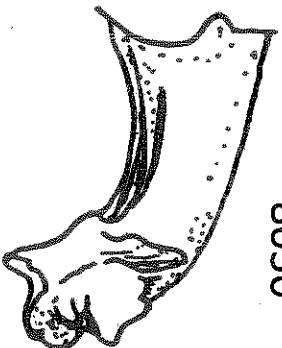


Barquole



"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 #120

M A R C H 1 9 6 3

GOING ON AT 78 CLINTON AVE.THIS & THAT

Tuesday evenings - 7:30 Basic Course

* * *

"Tax most anything enough, and it will disappear - except land."

DAYTIME: Afternoon Discussion Group -

2nd Tuesday each month 1 to 3 p.m.

Woodrow W. Williams

Lectures - Films - Discussions

These meetings open to public - anyone may attend and is welcome. Tell anyone you think may be interested about these daytime programs.

"The pleas for more control are all ways backed by plausible arguments which often conceal the shallow reasoning behind them."

LAND & LIBERTY

* * *

SPRING TERM - Basic Course - Starts

April 3rd and continues for 10 Wednesday evenings 7:30 to 9:30 p.m.

Inform those you think may be interested. Tuition-free; enrollment fee \$2. for which student receives book - PROGRESS & POVERTY.

The New Three R's

Reagan

Rockefeller

Romney

(Equal time available)

THE WAY TAXES RAISE PRICES is by increasing the cost of production and checking supply. But land is not a thing of human production, and taxes upon rent cannot check supply. Therefore though a tax on rent compels the landowners to pay more, it gives them no power to obtain more for the use of their land, as it in no way tends to reduce the supply of land. On the contrary, by compelling those who hold land on speculation to sell or let for what they can get, a tax on land values tends to increase the competition between owners, and thus to reduce the price of land.

Henry George - PROGRESS & POVERTY

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LAND REFORM FOR VIETNAM

The recent assertion of Representative John J. Moss of California and Representative Ogden R. Reid of New York that the Vietcong or its political arm, the National Liberation Front, had distributed five times as much land as had the Saigon Government calls for a clarification of the importance of land reform as a basic factor in the Vietnam struggle.

Upon the defeat of the French in

Indochina at Dienbienphu in May 1954, American advisers attempted unsuccessfully to support and build up the army of Bao Dai. They were thwarted by the Geneva accords of the same year, which, in effect, recognized the existing Communist method of land reform of Ho Chi Minh.

Diem, witnessing his Communist takeover in North Vietnam and fearful that his own dynasty might experience the same fate, promised a non-Communist type of land reform for South Vietnam. Instead, however, he reneged and appealed to the United States to send advisors to build up his own army, which initially was little more than a palace guard.

As a result the N.L.F., then a mixture of political parties, and adherents of more conventional methods of land reform began to build up their Vietcong guerrilla forces to 'liberate' the land from Diem. As our forces increased from "advisers" to military participants, Communist troops from North Vietnam began to infiltrate into South Vietnam to help their Southern "brothers" and establish the rule of Communism.

There are three basic methods of agrarian land reform; expropriation of land and its nationalization without compensation to the former landowners (this is the method used by Communist countries); expropriation of land with varying methods of compensation and financing of its redistribution to farmers and peasants (our own land-reform program in Japan is an example of this commonly used method); permitting land to remain in private ownership, but increasing the collection of site value taxes, with a corresponding reduction of taxes on improvements to land such as crops or buildings.

The most effective current agrarian land reform using this democratic system is found in Taiwan under the leadership of Shen Shiho-ko. It has been instrumental in doubling the agricultural productivity of Taiwan and raising the per capita income of the entire country.

It seems ironic that Taiwan's model land-reform practices could have been used in South Vietnam. Our assistance

to South Vietnam could have been given on condition that Diem fulfilled his promise for land reform and that such incentive tax measures were instituted. The civil war might have been mitigated thereby.

Clearly, we must begin to urge the current leadership of South Vietnam to understand and adopt such democratic land-reform measures, and then to seek conversations with the N.L.F. as a basis for negotiation with Hanoi.

We must also begin to realize that communism does not spread in accordance with the "domino theory" but jumps to those areas in the world, such as Latin America, where the largest percentage of arable land is owned by the smallest segment of the population. In the long run Communism is not defeated by killing but by preventing the injustices it feeds upon.

Geoffrey W. Estry, M.D.

Princeton, N.J.

President, Economics Education Institute.

Note: The above Letter to the Editor, published in the New York Times Monday, January 15, 1963.

THOMPSON'S LAWS

The larger the island of attainment, the longer the coastline of desire.

Behind the populist rhetoric lies the mailed fist of vested interest.

There is no passion more powerful than the desire to change the world.

Nothing is either good or bad save alternatives make it so.

Error is infinite, but truth is finite.

Most new ideas are wrong. Most old ideas are wrong also, except that having stood the test of time an old idea is apt to be better than a new idea.

Bad economics make bad ethics.

The remedy for poverty is money.

Ensnared by the universal but unusable truth that everything depends on everything else, a complicated theory is always a bad theory. Good theory is simple; but simplicity is not a simple concept.

We live by words and die for slogans yet who can define truth, or beauty, or humor.

All charity tends to corrupt, and absolute charity corrupts absolutely.

Consider the cow, with her poise and urbanity,

Doing her share of the work of humanity,

Having no duties beyond her ability

Cared for by others from youth to maturity,

A perfect example of social security!

PROGRESS, Feb. 1965, quoted from THE SQUARE DEAL, Canada, 1968 - to which the Editor adds "One must however, take into account the fact Mrs. Cow, unlike the human recipient of social security, commonly winds up as canned corned beef."

The devaluation of the British pound has touched off a "great debate" on whether to defend the dollar. But this defense is predicated on a lack of understanding of exactly what a dollar is. After all, the dollar needs no defense for it is not a green piece of paper. It is 1/35th of an ounce of fine gold as defined by Presidential Proclamation in 1934.

It is a sad but true fact that neither economics nor the monetary phase of economics have ever adopted a scientific methodology through economists like to believe they are scientists. The first prerequisite of a science is rigorous definitions. In monetary matters, definitions when given are ordinarily violated or ignored.

Such has been the case with the dollar. It has been just as carefully defined by statute as the unit of length--the yard--has been, but whereas the definition of the yard is accepted and used by all, the definition of the dollar is ignored. The suspicion is great that many, including economists, do not even know the dollar has been defined, and if asked would hardly know what a dollar is.

The "dollars" which must be defended are not dollars but either Federal Reserve Notes or their equivalent--bank deposits (checking-account money) based on Federal Reserve Bank credit. But these Notes and credit are circulating non-interest bearing debts of Federal Reserve Banks guaranteed by the U.S. Government. (Peruse, for example, an old \$5. Federal Reserve Note. On it is the promise to "pay to the bearer on demand Five Dollars". It is an IOU.)

What is at issue in this "great debate", then, is not a dollar, which is merely a weight of gold, but the debts of the U.S. Government. It is in the position which prominent merchants in Colonial Days held. Because of their great prestige and presumed financial stability, their IOUs circulated throughout colonial towns as though they were money effecting exchanges of goods. Few of the IOUs were presented for redemption unless doubts arose as to a particular merchant's solvency.

For the U.S. Government to refuse to redeem the Federal Reserve Notes and credit in gold (i.e., refuse to sell gold) is analogous to one of these merchants refusing to redeem his notes in the specific "hard money" in which payment was to be made (Spanish silver dollars, or doubloons, etc) But that is an act of bankruptcy.

For all the merchants to do likewise would be unilateral declarations of bankruptcy. Then their IOUs would circulate and be exchanged for one another on the basis of the ability of particular merchants to redeem their notes in whatever goods other than money they possessed and also the confidence or lack of it that people had that someday those merchants would redeem their notes in money. (This constitutes the case of flexible exchange rates which would occur if no nation redeemed its currency in gold.)

But people would then tend to accept such questionable IOUs reluctantly and only to the extent that they felt they could use them to secure particular goods. Trade would be seriously inhibited, consisting primarily of such transactions, direct barter, and other exchanges utilizing "hard money". Distrust and isolation would displace the former trust and mutually advantageous economic intercourse until at least one of the merchants resumed redeeming his IOUs in money.

The "great debate" is therefore not about defending the dollar (a weight of gold) but whether a nation possessed of stupendous resources instead of putting its financial affairs in order adopts the reprensible and morally indefensible course of repudiating its debts.

As the year passes the debate will wax and wane, most of it so muddled few will understand it. All they will hear will be that the price of gold should be raised from \$35 to \$70 or \$100 an ounce. Some will realize this is really a redefining of the dollar to be either 1/70th or 1/100th of an ounce of gold, but most will not. They will assume that as everything is rising in price, gold should also. But gold is money, and money has no price as everything is priced in terms of money.

The sea level has no height. It is the reference point to which all heights and depths are referred, so to ask what is the height of the sea level is to betray one's ignorance of the whole conception of height and depth. Similarly, money has no price so to ask if the price of gold should be \$35. or \$70. indicates one's lack of understanding of money and price.

And when the "great debate" is ended by events, the "barbarous metal"--gold--will still stand supreme as the money of the world while the currencies of the world (i.e. debts, as "dollars") will suffer the fate of America's Continental Currency. Instead of indicating worthlessness by saying something is not worth a Continental, we will say, it is not worth a "dollar".

SENSE & NONSENSE

The government wants to cut down the "travel gap". This is the difference between what American tourists spend abroad and what foreign tourists spend in America. The hope is that this will tend to reduce the deficit in our international trade, which is between \$3 and \$4 billion a year.

This ignores the "whiskey gap" for Americans spend more for good British Scotch than Britons spend on Kentucky bourbon, not to mention the "coffee gap", the "sugar gap", etc.

The fact is that there would be no international trade if there were no imbalances. It's because Brazil has coffee and we don't that we send American dollars there to buy coffee. But those dollars are useless there for Brazil has its own money. Those dollars are useful only in America, which means they come back here to buy goods which Brazilians need. So just as the fact that we buy coffee from Brazil means we export goods to Brazil, so when American tourists spend money abroad they aid exports from America to foreign countries. If travel abroad is choked off, foreigners will cut their purchase of goods here.

There actually is no "unfavorable" balance of trade as in 1963 our overall foreign trade balance was nearly \$4.5 billion. What has caused the international trade deficit is the \$2.5 billion we send abroad in the form of foreign aid; the huge troops we keep abroad, and, of course, the Vietnam war.

Maybe you can figure out why the government wishes to restrict the traveling of Americans, when all they could possibly hope to cut down would be about a half billion dollars, when at the same time it gives away to foreigners \$2.5 billion in the form of foreign aid?

Isn't it funny that the same government that is all for a Truth-in-Packaging Bill is minting sandwich quarters?

America is not the only country worried about gaps. Russia is for Premier Kossygin has called on the Soviet industry to overcome the gap in consumer goods with the U.S.

The average Soviet worker produces only about a third of the American laborer. But it is not only that, capital is used inefficiently. In a three-day study in Moscow a total of 144,000 trucks were counted. Half of them were empty. At the same time, complaints are levied that there is a scarcity of motor transport and more trucks are needed.

Kossygin is exhorting the Russians to greater efforts and more efficient utilization of the equipment they have. He would get further if he would institute private property of capital goods, but that is heresy. Instead, the Russians will attempt to institute incentives, much as an army will establish incentives to get more efficiency out of soldiers. But despite such devices, armies are still notoriously inefficient. Similarly, despite the attempts of Russia to set up incentives somewhat similar to those in western countries, such are not the equal of making capital and wealth private property.

So Kossygin will continue to exhort and the consumer gap between Russia and America will continue.

Too bad the week don't hurry up and inherit the earth because the unweck are making such a mess of it.

Civilization is a society in which you pay a quarter to park your car so you won't be fined \$5. While spending fifteen cents for a nickel cup of coffee.

SALT OF THE EARTH

Experience is another one of those things you can't get for nothing.

Definitions:

Leisure Time: When your wife can't find you.

Pedestrian: A husband who didn't think the family needed two cars.

Paving Beauty: The girl who finished last in the beauty contest.

Real Friend: One who can tell you all his troubles--but doesn't

The trouble with efficiency experts is that they charge you so much to tell you how badly you run your business, that you couldn't afford to pay them even if you were going so well that you didn't need them.

The trouble with being a parent is that by the time you're experienced you're unemployed.

When the minister finished his sermon, he asked the congregation for the collection with the following words: "And now, my friends, please let us all give in accordance with what we reported on our income tax."

In Florida, hotel managers easily can tell when it's winter and when it's summer. In the winter they get Cadillac's, Lincoln's and stuffed shirts. In the summer, they get Fords, Chevrons and stuffed shorts.