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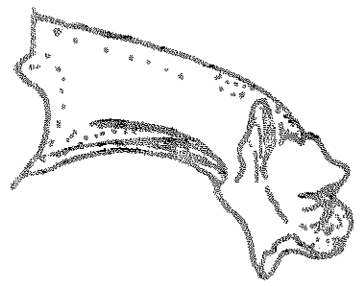
The Gargoyle



"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 #161 M A Y 1 9 7 2

PEOPLE FOR TAX REFORM

The Newark Star Ledger reported on April 20th a committee has been formed with above title to conduct a state wide campaign in favor of Gov.Cahill's Tax Policy Committee's report to put a ceiling on local property tax, and impose an income tax on N.J. residents.

"Leon Zimmerman of Ewing Township is taking a leave of absence from his position as political editor of the Record in Hackensack to be the new organization's executive director."

"Co-chairmen of the organization are Fairleigh S. Dickinson Jr. of Ridgewood, and James Kearney, Jr., editor and publisher of the Trenton Times."

"Among the other members of the group are Joel H. Sterns of Washington Crossing and retired Superior Court Judge Sidney Goldmann of Trenton."

"We intend to stimulate responsible dialogue in the hope of achieving tax reform now and we urge anyone interested in that goal to join our committee," the co-chairmen said in their joint statement."

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It is regretable that the committee does not grasp fundamentals - that they do not see that to place a ceiling on property tax will result in skyrocketing selling price of land and land speculation! That with a proper application the property tax is the best of all taxes!

D R E A M T A X - The present tax set-up is the jimmy that let's the burglar into the building and opens the safe ... That is the reason I like Henry George. He put it all in one tax collected at the source of all wealth, the land. The title-holder pays the tax out of his product, and everybody who buys his product pays the tax, which is included in the price, according to how much is used - oil, gas, steel, lumber, clothes, groceries, whatever it may be under the sun for it all comes from the land originally.

All (the tax) requires to collect it is a file card showing the title-holder's name, location and extent of his holding, the community-made rental value of that land minus all man-made improvements. A qualified assessor determines any changes in rent by an annual inspection. The copy of the card is mailed to the titleholder who notes the amount, writes out a check and sends it in, and the tax is done with. All this complicated, crazy madness about form this and that, deduction this and that and the thousands of tax units (an army of probing investigators) is done away with forever.

James C. Carson, What's Wrong - The Minister's Idea (Bluebird Letter

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INFLATION-SPAWNED GAMBLING

By Oscar B. Johannsen

It is a sad truism that when a nation embarks on a course of inflating the monetary media, gambling becomes a way of life for the people. Even those who ordinarily take a dim view of the usual forms of gambling become infected, probably in the vain hope of making ends meet.

Of course, in a broad sense, life itself is a gamble. All of our activities are surrounded by chance. To move from one job to another invites a gamble-even to walk down the street entails the gamble that you might be hit by an automobile or suffer some form of accident. Because we are all aware of that, we institute all kinds of devices to reduce the possibility that we will suffer an accident, or financial disaster. We erect safety barriers and signs on our high-ways. We buy various types of insurance to protect us from bankruptcy due to fire or some other disaster.

However, when inflation becomes the accepted thing, many of the safeguards which have been erected become of little value. Life insurance policies being paid off in depreciated currency do not afford the protection for which they were designed. Savings accounts which were thought to provide a cushion against unforeseen emergencies are found to be deficient as they were predicted on a relatively stable purchasing power of the monetary unit in existence.

Thus, increasingly, people turn to one form of gambling or another to maintain the value of their assets or help pay the costs of living. But the unfortunate thing is that in so doing they venture into fields beyond their competency. They are well able to manage the proper amount of life insurance they should have, or fire insurance on their homes, or insurance against liability. But, in their attempts to augment their incomes, they invade such fields as the stock market because it seems so easy. All one has to do is to buy low and sell high. However, what usually occurs is the reverse. So the typical individual finds his condition worsened precisely because he gambled in an area which he was not able to cope with.

One of the easiest forms of gambling of course, is betting on horse races or on lottery tickets. And, here, he finds that the government increasingly makew it easier for him to spend his hard earned money.

Whereas in a society in which such virtues as honesty, hard work, and integrity are valued highly, the tendency is to frown on such forms of gambling such as lotteries, when the moral standards change, the attitudes also are altered. Until recently, all states of the Union forbid lotteries and most forms of horse gambling with the exception of Nevada. Today, however, state- sanctioned gambling appears to be the order of the day.

At present 28 states permit pari-mutual betting on horse racing. And New Hampshire in 1964 began the current trend to state operated lotteries. At present six states conduct lotteries to raise public funds, and more are in the offing.

More and more states are seeking ways and means to promote gambling. In New York State, for example, not satisfied with having a lottery, attempts are being made to have a constitutional amendment passed which will virtually permit any kind of gambling.

Now, of course, actually there should be no law as against gambling. The essence of freedom is the right of a man to make a fool of himself. But neither should the government foster gambling. That is precisely what it does when it institutes its own gambling businesses, such as lotteries.

Most of these gambling ventures actually amount to a voluntary tax on an individual. As such, he is to blame if he indulges in them. But the pressures on him are such that more and more men and women feel they must take the chance of getting a windfall in the form of some glittering prize.

The irony of it all is that often one of the reasons advanced for legalized gambling is to lessen the property tax. With so many people owning their homes, and with the present mode of taxing improvements as well as land value, there is increasing pressure on the politicians to reduce the property tax. While the tax on improvements should be removed entirely, the tax on land-value should be increased until it takes 100% of the annual rental value. But what happens is that if there is any lessening of the property tax, it will work out that the owners of land, particularly vacant land will be benefitted in lower taxes. This will make the selling price of their land higher, making it thus more difficult to obtain land on which to establish a building.

We see then that inflation of the monetary unit spawns a kettle of poisonous fish. Moral standards tend to fall, gambling becomes the accepted way of life, and increasingly the philosophy of the people is "to live today and forget tomor ow". More and more take Lord Keynes' cynical attitude, that "in the future we are all dead". But the point is that for many of us the future catches up with us before we are dead, and in those years we may suffer such financial problems that the very joy of living disappears.

The more one surveys the American scene, the more one is reminded of Rome as it tended to decay, with its emphasis of maddening pleasure today with no thought of the morrow.

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Student: How do you know business conditions are so bad?
Economist: Because men are wearing the ties they received for Christmas!

SENSE & NONSENSE

Recently a report from South Vietnam described some of the progress in the land reform plan being instituted there.

It is claimed that by the end of February of this year over 480,000 titles had been issued under what is known as the basic land reform program plus 120,000 titles issued under a program of distributing land owned by the government.

It is said that now about 60% of the tenant farmers have become owners and about one third of the cultivated land has been redistributed.

An index of the change which this program has caused is that Vietcong recruitment is down from an estimated level in the 60's of 5,000 - 7,000 to about 1,000 men a month. In addition the peasants appear to be better off.

If this is true then the Vietcong are going to have a great deal more trouble in South Vietnam than they have had in the past.

Of course, while such a land reform program will improve conditions for a time, it also means that a true land reform system will be more difficult than ever to be enacted. With most of the peasantry land owners the system of private ownership of land will be more strongly entrenched than ever.

You know, the way beef prices are rising, armed bank guards are now moonlighting in butcher shops.

As the inflation of the money-supply increases, so do the attempts to prevent people from escaping from the effects. Under the Foreign Bank Secrecy Act passed by Congress in 1970, presumably for the purpose of "frustrating...criminal elements who use secret foreign accounts", you are now forbidden from taking more than five thousand dollars in cash, foreign currency, travelers' checks, money orders or bearer-form negotiable securities out of the country without submitting a new IRS Form 4790 to the customs officer on the spot.

The same must be filed when arriving in the U.S. with such a sum. If it is mailed in or out of the country a form must be filed.

For five years records on the maximum amount and other aspects of a foreign bank account must be kept.

So as inflation proceeds, red tape proliferates. Probably the real reason for this bureaucratic interference is to make individuals reluctant to send so much money abroad for investment in other currencies. If they do, as records will be maintained, when inflation reaches a crisis state no doubt, what other governments have done will be adopted. That is to have the citizens turn over their foreign securities for government bonds.

A word to the wise. When you buy things for a song, watch out for the accompaniement.

The politicians are really getting worried these days. Judged by the recent voting in the primaries, the people, particularly the blue-collar workers are getting fed up with taxes. So the politicians promise to ease the burden. But what are their suggestions? Right now they are such as the Value Added Tax, and promises for property tax reform. But the Value Added Tax is merely a disguised form of sales tax, and the property tax reform will largely favor the owners of land. So the people will find that the type of tax may change, but the total burden remains the same. Before any viable reform can be instituted the people have to understand what should be taxed and what should not be taxed.

Tax natural resources - do not tax mankind's efforts or the result of their efforts.

SALT OF THE EARTH

Young bride: My husband is wonderful. He gives me everything credit can buy.

Teacher: If your father could save a dollar a week for four weeks what would he have?
Pupil: A radio, a new suit and a set of furniture.

She: Why does cream cost more than milk?
He: Because it's harder for the cows to sit on the small bottles.

She: There are ten reasons why I will not marry Joe.
Friend: What are they?
She: Well, the first is he hasn't any money. The other nine are things I want.

Employee: I'll have to have araise, sir. There are three other companies after me.
Employer: Is that so? Which companies?
Employee: The light, 'phone and gas companies.

Jones: I see your son is in college, how is he making it?
Smith: He isn't. I'm making it and he's spending it.

The fellow who thinks himself a wit is usually half right.

HENRY GEORGE ROBINHOOD

Many years ago in England a man endeavored to aid the poor by robbing the rich. He and his merrie associates were violating the laws - and thus called "outlaws". Many years later the Government of the United States of America did the same thing --but this was called "legal".

Between times, a man named Henry George was much concerned about the existence of degrading poverty and extremely wealthy people. He vowed he would seek the cause and, if he could, a remedy. He did seek out the cause, which he was convinced was the land tenure system in the United States and elsewhere. He carefully conceived a change in the system which gave promise of equality of opportunity with possibility of reducing, if not eliminating involuntary poverty.

It so happens that his proposal to collect the annual rental value of land and the severance value of other natural resources might be compared to a "tax" and unfortunately this fiscal idea overshadowed the two underlying phases of "the proposed remedy" - (1) to make land available for use and prevent land speculation, by an annual payment for use of a particular site; and (2) equally important - payable TO those who surrender their equal right to use a particular site, or other natural resources.

This man, Henry George wrote and spoke widely - many people associated themselves with his efforts and after he departed this life - they carried on in an endeavor to enlist others to assist in changing the system.

The institutions of learning did not present Mr. George's proposal. However there were many persons who, by one means or another learned of it and "spread the idea". Of late, some of the educators have grasped it and are advocating it. Others, some who emphasize the fiscal aspect, are promoting it.

It matters not so much - the approach, it matters not if it is by way of fiscal reform - eventually the land tenure system can be made a system of justice - a system of equality of opportunity - a system of abolishing involuntary poverty without robbery of the efforts and the results of exertion of human energy.

No need for Robin Hood or bureaucratic government redistribution of wealth. No need for restricting the amount of honestly earned income. A land tenure system which permits of the best use of land by those best qualified to use it - with restitution to those who surrender their equal right would make for as near a perfect system as man can devise.

John T. Tetley

PRICE OF LAND AND THE THREAT OF DEPRESSION

Past history shows that speculative booms in the price of land reach a point where the possibilities of earning income commensurate with the prices paid for land no longer esist. At that point the boom bursts--prices of land fall until they again reach levels at which they can be profitably worked--and the community gradually resumes its normal development. But not before a great many people have lost their livelihood and an enormous amount of money. The boom in land prices first bursts in the rural areas where many farmers lose their bomes and other rural workers their jobs. They drift to the cities for employment. The boom bursts later in the cities and is attended by stagnation and unemployment there.

If the setback is a mild one it is spoken of as a recession. When it is major it is called a depression. Whatever it be called there is one in full swing overseas now and it threatens us here. In the United States, for some time now unemployment level has been about six per cent of the work force. In England it is four per cent and rising. Australia has escaped lightly so far with only one per cent of its work force unemployed. But unfilled vacancies in the urban areas have been falling recently and the numbers seeking jobs increasing. In the rural areas unemployment has been at a high level for sometime.

Whether it be overseas or in Australia it is the high price of land which is at the base of the stagnation. One important factor leading to the increasing desire to invest in land and thus jack up land prices is loss of confidence in governments through their debasement of the currency with increasing resort to the printing press. Whatever the cause of the rise in land price there can be no solution to the difficulties it brings except to undertake such measures as will in fact substantially reduce the price of land. The ultimate aim should be to reach a condition where land is obtainable on a rental basis without payment of a purchase price at all. THE ONLY EFFECTIVE MEANS OF GETTING THE PRICE OF LAND DOWN IS LAND VALUE TAXATION AT A SUFFICIENTLY HIGH LEVEL TO MAKE IT UNPROFITABLE TO HOLD LAND OUT OF USE.

Condensed from PROGRESS
Australia, Nov. 1971

May 18th Third Thursday 8 pm

Final Discussion of the season. Come out and bring a friend - school headquarters. Enjoy an evening of lively give and take - cross-fire; no holds barred discussion on topice of the day.

See you?