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Insight....

NEWSLETTER

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"Government never of itself furthered any enterprise, but by the alacrity with which it got out of the way. --- For government is an expedient by which men would fain succeed in letting one another alone; and when it is most expedient the governed are the most let alone by it."

(David Thoreau 1817-1862)

THE ENERGY CRISIS-HISTRIONICS AND HYS- TERIA

If one half the hot air emitted by politicians over the energy crisis could be harnessed, we would have enough power generated to supply the nation to the year 2001.

The Administration proposals vary from day to day, its brainstorms ranging from increases in the gas price per gallon to 90 cents to a limitation of 32 gallons per week per motorist, with gas ration stamps subject to sale by the recipient. A probable result of these suggestions would be that the high income groups would be enabled to obtain more than enough gasoline for business and pleasure alike, while the poor folks would be forced to just stay home and have more children.

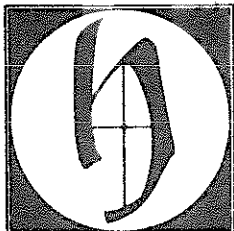
California Assembly Leader Bob Moretti has proposed compulsory car pools-with the driver who can not find a neighbor working at his place of business evidently to be placed in the stocks or receive other suitable punishment.

Renewed efforts are being made to

market electric and steam vehicles, solar energy for heating homes, etc. However, for the next ten years or so the price disadvantage must reconcile Americans to the fact that there's no fuel like an old fool.

In a few years petroleum will be plentiful again, although at a high price, regardless of the desires of Arab psychopaths. Increased off-shore drilling off both Pacific and Atlantic coasts, Alaskan pipe line construction and shale oil production are in the wind. And it is reported that production from sand oils in Northern Alberta may approach in magnitude the entire Near East production.

The interim solution is necessarily a political one, since the temporary shortage was political in its origins. INSIGHT suggests that we immediately inform Russia that unless it instructs its Arabic dependencies to resume normal oil deliveries, all grain shipments, detente cooperation, favored nation proposals and trade deals will be immediately terminated. Without Russian meddling in the Near East the shortage would never have come about. It is only justice that Russia be compelled to cause the re-



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newal of the deliveries.

We have done enough favors for Russia in the field of foreign trade to justify compensation, and also to insure that the desire for future favors will overcome any inherent Communist desire to destroy us.

If we had not shipped one quarter of our wheat crop, a substantial part of our corn and other animal feeds to Russia at the needlessly low and subsidized prices, there would have been famine in Russia, according to Marshall Goldman, an Associate of the Russian Research Center at Harvard University, writing in the December issue of the Harvard Business Review.

Goldman noted that the extraordinary kept the price of wheat and bread unchanged in Russia despite the disastrous Russian crop failure. At the same time, the price of wheat in American and world markets almost doubled, rising from \$1.68 per bushel in July 1972 to \$3.00 in May, 1973. If the U.S. had imposed an embargo on wheat in 1972 as it did on farm products in 1973, the effect on Brezhnev and his government would have been "disastrous" according to Goldman. He concluded the article by stating: "When Party Secretary Brezhnev left the United States he and President Nixon exchanged gifts. The Russian was given a rifle and a Lincoln Continental. The American ended up with a silver samovar and a tea set. This one-sided exchange, reminiscent of the wheat deal, seems to symbolize most U.S.-Soviet trade transactions so far."

OTHER PROPOSALS TO FIGHT GAS CUTS

An interim alternative, proposed by columnist Bill Buckley, is the forcible seizure of Arabic refineries, since they were built by American capital and theoretically belong to Ameri-

can companies. Although there is an element of poetic justice in this proposal, it hardly seems politically palatable at present.

As far as the Administration's proposed 32 gallons a month for each driver, such a plan could bring about a violent revolution in Southern California, where public transportation is negligible and work patterns involving long-range private transportation are firmly established. This writer travels a minimum of 40 miles to and from work in a large Dodge which makes about 8 miles per gallon. His wife travels a minimum daily of 60 miles in a large Cadillac which gets about 6 miles per gallon. This comes to about 15 gallons per day. And there are many, many other families in Southern California with even greater petroleum consumption.

If worse comes to worse we could try the suggestion of economist Milton Friedman that gasoline prices be allowed to reach their national law and supply level, and that in return the oil companies be deprived of their depletion allowance. The oil companies have shown an absolute minimum of interest in this proposal, realizing that when supply returns to normal they will still be lacking their depletion windfalls.

OIL COMPANY CHIEFTAINS SUGGEST ENERGY CRISIS SOLUTIONS

Union Oil Company President Fred Hartley testified before the Los Angeles City Council that the best way to solve the energy crisis would be to ban publication of the Los Angeles Times. While INSIGHT recognizes the obvious public betterment in reduced dissemination of the L.A. Times, Southern California readers would be forced to resort to the even more in-

What is the question?

Gertrude Stein was close to death and her friends gathered by her bedside. "Tell us," they insisted. "What is the answer?" The great lady's eyes opened as she replied: "What is the question?"

The anecdote ought to be true. Each year a concatenation of conferences are convened to uncover answers. Their speakers express regret, call alarm, profoundly plead, profess despair, admonish and adjure, press and petition, and even - on occasion - exude quiet confidence, sanguine expectation or high hope. They are all seeking solution but solutions seem remarkably elusive. Death and taxes will be with us next year, along with the other subjects worried at by the massive army of conferees.

Darwin remarked that solutions are simple - then shrewdly added that the difficulty arose in finding the problem. Which is a not too artful segue into the announcement of a Conference whose thrust will be discovery and delineation of problems - rather than the frustrating treatment of effects.

The cast of characters will be international. The forms of discussion will be varied and interesting. Your involvement in this quest for understanding will be as complete as you wish. It may be expected that conference participants will arrive knowing the answers and leave uncertain and perhaps bewildered. But as Confucius should have said: 'Doubt is the beginning of wisdom'.

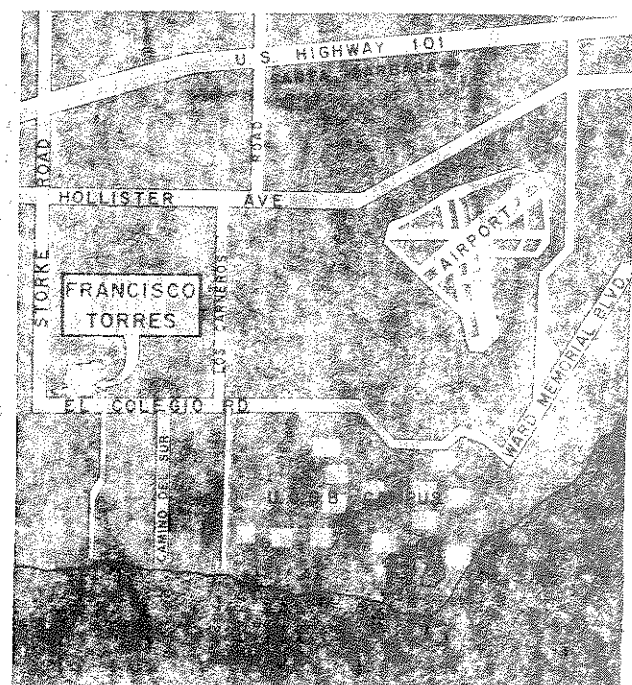
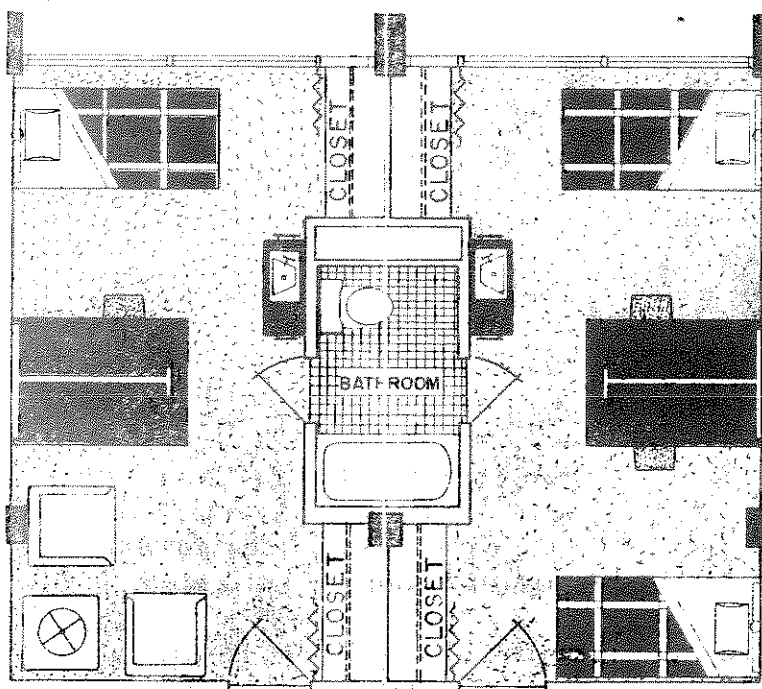
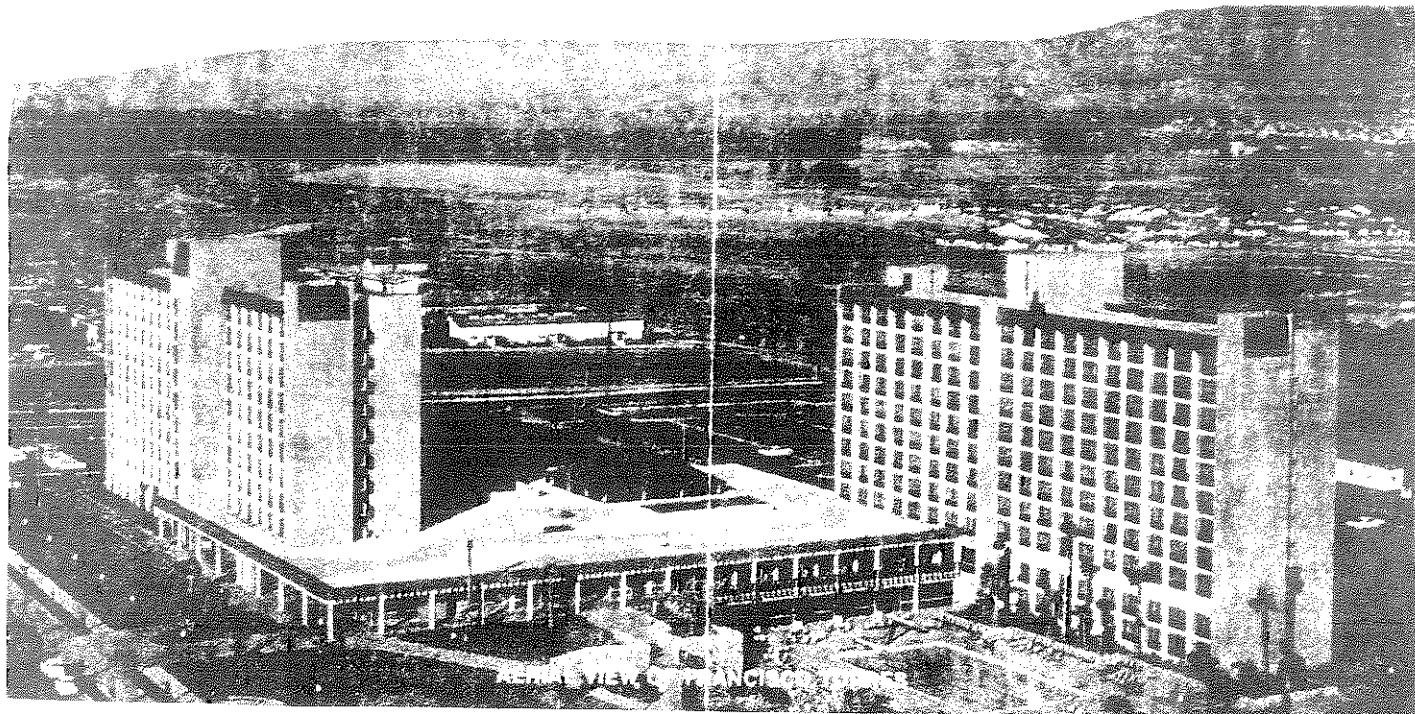
This first "Conference of Inquiry" will gather from July 8th-14th at the new Francisco Torres Conference Center close to the campus of the University of California in Santa Barbara. The delightful City of Santa Barbara is located 100 miles north of Los Angeles and is served by major airlines and good roads.

The facilities at Francisco Torres are exceptionally varied. If the Pacific is not for you the heated swimming pool is available. You may forgo the pleasure of the Pool tables in the recreation room for the more strenuous work-out on the tennis courts. The food is good - as are the prices. You can get full board for as little as \$16 per day.

But first things first. Contact the Conference Committee at once and ask to be placed on the Conference mailing list. Programming information will be sent to you as plans are firmed. Papers for presentation at the Conference will be sent to all registrants beforehand. Your papers and ideas must be submitted as early as possible for full consultation with the Committee. On acceptance, they will serve as launch-pads for wideranging discussion. Write now to:

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accurate Hearstling Los Angeles Herald-Examiner. The Herald is advertised as "The paper for people who haven't all day to read one". It should be "The paper for people who haven't the brains to read one" according to hostile critics.

Phillips Petroleum Vice-President Sloan Childers, however claims that the source of the problem is that "the oil industry just isn't earning enough money to carry out the huge expansion needed to meet this country's growing demand for petroleum. Childers stated that "the average return on total assets for the 27 largest U.S. Petroleum companies in 1972 was only 6.2%", and that "the increases of 1973 barely bring the industry back to the levels of previous years. Sloan asserted that "the rate of return for our company on capital employed in the refining, distribution and marketing segments of our industry was only 0.17% in 1971 and 1.9% in 1972." Oil industry critics assert that such figures are only a bookkeeping ploy used by the integrated companies in disguising artificially high prices and profits earned on their raw oil production, thus squeezing the non-integrated independent refineries.

Sloan concluded by stating that the public should not be worried about the oil industry profits, but should see that the oil companies have enough funds "to step up exploration in the high cost frontier areas such as Alaska and the Outer Continental Shelf."

In California, as in Texas and Oklahoma, and in Washington D.C., what the oil companies want they eventually get. Six of the ten largest California headquartered industrial corporations are oil companies, including the three largest, Standard Oil of California,

Atlantic Richfield, and Occidental Petroleum. Union Oil, Getty Oil and Signal also rate the big ten, with the assets of these companies ranging from a mere 1½ billion for Signal to 10 billion for Standard.

OIL RETAILERS UNHAPPY

To solve this problem of inadequate income complained by Mr. Childers, major California Oil Companies have not only increased prices, but have also drastically reduced the so-called "competitive allowance" given to independent oil dealers who have to maintain their own stations without producer assistance. Many independent retailers claim that the big companies are thus trying to force them out of business in favor of wholly owned retail stations. A lawsuit in the East by a retailer's association charging such an attempt by the majors was recently thrown out of court, indicating a lack of solid evidence of such a plan. And so, if the independent retailers feel the squeeze "That's the way of the world", as the Grimm Brothers used to say.

THE PROGRESSIVE INCOME TAX PROGRESSES FURTHER

The public revelation that President Nixon obtained \$567,000 in tax deductions by donating vice-presidential papers to the National Archives, and that Hubert H. Humphrey claimed \$199,153 in tax deductions by donating his vice-presidential papers to the Minnesota State Historical Society is slightly exaggerated. For years Presidents, Governors and Congressmen have received handsome tax deductions by donating official papers to the National Archives, Library of Congress and various historical societies.

The question arises as to what right public officials have to the public papers in the first place. In private industry all company papers and all work done on company time belongs to the Government.

Possibly taxpayer's suits might recover some of the millions of dollars received by our public servants from sale of our public papers.

The public has also been annoyed at the fact that in 1970, for example President Nixon paid only \$792.81 in Federal income tax and no State tax on a \$200,000 income. Governor Ronald Reagan paid no State income taxes, and San Francisco Mayor Joe Alioto paid no Federal tax. But it should be no secret that Income Tax is as much preserved for the peasants to pay as is the Sales Tax. Added to real estate shelters, phoney business expense deductions and padded charitable deductions etc. We now have growth of the professional corporation, under which doctors, attorneys, accountants and other professional men set up 1 man corporations in which pensions, retirement benefits, and numerous other fringe benefits are deducted as business expenses or are deducted from reported income.

Formerly thought to be the nemesis of the rich and the chosen mechanism for redistribution of wealth, the income tax now takes its rightful place as the workingman's tax reserve.

INTERSTATE 5 LAND INFLATION DISCUSSED

Raw land near Interstate 5 inter-

changes is "almost prohibitively expensive and a "gold mine" according to reporter Ray Herbert in a recent article in the Los Angeles Times.

Herbert noted that the Southern Pacific Railroad Company, was holding back 30,000 acres along Interstate 5 for future development, and that Standard Oil, another large landowner in the area, is working on establishing a major industrial park near Interstate 5. He also mentioned that approximately 1,000,000 acres of land in the area will receive water from the San Luis and other water projects.

But Herbert nowhere mentioned the effect of Interstate 5 and the delivery of imported water on the 200,000 acre Tejon Ranch (which is half owned by the Los Angeles Times), and which borders Interstate 5 and will receive huge amounts of imported H2O.

The Herbert article states that the Interstate 5 right-of-way cost only 10.9 million and building the road cost only another \$120 million, described by state highway officials as a bargain.

As INSIGHT previously suggested the highway could have been erected for nothing (\$0), if the State had merely levied a special assessment tax on a small part of the increase in land values given by the highway construction to Southern Pacific, Standard Oil, the Los Angeles Times, and other big landowners in the area. But that is a suggestion that will not be made in a Los Angeles newspaper, or by any politicians who expect to be elected.



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