side trying to keep his earning power up to her yearning power.

Awkward Age: Too old to be fired - and too young to be retired.