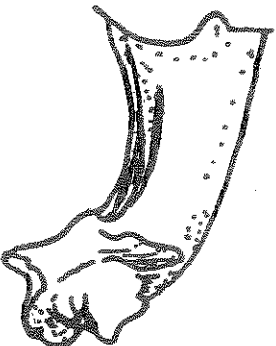


The Baritone



"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 #131

MAY 1969

SCHOOL NOTES

It is with regret we announce the death on April 16th of Mr. John A.B. Greulich, a Trustee of HGS-NJ.

On Tuesday April 29th at 8 P.M. at school headquarters in East Orange, Oscar B. Johannsen, M.B.A., candidate for a doctorate in economics will present guest lecture - "Democracy and the Welfare State". Any who can attend are cordially invited.

Reprints of Financing Our Urban Needs - NATIONS CITIZS available from N.J. school. Inquire by letter or telephone. Excellent!

HGS Annual Conference, July 5 - 13
Shearson Hotel, Chicago, Ill.

AFTERNOON DISCUSSIONS

On the second Tuesday of each month from 1:30 to 3:30 an informal discussion is conducted at 149 South Harrison St., East Orange, headquarters of the Henry George School of N.J.

Topics discussed include just about everything. These gatherings are open to anyone able to attend in the daytime. They evidence great interest as most of the folks come back worth after worth to enjoy this couple of hours.

Come if you can - tell anyone you believe may be interested they will be most welcome. Next meeting will be Tues. May 13th 1:30.

LAW AND ORDER

J.J. Brandon, in an article titled: "Law and Order" published in GOOD GOVERNMENT; Sydney, New South Wales, says the fundamental mistake about 'law and order' is that it should be 'order and law'. Legislation should serve the natural order of society. Brandon concludes his article:

Of all the great men who have occupied their minds with the true nature of the social order and its corruption by law, Henry George was outstanding. He elucidated the science of economics based on the natural order and demonstrated beyond question that the type of modern poverty which is such a menace to social cohesion, simply could not exist if our legislation followed the clear pointers of the science and made laws in harmony with the natural social order. One of the highlights of his work was to show that, where the natural social product of site rent is permitted by bad laws to be appropriated by individuals, a barrier is placed between producers and the natural field of all production, land. In this George saw the origin of most social problems.

Henry George still has an honoured place in the annals of American literature. It is a tragedy that the people who honor him do not also read him.

HENRY GEORGE SCHOOL OF NEW JERSEY
149 South Harrison Street
East Orange, New Jersey 07018

NONPROFIT ORG.
U.S. POSTAGE
PAID
NEWARK, N.J.
Permit #2136

Henry George School of Social Science
50 East 69th St.
New York, N.Y. 10021

LBR/AR

JUSTICE & EQUALITY OF OPPORTUNITY

A short time ago, Mr. A. M. Goldfinger, Dean of Faculty, HGS-IU delivered a guest lecture to a study group. Among other things, he said:

"Justice and Equality of Opportunity" Are they separable? Over many court-houses, there is a representation of a woman with blinds covering her eyes, holding a balanced scale in her hands, thus to symbolize the concept of Justice being even handed and blind to external influence.

Is Justice obtained by passing man-made laws? The real purpose of statutory law is the implementation of Justice which is inherent in man's primitive and societal developed concepts.

Like wild animals caught in their native habitat, man wants to survive, and to do so, he seeks liberty. But what is liberty? The ability to do as one pleases in all circumstances?

Under our Declaration of Independence and as later set forth in the United States Constitution, every man has a right to life, liberty and the pursuit of happiness, and as enunciated in the Declaration of Independence such rights are inherent and God given.

But how far does liberty extend? As one famed lawyer bluntly put it, "My right to swing my fist is absolute until it (the fist) comes in contact with someone's nose." This concept has been further defined as the right of everyone to do as he wishes provided that in doing so, he does not circumscribe anyone else's equal right to do likewise.

Since man seeks to satisfy his desires with the least exertion, the urge to enslave others and to appropriate their production of wealth, leaving only enough to maintain and propagate new generations has been pervasive throughout history. Tyranny of man to his fellow man is the course of history with its repetition of wars. When men bent on aggrandizement banded together, they often formed governments and states to implement their aggrandizement.

In the 13th Century, philosophers such as John Locke and Tom Paine, among others, made popular the concept that governments should not be weapons of tyrannical rule but should, in fact, serve the ends of Justice, giving to each of its subjects the liberty and freedom to do what he wishes, provided it does not infringe the equal liberty and freedom of others.

In framing the United States Constitution and the first ten amendments thereto, this concept of a limited government was embodied. The Federal Government was given very limited powers and was, in effect, prohibited from encroaching upon the lives, the property, and the freedom of its cit-

izens.

The ideal of Liberty, with its concomitant of preventing government from infringing such liberty was the predominant motive of the Constitution. The adoption of the Constitution and the founding of the Federal government was the means of implementing Justice.

But to answer the question posed: "Are Justice and equality of opportunity separable?" We must answer in the negative.

What do we mean by "equality of opportunity?" Politically, the Constitution tried to assure individual rights to be exercised in full measure with equality for all. But equality of opportunity really entails the equality of runners in a foot race who "toe" the line and at the starter's gun and race to a finish in first place. If we tied weights to the ankles of some runners and not to others, there would be no equality of opportunity among contestants.

In order to survive and to develop the full potentials of every one in a society, the satisfaction of his economic wants and needs must be available. It is apparent to anyone who thinks that the satisfaction of food, shelter, clothing, and the myriad of other material things starts with Mother Nature.

Therefore, to assure equality of opportunity, to achieve Justice among men, the opportunity to use Mother Nature or "land" in the economic sense is essential.

"But", it may be argued, "where would our civilization be if each individual had to resort to land to supply his own needs and desires?"

Experience has taught us that specialization, cooperation, and division of labor, using the products of land, have progressed through technology to the point of producing abundantly for man's wants and desires. Yet, because we fell into the error of parcelling out the productive land to some and depriving others of access to the privately owned resources, there is poverty among great numbers of those excluded.

Henry George recognized that the private appropriation of land and the income therefrom of the rental value bred and continues to breed inequality of opportunity, therefore, injustice. He recognized that private tenure to land is necessary as an incentive to the land-user to develop and improve the land. He offered a plan which by its simplicity solves the apparent dilemma: how to give the land user the right to continue to exclusively use the land, even in perpetuity, and still maintain that every other member of society has an equal right to use that land.

George solved the apparent dilemma by proposing that the land-user who uses land above the marginal land, purchase their rights from all those deprived of the equal right to use such land. This purchase may be consummated by the user paying to government for the benefit of all the rental value of the site, the land over which he exercises exclusive domain. Thus, by everyone enjoying the accumulated rental value of all lands above the margin, the equivalent of equal access to land is accomplished, and there is equality of opportunity and justice.

Henry George maintained that true equality and justice would not prevail unless the incentive existed for every land user to make the highest and best use of the land, thus enhancing its rental value. For this purpose, he advocated the abolition of the disincentive of taxing the improvements on the land.

This proposal of George, if utilized, would have a vitalizing effect upon the abolition of slums in our core cities. Think of the situation of the owner of slum property who may be tempted to make improvements to his property so that his tenants could live in more livable premises. He knows that if he alters and improves his slum dwellings, the tax assessor will raise his assessment, thus compelling him to pay more in taxes every year after the improvement is made. Has not he an incentive to let his property depreciate rather than improve it, when he knows, that, for income tax purposes, he is permitted to deduct annual depreciation from his income in arriving at his income tax liability?

Actually, the adoption of Henry George's proposal to tax the rental value of land and to eliminate the taxes on the improvements would, in all probability, be sufficient incentive to owners of slum dwellings to induce them, for their own interest, to improve or rebuild the slums under private enterprise without government subsidies and without governmental urban renewal which has proven that displacing the old slum dwellers has the effect of increasing slum conditions in the areas to which they are moved.

Yes, we want justice with equality of opportunity, and we believe we know how to achieve them. We will not succeed until there is an awareness of the problem and the proposed remedy. It has been observed that every great advance of civilization resulted from an idea. Often time and long periods elapsed until the idea bore fruition.

Henry George's PROGRESS & POVERTY was published in 1865, some ninety years ago. While other countries have adopted a variation of George's ideas,

the United States has been impervious to the logic and practicality of his proposed reform.

Recently, in the midst of our awareness of the problems of slums in our core cities, city planners from many of our large cities and well-populated states have re-examined land or site-value taxation; and, as a Practical solution of the ills of big-city living, are now advocating the solution Henry George advocated.

More and more frequently articles are appearing in periodicals advocating an incentive rather than a disincentive system of real property taxation, to tax the rental value of land and remove the tax on the improvements

Conditions are becoming so hazardous in this country, with taxation fast approaching confiscation of wealth, that there is a strong probability of land-value or site-value taxation being advocated and practiced.

Then, and only then, will we have achieved justice and equality of opportunity.

THE GERMAN ECONOMY

Today the economy of Germany on the surface appears to be one of the strongest in the world. It's Mark is so highly valued that Germany is under pressure to revalue it upwards in terms of other currencies. Unemployment is very low as a matter of fact, it has a labor shortage and hires thousands of foreigners. It has an export surplus which has resulted in its currency being in such great demand. Everything appears rosy.

However, underneath the surface it is a question as to whether Germany is vulnerable. Possibly, just as the world was surprised when France's franc came under fire despite its huge pile of gold backing it, so Germany's mark may also be suspect if some unforeseen events occurred, as happened in France.

1966 is still fresh in the minds of German businessmen, for in that year the economy suffered a severe dip. Although the drop was not very deep nor long, it probably marked the change-over from the rigorous conservative financial policies initiated by Ludwig Ehrhart shortly after WW II to the acceptance of governmental deficit financing and easy money policies to cure declines in the economy. It is not that Germany has gone anywhere nearly as far along the lines of the U.S. and England, but that apparently it will utilize the modern method of stimulating business by easy credit, if it deems such necessary.

In some ways, German business is in a much more vulnerable position than

is American business. For many of the companies have a very heavy debt load. Because of this, the German businesses are mortally afraid of strikes. They cannot afford them for with a stoppage of production they may find themselves without the means to pay their interest and amortization charges on their debts. At the present time, with full employment, wages are outstripping productivity. Profits are being pared to take care of this differential.

In 1966 when prices were rising, the Bundesbank, Germany's central bank, initiated restrictive policies as raising the discount rate. Business loans cost as much as 9%. Since German business is capitalized so much on debt, business reacted almost immediately, cutting inventories and expenditures. The point is that it is not only they are faced with debt, but that so much of it is short-term debt, so business must always be able to meet their fixed obligations. As a matter of fact, the banks of Germany control most of the businesses as they are the ones who extend the credit.

But, now, under the present Minister of Economics what might be called the New German Economics is the new policy. This is the typical one of guidelines on wages and prices practiced in America, and easy money, if necessary.

Since the banks control so many companies, they are loathe to grant credit to competing companies so the spur of competition so useful in America is not quite as great in Germany.

The Germans are aware of this and are making some attempts to correct banker control, but it does not seem likely that it will be too effective.

Although few probably realize it, Germany's economy is brittle. It could snap almost overnight. The great economic revival was probably the result not only of sound financial policies but the fact that land values had fallen greatly due to the war. Now with prosperity so great, obviously land values have risen. (Unfortunately, as most economists do not appreciate the importance of this factor, there is little factual information about such in the American press. But land values must have risen.) This of course means increased pressure on business not only in increased rent, but increased speculative rent. It is probably all hidden from the businessman as he probably borrows more money to buy land at inflated prices or to pay inflated prices or to pay inflated rents. What he sees are higher debt costs.

The fact that the U.S. is slowly instituting some deflationary practices may ultimately have an effect on Germany, altho it is too early to say as no one is sure how long America will continue its present policy.

It will be interesting to watch to see how Germany fares in the next few years. It's economy is not as strong as many believe, and the fact that it is adopting easy money policies means that it, too, is now treading the same path of its Western Allies and probably with the same results.

Oscar E. Johannsen

FRAGMENTS Looks at Henry George

FRAGMENTS, one of the nation's leading individualistic quarterlies, has devoted its latest issue to Henry George. The editors hope to kindle an interest in George among libertarians and individualists who have only the vaguest comprehension of what George's philosophy is.

While the editors are obviously partial to George, they do not temper their criticism of him and his errors. Jack Schwartzman discusses George's unfortunate incursion into politics and the bitter medicine he tasted as a result of ignoring his own advice. The late Frank Chodorov, one-time director of the Henry George School, is represented by an article from his "analysis", in which he delves into George's views on natural law. Sydney Meyers disproves the contention that George is antiquated while Leonard Kleinfeld compares the two Henry's of the 19th Century—Henry George and Henry Thoreau.

J.R. Fuchs takes the legalistic approach while Oscar Johannsen attempts to distill the Georgist philosophy in a short essay. Articles by Robert Clancy, Herbert Roseman and Brick Hansch round out the issue.

For Georgists and those interested in a different approach to George, this issue is a must. The annual subscription is \$3.00 (two years \$5.) and checks should be sent to FRAGMENTS, INC 243-47 Jamaica Ave., Bellerose, N.Y. 11426. Subscriptions received now will receive the Henry George issue by return mail.

SALT OF THE EARTH

Sign over bank teller's cage: "Smile you're on Bandit Camera."

Adversity: That time of life when you can get to know yourself very well for there are so few admirers of you around then.

Today's parents: The muddle-aged

Financial genius: A man who can earn money faster than his family can spend it.

Invoice: The only voice a husband has when his wife buys clothes.

Capital and labor: The money lent repays capital. Getting it back repays labor.

Home: The place where father and mother stay while their teen-age son uses the car.