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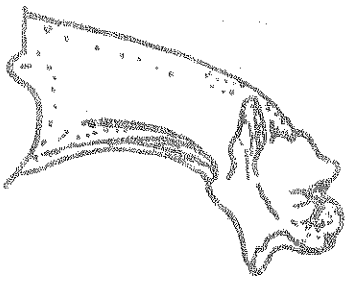
The Gargoyle



"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 #199 MARCH 1976

"The final test of a leader is that he leaves behind him in other men the convictions and the will to carry on.'

Walter Lippman

1976

Jim Bishop, Reporter - The Year of Harsh Truth ... As a young, vigorous Republic, there are deep lines of wear in our face, our cheeks are hollow, the eyes are misty with worriment, America needs a doctor. In an election year, statesmen repaint the old American dream. They tell us we are great, we are noble, we are strong and we are fearless. It won't scan this time.

The dream has become a nightmare for 8 million men out of work; 31 million on Social Security; scores of millions on welfare and food stamps. The Guinness Book of World Records states that the U.S.A. owes $508 billion (an interest-bearing lien on taxes levied in coming years). "This amount in dollars would make a pile 30,073 miles high, weighing 428,102 tons."

Our government still sees its mission as saving the world when it cannot save us. It has been buying friends for 55 years and is shocked when nobody stays bought. It sells millions of tons of wheat to Russia on credit for their starving people. It spent 30 billion a year on Vietnam. And 55,000 lives of our young.

Last year 24 American millionaires, who averaged 2½ million dollars apiece in income, paid not one dollar in taxes. Our oil companies paid 8 times as much in taxes to Arab nationa as they paid here. Many of our patriots brag about their tax shelters. We have much more government than we can afford in Washington, in our states and cities. We pay for overlapping services, we pay too much for food, for rent; we anguish over dwindling savings and we are asked to give more to charity . . .

I am anything but a prophet of doom. I am the eternal optimist; the only thing strong enough to defeat America is Americans. I feel that my mind must be cracking when I read that half of all our citizens feel that the government owes them a living...We need some hard facts this year. Oh boy, do we need them! If, somewhere on the polluted political skyline, a man steps forth and says, "You are going to hate me for this, but the blunt truth is.." I am going to vote for him . . .

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THE BOONDOGGLE WITH PUBLIC PENSION PLANS

Employees of cities and states who have been expecting that their pension plans would provide them with a comfortable income upon retirement may be due for a surprise.

An investigation which is going on indicates that many plans may be in serious danger of lacking sufficient funds to pay the pensions.

One police pension fund in Pennsylvania was so badly managed that of its $1.5 million in assets, about $600,000 may have been lost in ventures no one with any conception of his fiduciary responsibilities would ever have made.

But it is not merely a question of ordinary competence in administering these pension plans, it is a question of their proper funding. Many cities and states have for years ignored the necessity for properly funding these plans, that is setting aside the necessary funds to insure that pensions will be paid as they come due.

To top it all, pension funds have been used to prop up cities in danger of default. Last year, as New York City verged on the edge of default,its pension funds loaned the city $1.6 billion and agreed to buy another $2.5 billion of city bonds. It seems incredible that those in charge of these funds agreed to this.

New York City has five pension plans. They are already underfunded by about $2 billion. The city is finding it difficult to meet its current $1 billion pension fund contribution. And in addition, the city will be indebted to the funds for about $4.1 billion more.

Two years ago Congress passed the Employment Retirement Income Security Act which covers private employers pension funds. It should have, instead devoted its attendion, if anywhere, on the public pension funds. Not only are they inadequately financed,often badly managed, but as the case of New York City indicates subject to political manipulation.

But, Congress, has little or no intention of subjecting public pensions to controls. Apparently, one reason is that pension funds could not be used to rescue cities and states. Under the rules governing private pensions,no more than 10% of a fund's assets can be put in an employers' securities. New York City public pension funds have already invested more than that in N.Y.C. bonds. Congress is exempting N.Y.C. pension funds from a tax law provision which forces all pension funds to be run with prudence and for the exclusive benefit of the beneficiaries mif they are to retain their tax exemption.

All kinds of conflicts exist. Often the heads of public pension funds are officials of the state or city, so their duties as protectors of the funds conflicts with their duties as public officials.

This is typical of anything undertaken by governmental agencies. They are invariably badly run and under little or no control. Anything that is run by private industry is controlled beyond all measure, but where towns cities and states are concerned,benign neglect appears to be the order of the day.

Things will probably just go along until some big scandal erupts. Then something may be done, altho it is most likely that it will all be talk and little action. Politicians take care of politicians, and conveniently sweep problems under the rug if at all possible.

Of course, there is always the possibility that if the federal government inflates the money supply at a greater rate than it has, that even the bad investments which the public pension funds have made will become good and the communities will be able to fund the pension plans properly. But what good will that do the pensioners? The money they will receive from their pensions will have such little purchasing power that they will be almost as badly off as if there had never been any pension plans at all.

Public employees would be well advised to set about setting up their own private pension plans which will take into account the possibility of the bankruptcy of the program in which they are members, and the inflation of the money supply.

In the last analysis, one must depend upon oneself. Unless one does so, he may suffer a very sad and rude awakening.

OSCAR B. JOHANNSEN

IMPROVEMENT

In last issue of GARGOYLE - "The Way It Is" statement was made - "If we are agreeable that our concept of Natural Resources is: 'Everything in the Universe, ...'" Mr. Howard L. Morris of Bellbrook, Ohio, wrote us suggesting this ought better read - 'Every material thing in the Universe, except....'

This suggestion is greatly appreciated and we think the statement of the concept ought be changed to include the word 'material'.

Suggestions such as this are most helpful and we encourage readers to write us whenever they come across instances such as the one mentioned.

THE WAY IT IS - Part 2.

This is a continuation of suggestions for understanding our economic system. It is proposed to publish these brief outlines each month in The Gargoyle. You may wish to save them. Comments and suggestions will be welcomed.

A long time ago men, women and children as a family unit worked together. They grew their own food, made their own clothes and built their own homes, as well as made their furniture.

No doubt it early became apparent to them that effort might be devoted to making simple tools which would make their work easier, quicker and more efficient. Tools then add another factor to the formula developed in Part 1. HE + NR + T = P

As time went on it became evident that some persons could do some things better than others with the result that some families devoted their efforts to farming and others to, let us say, fishing or hunting, and some perhaps to making simple tools, or making furniture or clothing.

These things were exchanged, perhaps at first on a credit basis - you let me have some of your product now, and I'll repay you with some of mine later. Following this came barter, an exchange of product for product. Later we may assume came the rendering of services such as doctoring, ministering, teaching and the like. So no doubt, there was barter for goods and services.

In due course some men rather than work for themselves, hired themselves out to others. This system, of course expanded when manufacturing began - when making of goods outside the homes became the method of production. Also, as the exchange system developed the barter method required a better device. So was developed a medium of exchange - known as money.

Then, as now, in the final anaylsis the cycle remains the same - the application of human energy to natural recources, using tools. The resulting product is exchanged for money - the money is exchanged for another product which is made by others.

Going back to the place where persons became employed - they could have received their compensation in "kind"; that is, a farm-hand might have been paid in potatoes, onions and vegetables - which he in turn exchanged for meat or eggs or for doctor's services. Later on, the employee was paid money.

From the start it ought be clearly seen that the employee produced his own wages. The "kind" he received as pay, he produced. When he was paid in money, in effect his employer was buying from the employee the things he produced. This makes the clear distinction that the employer was not doing the employee a favor. He was not extending charity - he was not exploiting the employee.

Of course, the employee did not receive the entire amount he produced - nor did he receive, when he was paid the money equivalent, the market value of the produce in entireity. We must remember the employee did not himself own the natural resources he used - he did not own the land, he did not own the tools, the shovel, hoe, wheelbarrow. The natural resources and the tools belonged to the farmer who hired the employee. It seems only fair the farmer should receive some of the crop to cover his expenses for these things.

We ought now be able to see an overall picture of how "goods"(products) are produced and to whom the product belongs.

If we can visualize a pie as being the product we can mentally divide it into three sections, representing the three factors of production - Human energy, Natural Resources, Tools, The division - the parts will not be equal. When one person is owner of the three factors, naturally he receives all of the shares of the pie.

We can roughly guage the portion by imagining (1) Mr. A. owns the natural resources, (2) Mr. B. owns the tools and he will exert his energy (Mr. B.) Therefore he must first pay Mr. A. and what is left is Br. B's share of the product. (3) Assuming that Mr. B. does not own necessary tools, but must borrow them from Mr. C., Mr. B. will then have to pay Mr. A. for use of natural resources, pay Mr. C. for use of tools and what remains of the pie is his share of the product.

We have now a brief picture of the production and distribution of products. All of the entire complicated system of the production of all of the things which human beings need and desire are brought into being and distributed on these principles.

First, of course, it is necessary to produce the necessities of life - food clothing and shelter. These must be produced. Obviously there can be no human energy devoted to providing services unless others produce the necessities to be exchanged for such services.

Second, this production can be effected without any Government - it is at a later state when some government may be necessary to assist in the more advanced operation of production. The medium of exchange might have been developed and continued without government. These refinements will be further discussed later.

SENSE & NONSENSE

The influence of American TV is world-wide. The major broadcasting systems in our country helped establish the TV systems of Egypt, Argentina, Portugal, Sweden, Kenya, Nigeria, Yugoslavia, Hong Kong, Israel, Italy, and many other countries.

Exporting technical assistance is one thing, but if we are also exporting too much of our TV programs, as it seems we are, maybe these countries would be better off without TV. We appear to be masters of presenting banal, boring and mediocre programs. Most of the better programs seem to come from abroad as the English programs, such as Upstairs, Downstairs. When we attempted to imitate this program with one called "Beacon Hill", it was so bad that despite the millions spent on it, it had to be taken off after only being on for a month or so.

If the TV channels were auctioned off periodically, that is rented out to the highest bidders, there is a great possibility that the type of programs would improve, for stations would no longer have to worry about the Federal Communications Commission could use pay TV if they wanted to; coald experiment. Instead, today, everything is geared to the same formula of sex, comic relief, talk shows which are notable for their lack of intellectual stimulation, and violence.

It is a rare occurance when one sees educational material. TV could be an excellent medium for educating all, improving our taste and imparting a sense of culture. To do that it needs freedom. That freedom can only come when instead of licenses being granted, the airways are rented out.

If you want to know why our children come back from colleges imbued with a lot of 20th century "liberal" ideas--which means essentially socialistic concepts, probably the answer has been found in a survey made of what professors read. The three top periodicals are: TIME at the top; NEWSWEEK, second, and the NEW YORK TIMES third. Most of the other publications are equally of the same liberal slant as these three. Such relatively individualistic publications as U.S.NEWS and the WALL STREET JOURNAL are far down on the list. Does one need say anymore?

It may not be long before a new index is devised to measure the state of the economy. It has been determined that the rates of mental disorders, heart disease, suicides, homicides, and kidney disease show dramatic increase during or immediately following periods when the economy is unstable.

Cirrohosis of the liver increased two years following financial recessions, no doubt, due to the increased consumption of alcohol, which is a form of escapism resorted to when people are depressed.

Whether it would be any better index than those in existence is a question. It is doubtful if it could foretell anything, altho it might be some clue as to the severity of a depression after the event, and also as to how inflated was the boom.

One thing it would do, it would give a few more jobs to, statisticians.

The Commission on Federal Paperwork is holding hearings to determine how to eliminate the paper blizzard emenating from Washington, D.C. In 1972, some 10 billion sheets of paper flowed into federal offices from across the nation. In 1974, federal agencies sent out nearly three billion pieces of mail which cost us $440 million just for mailing costs. The number of forms used by the government is around 6,000, not counting tax and banking forms, and the number increaees every year.

No doubt as a result of this Commission's work there will be more sheets of paper emenating from it to add to the reams of paper already flowing all over the country. There is simply too much of a vested interest in all this paperwork for it to be eliminated. But it looks nice to let the taxpayers know that it is being investigated. Just wonder how many rooms will this Commission's reports take up?

SALT OF THE EARTH

Daffynitions:
Politician: A person who never duels, but who certainly can fence. And he never uses anti-knock gas.
Pessimist: A person who would commit suicide if he could do it without killing himself.
Rabbit: A small animal that grows fur which other animals get the credit for when it's made into a lady's fur coat.
Rich man: A man who has so much money he doesn't even know his son is in college.
On the rocks: A phrase which means that a person is either bankrupt or working in jail. The difference is inconsequential.
Lean years ahead: What every woman hopes for.
In the money: A condition most men hope for, but only a bank teller experiences.
Guest towel: A towel you look at but never use.

Professor

I once had a classmate named Guesser
Whose knowledge got lesser and lesser
It at last grew so small
He knew nothing at all
And now he's a college professor.
Arizona Kitty Kat