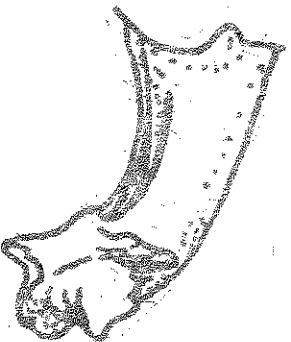


The Barrow



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

HENRY GEORGE SCHOOL OF NEW JERSEY

Issue #157

JANUARY 1972

A Happy New Year

The Henry George Foundation of America constantly strives to unite Georgists in support of practical political action and are gratified to report some real progress. Illinois Georgists won a significant initial victory in obtaining an amendment to their state constitution to authorize the classification of real property and to permit municipalities to introduce differential tax rates for land and buildings.

Campaigns for constitutional or legislative reform have also been initiated in New York, Ohio, California, Oregon, Wisconsin, Missouri and Michigan.

ABOLISH THE PROPERTY TAX?

If the property tax were totally abolished, land values would become untaxed and therefore land prices would boom tremendously. This would discourage new construction, since a developer would have to pay a huge sum to a private party just for permission to build, just for permission to perform a socially desirable task. Think, too, of the huge windfall for large land owners! The fact is that the land value tax is more of an ability to pay tax than any feasible income tax will ever be!

Steven Cord - EQUAL RIGHTS

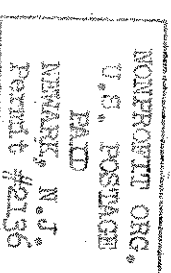
"Under existing conditions in the civilized world, the great struggle among men is for the possession of wealth. Would it not then be irrational to expect that the science which treats of the production and distribution of wealth should be exempt from the influence of that struggle? Macaulay has well said that if any large pecuniary interest were concerned in disputing the attraction of gravitation, that most obvious of all facts would not yet be accepted. What, then can we look for in the teaching of a science which directly concerns the most powerful of 'vested rights' - which deals with rent and wages and interest, with taxes and tariffs, with privileges and franchises and subsidies, with currencies and land-tenures and public debts, with the ideas on which trade-unions are based and the pleas by which combinations of capitalists are defended? Economic truth, under existing conditions, has not merely to overcome the inertia of indolence or habit, it is in its very nature subject to suppressions and distortions from the influence of the most powerful and vigilant interests. It has not merely to make its way; it must constantly stand on guard. It cannot safely be trusted to any selected body of men, for the same reasons that the power of making laws and administering public affairs cannot be so trusted."

HENRY GEORGE - SCIENCE OF POLITICAL ECONOMY

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LIBRARY

By an 86-to-4 vote, the Senate passed the Economic Stabilization Act extending until April 30, 1973, the President's power to impose wage and price controls over every sector of the economy.

Thus Nixon's economic game plan has now gone so far to the left that it has outflanked the most liberal Democrats.

The Nixon program endeavors to cover far too much of the economy with jurisdiction extending from steel mills to baby sitters, from automobiles to fountain pens and mom and pop grocery stores.

Not only is it difficult for business to comprehend the maze of regulations flowing from the wage-price control bureaucracy, but even to limit profit margins throughout the whole range of American enterprise, will prove unworkable and will have a stifling effect on business initiative.... The formula strikes at the heart of the free enterprise system at a time when we desperately need increased productivity, efficiency and jobs.

By a 63-to-17 vote, the Senate passed the compromise child control-legal services-CEO bill. The legislation, which envisions eventual participation by all children - from their pre-natal years until 14 years of age - in federally equipped, approved and constructed day care centers.

The bill authorizes spending \$2 billion a year for two years but in the longer run, providing for pre-school children then adding older children might easily reach \$10 billion a year.

Says Miss Alice Rivlin, one of the best experts on child development; "this program is designed to be not just a baby-sitting operation to provide custodial care for children while their mothers work. The bill emphasizes the well-being of children and the comprehensive services they need for full development, whether their mothers work or not.

"It is not just another program for the poor. Priority is to be given to pre-school children with the greatest economic and social needs, but the intention is to make services available to families at all income levels with those above the poverty line paying part of the cost."

The federal government will provide a dizzying array of services, such as all-day care for pre-schoolers, after-school and vacation programs, nutrition, medical, dental and psychological services. It will also grant

comprehensive physical and mental health, social and cognitive development services necessary for children ... to attain their maximum potential.

Aside from all this, the federal government will fund "child advocates", presumably social welfare workers whose duty will be to secure for each child his full panoply of "rights" guaranteed to him by child development.

The clear implication of the program-while the supporters may rigorously deny it-is to remove child rearing from the mother and the family and hand it over to day care centers.

Says one Senator opposing this legislation, "The bill grants to federal government more authority than has ever been granted by any measure which has ever come before Congress. I know of nothing in the entire history of the country which begins to match this proposal in potential scope or thrust; and I cannot imagine how any bill on any subject could conceivably attempt to do more than this one does."

In spite of the fact that New Yorkers pay far more state and local taxes per capita than any other Americans, both city and state seek more federal funds.

This is largely because of wanton extravagance in "welfare". Thus, residents of the 49 other states of which you may be one - are asked to come to the aid of New Yorkers.

The AFL-CIO is reported launching a campaign to unionize five million teachers, including those in parochial schools; the unionization of university management, including deans and presidents; the building of fully accredited labor colleges; the drive on banks; the creation of global unions...campaign for nationalized medicine...fringe demands - prepaid legal services as part of union contracts (judi-care)

Also probable merger 1.2 million National Education Association and 250,000 member American Federation of Teachers.

Beleaguered taxpayers were told they are subsidizing radical communes throughout the nation.

At a Washington conference, representatives of the area's four largest communes advised other New Left activists how to take advantage of local, state and federal governments to finance their operations. All four are receiving substantial government aid.

As 1972 dawns, a raft of prognostications by the economic seers of the course our economy will take in the new year are spread out for the wary or unwary to choose from. Though the predictions differ in details, in general optimism is the order of the day, in contrast to the relatively subdued guesses which the seers made for 1971. On the average, the Gross National Product is expected to increase 6%, an increase of real output of between 4 and 6%, with profits up about 15%.

According to Barrons, the predictions for the past year (1971) were pretty much on target despite the fact that the prognosticators gave practically no attention to the possibility of any revaluation of European currencies, the devaluation of dollar, the breakdown of the international monetary system, and the imposition of wage-price-rent controls for the first time in the history of the United States during peacetime.

That being the case, the question arises as to the validity of the forecasts. They happened to work out (assuming the statistics are accurate) but this occurred without taking into account the major economic events which took place. Will the seers be as lucky in 1972?

The fact is that no human being can predict what will occur in the future. Despite all the objective data and knowledge which we have of the weather, as is all too well known, the weathermen are in error time after time. To expect any person to be any more accurate when predicting what will happen to an economy of 200 million people over the course of a year is to expect miracles.

Economists should not indulge in such forecasts. Rather they should act in a manner analogous to that of a physician. He does not predict your weight will increase 3% during the year, that your hearing will lose or gain a few decibels, or that your eyesight will be sharpened or dimmed by 1%. Rather, after examining you and your mode of living, the most he would hazard to guess is that if you continue to burn the candle at both ends, maintain your excessive drinking and smoking, continue to eat improper food and neglect to exercise that sooner or later you will have a physical breakdown.

Economists, instead of wasting their time in these guesstimates, which are not worth anymore than those of any reasonably intelligent and well-informed layman, should point out the unsound economic policies which the nation is pursuing. They should take a firm stand against the inflation of the so-called money-supply, the waste-

ful spending, and the constant national deficits. Above all, they should point out the ills which will occur if the wage-price-rent controls are continued. If they would do that, they would be rendering society a service and they would be working within their competency.

One wonders if the generally optimistic forecasts for 1972 are so much based on objective studies of the relevant data as they are on the fact that 1972 is a presidential election year. The administration is obviously going to move heaven and earth to make 1972 a prosperous year if it can do so by whatever gimmicks it can dream up. Economic narcotics of one sort or another will be administered to insure that when November 1972 rolls around the people will feel that economically things are going well.

It may be that the optimistic forecasts will be borne out, but not for the reasons the seers enumerated. It is as though a physician who wished to make his patient feel well at a particular time dosed him with narcotics and an assortment of pep pills which temporarily gave the patient a feeling of euphoria. But after the effects wear off, what then?

What we can forecast for 1972 and beyond is that everything points to the loss of freedom as the wage-price-rent controls are enforced with increasing severity; the increased inflation of the money-supply, and in general the application of economic nonsense instead of common sense. Not a pretty forecast!

If it should happen that 1972 is a good year, it will be much like the calm before the storm. If that is the case, the wise man will try to put his economic ship in the best shape possible so that he can survive the inevitable storm.

Oscar B. Johannsen

SENSE & NONSENSE

Henry George long ago pointed out that merely educating people would not solve the problem of unemployment. Within the past few years, some people, at least, are awakening to that fact as the result of sad experience. We now find that highly educated space and aeronautical engineers highly skilled professionals in computer techniques, as well as experienced executives with college degrees walking the streets seeking jobs. Some of them never dreamed they could be unemployed, but are now feeling fortunate if they are lucky enough to land a temporary job as a salesman at the Christmas season.

While these people have found there is no necessary correlation between

education and employment, the politicians and bureaucrats apparently think there is for they are still touting the establishment of program after program to educate the unskilled as a means of making them employable. The only ones who gain are those hired to teach the unskilled a trade or a skill, which they then find they cannot use unless they can become a member of the labor union monopolizing that field.

Japan is beginning to feel the effects of a business slowdown. This comes as a shock to most businessmen there. Japan has enjoyed a boom for six years and most assumed it would go on indefinitely. At the present rate of business, over capacity exists.

What caused the slowdown? It was initiated by the Bank of Japan in mid 1970 when it inaugurated a tight money policy. Just as the relatively tight money policy of the Nixon administration sparked the downturn in business in America, the same has occurred in Japan. Its economy also is geared to constant inflation of the money-supply.

To add to its problems have been the monetary and fiscal measures the Nixon administration took last August. Japan has geared so much of her business to trade with the United States, that any measures discouraging trade with the U.S. are serious to her.

Of course, Japan is now resorting to the typical Keynesian measures of loose monetary policies as well as fiscal stimulation in the form of increased government spending.

It probably will reduce some of the import controls which made it difficult for Americans to sell to Japan as a result of the accord reached in December by which the U.S. devalued the dollar and removed the 10% import surcharge. The removal of these controls by Japan will prove of value to the Japanese people who will now be able to purchase American products, but it will not help the industries which depended on the controls to exist.

Controls are always for the benefit of certain interests in a nation, although the politicians always claim the controls are for the good of the people. Almost invariably the controls are instituted so the politicians can pay off political debts to the interests that helped to elect them. This is true in all countries.

The Japanese are hard working people. It will be interesting to note how the nation reacts as it finds itself confronted increasingly with the typical booms and busts of America and West European countries.

Did you know there is a man who complains that he owns a gold mine which is no good? Oil keeps coming out of it.

In America prices are so high now, that if you spend \$5. they ring up: No Sale.

SALT OF THE EARTH

The Democrats are smarter than the Republicans. Just watch them when they are at gatherings with the Republicans. Every time the Republicans are rendered a service, they give a big tip and say Vote Republican. The Democrats are so much smarter for they never give a tip and say Vote Republican.

Men's troubles are due to three things. Women, money and both.

She (To her fiancé) I want to share all your troubles.
He: I have no troubles.
She: We're not married yet.

Isn't it true that a banker is a man who lends you an umbrella when the sun is shining and wants it back when it starts to rain?

It should be perfectly obvious that money doesn't always buy you happiness. A man with \$2 million can be as happy as a man with \$3 million.

Did you know there's a landlord who is so rich the finance company owes him money!

They say money talks. I guess though it must be hard of hearing when I call it.

Be sure to save your money. You never know when it will be valuable again.

THIRD THURSDAY DISCUSSIONS

TO CONTINUE AT SCHOOL HEADQUARTERS - WEATHER PERMITTING!

The January session at 8 p.m. Jan. 20th.

These discussions are open to any who wish to attend. The topics include anything and everything the group wishes to discuss and have been most interesting.

You are invited to come out and to bring a friend.

* * * * *

Two of our Trustees, Arnold Kleiner and Lou Weitzman are spending the winter in Florida. Lou is exhibiting BETTER CITIES film and conducting Forums - Arnold is conducting classes in Poetry and both men are getting Henry George into the act.