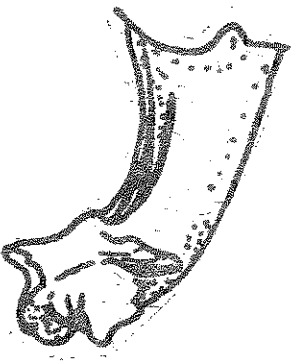


The Baroque



"A throat, mouthpiece, spot." Opinions expressed herein are those of the writers and not necessarily endorsed by the Henry George School.

HENRY GEORGE SCHOOL OF NEW JERSEY

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TAXES, TAXES, TAXES

Oscar B. Johannsen

It is interesting to note that in most election campaigns promises are made galore, but as little mention is made of how to pay for them as possible. A favorite gimmick is to say that the beautiful new program will be paid out of increased production. If anyone tries to pin down how this will be accomplished, he is usually shunted off with plus platitudes.

The fact is that one of the main issues of the campaign this year and for that matter almost any year is the effect of taxes on the people and how they are gradually tending to eliminate the so-called middle class.

Newark, N.J., opting for a payroll tax, for example, which will bear down heavily on the industrious. But this is only one tax. Government at all levels, local, state and federal are in continuing effort to squeeze more and more money out of the people, which means primarily out of the middle class.

It has been estimated that out of a typical 3-hour working day, the average citizen spends 2 hours and 26 minutes for taxes. In other words over one-fourth of a man's time is spent working for government.

As the proportion increases everyone will seek out means to avoid paying these taxes. More and more people will find it advantageous to

(Continued on next page)

A TIME TO GIVE TEARMS

One day at Plymouth Colony...something happened that ought to be enshrined in the memory of every American citizen, generation after generation.

Most of us have forgotten that when the Pilgrim Fathers landed on the shores of Massachusetts they established a Communist system. Out of their common product and storehouse they set up a system of rationing.

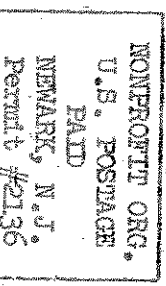
IT DIDN'T WORK!

In 1623 after much debate and with advice of the leaders they decided "they should set corn every man for his own private use...This had very good success; for it made all hands very industrious so as much more corn was planted." By the time of harvest instead of famine there was abundance.

From Henry Hazlitt, reproduced by
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stop working entirely and live off relief. The sad fact is that this is a reality already today in many of our large cities. But what happens to the dignity and self-respect of a man living in idleness? And as more go on relief, it means those still working have a still greater burden placed on them. Not only do individuals suffer directly in higher taxes, but businesses do also. To garner income greater and more onerous taxes are placed on businesses. A favorite tax under discussion today is the value-added tax. This is merely a complicated form of sales tax which is common in Europe but largely because there businessmen are so adept in evading taxes. But no matter what form of tax is placed on business it can be sure that more and more will be levied. The result is that more small businesses in particular fold putting more people out of work. Thus more relief and more taxes needed to pay for the relief.

We are witnessing a gigantic steamroller slowly flattening out the middle class.

But do the candidates deal with this issue? They do not! If they did possibly the people might get to understand that there is something such as "incentive taxation" which instead of inhibiting production tends to increase it. To tax the value of land and remove taxes from improvements would be a gigantic step forward toward aiding production. More than that it would be a tremendous boom to the middle class and might be the means of stopping the steamroller from eliminating it.

So, the next time you listen to a political candidate, ask him how it is to be paid for, whether there is such a thing as "incentive taxation" and what he is going to do about putting such a tax on the law books. How pretty, how handsome, how mellifluous his voice may be, or how grand a TV appearance he makes is unimportant. What is important is Taxes, Taxes, Taxes!

Note: Those who do not, but would like to understand Incentive Taxation can do so by enrolling for the basic course at any Henry George School or affiliated organization. If you do not know where to find such a school write to THE GARGOYLE, c/o Henry George School of N.J., 149 South Harrison St., East Orange, N.J. 07013

Films and speakers may be obtained without charge in most locations inquire also about these.

Reports filtering out of Communist China indicate that despite all the brainwashing, private enterprise keeps cropping up. One peasant, for example, was accused of "stealthily chopping down the collective fir trees and making wooden articles for speculation." Peasants throughout the countryside are exhibiting a most unsocialistic attitude as they are very reluctant to give up their private plots of land which contribute to their income as a sideline.

China is finding out what it took the Russians years to realize. You cannot stop people from thinking first of themselves. The smart thing to do is to channel that fundamental concept so it benefits all. The Chinese leaders have still to learn that lesson.

To the surprise of most Americans, the nation apparently faces a shortage of coal, oil and natural gas which may precipitate brownouts and blackouts this winter. There is even talk of fuel rationing.

Is there a shortage of gas, oil and coal? Hardly. The problem is one created by bureaucracy. The Federal Power Commission by insisting on keeping rates at what it considers the proper price, caused gas producers to cease or cut down drastically their search for new gas supplies. The various state petroleum bureaus such as the Texas Railroad Commission have deliberately kept down the production of oil so as to keep up the price (although they will never admit that--merely saying they are conserving supplies.) In addition, the Government has imposed oil import quotas in order to aid domestic producers so this has held up the flow of oil to the U.S. Coal is in short supply despite the fact that reserves are such they should last 1000 years, partly because of a new coal mine safety act which has forced small producers to close up shop and partly due to the lack of railroad cars to move the coal. The safety act may be justified--the shortage of coal cars stems from the ICC regulation of the railroads which have made them increasingly unprofitable so cutbacks have been made in the maintenance and production of new cars.

It all adds up to man-made crisis by governmental intervention. That this is obvious is shown by the panicky moves of the governmental bureaus to increase production of the energy fuels. The state petroleum commissions are increasing the quantity of oil which may be produced; the Federal Government is increasing the quantity of oil which may be imported, and the ICC is invoicing all kinds of incentives to get more railroad cars moving.

It's a funny thing. Many people believe that things must be planned in order for society to advance. Here is the typical result of planning. A mess. No one can plan production anymore than anyone can plan the beating of one's heart. The production and distribution of wealth can only be accomplished efficiently if it is left to the discretion of the market place which spontaneously orders what shall and shall not be produced.

So if you suffer from cold this winter, you can put it down to the attempts of governmental bureaucracy to do the impossible.

Recessions are becoming outdated. So say some analysts at the National Bureau of Economic Research, which is the organization which officially declares when a recession is on hand or not. It is doubtful if these analysts consulted the aerospace engineers, not to mention stock brokers, and the thousands of executives who have been forced to take early retirement in the past year. They might have a different story to tell.

According to these analysts instead of recessions, we are now having alternations of periods of fast growth with periods of slow growth. Some call the downturn of 1969-70 as a "growth recession." You figure that one out if you can. A man out of work is in a depression no matter how it may be glossed over with fancy words.

What the analysts probably mean, without realizing it, is that we are in a continuing inflation which results in spurts of increased production as more money is pumped into the economy, to be followed by drops in production as the money supply is slowed down. In other words, our society is in a continual fever, not spells followed by chills. This no doubt will go on until something breaks down.

ECOLOGY AND ECONOMIC RENT

John T. Tetley

Air and water pollution and conservation of natural resources are topics of much discussion these days. Who is to pay the bill, of course, inevitably comes to the fore. Those who do the polluting - those who use up the natural resources should pay contends one group. Government should pay, says another group.

Might we ask where will government or industry obtain the funds? Will not industry increase the price of the product and thus pass the cost on to the consumer? Will the consumer pay increased prices? There can be no question as to the source of government funds--either taxes or monetary inflation. So in any case, the cost comes from the income of individuals.

3. Those who favor the collection of the annual rental value of land and the severance value of natural resources for the support of government must keep in mind the distinction between these sources of public revenue.

"Economic Rent" a term used in discussions at the Henry George School of New Jersey, is a part of the product. If there is no production, there can be no economic rent. The term rent is used as defined by Ricardo - "the excess productivity over the least productive land in use." Economic Rent therefore is fixed by natural law. A product then, is distributed as rent, wages and interest. The portion "rent" cannot be arbitrarily increased should government require increased funds for its operation, be it for education or air pollution. It is fallacious to say we can increase the economic rent to cover the cost of eliminating pollution, or to conserve natural resources.

It may be argued that severance value of natural resources such as timber, minerals or oil, is a "form of economic rent." However, I prefer to make a clear distinction, reserving use of term economic rent to apply only to a part of the product claimed by the owner of location in production. Accordingly that which is paid for use of land for residential purpose would not be economic rent, but rather payment for use of a natural resource - land surface.

When the time comes - whatever agency may be set up to administer the collection of severance value of natural resources, I vision, at this time, such being handled on a nation wide basis. For instance, in the United States, we have areas containing vast amounts of timber, others where no timber is grown. We have mineral and oil deposits in areas including "off-shore" in some locations but no known deposits in other areas.

So long as it is necessary to have a Federal Government, I vision an administrative body, which may be established independently of government. Such a body would of necessity be highly specialized and could determine the method of arriving at severance value of these natural resources (equivalent it may be assumed to what we presently term royalties)

I further believe leases to be granted for exploitation of these resources might provide for curtailment of pollution and conservation of resources, which in effect, would be included in the "royalty" figure - the payment for severance of such resources - payment to the administrative body, as representative of all citizens of the United States.

The mechanics of allocating the funds collected might be on a basis of population to each State. The State in turn, after using such portion of the fund as needed for necessary state services, and deducting the cost of administration, could distribute the balance to local community.

This might meet cost of elimination of pollution and conservation of natural resources, be met from the "rent fund" - "economic rent" - "location rent for residential land", and "surplus value" of natural resources.

Comments from readers are invited.

SALT OF THE EARTH

People who say, "You can't take it with you" never saw a family car packed for a vacation trip.

Patient: Doctor, what I need is something to stimulate me -- put me in fighting trim. Is that in your prescription?

Doctor: No, you'll find that in my bill.

An old bachelor was asked how he found women most unattractive.

"That's easy. In politics, parades and pants."

An economist said that inflation shouldn't be so hard to understand. When people started doing less for a dollar, the dollar got even by doing less for them.

The older generation never got a break. When they were young, they were taught to respect their elders. Now that they're older, they're told to listen to the youth.

Interesting Question by a boy to his dad. "How come soda pop will spoil my dinner, but martinis give you an appetite?"

Bo b Nope found out what tight money is. He attended a dinner of 1000 executives and couldn't even borrow a dime in the men's room.

These days education has reached a point where a college boy may come and say "Look pop, I have a diploma. Read it to me."

America may be the only country where it takes more brains to make out income tax returns than it does to make the income.

The whole science of economics can be summed up in four short words:

"There's no free lunch."

LONG ISLAND GEORGIST

MAKING GOODS & MAKING MONEY

Many reformers have concentrated their attention upon this and attempted to construct an imaginary world in which goods were produced to meet needs.

Thinkers have based a long line of Utopias upon this idea, but perhaps more of them has passed a more effective logic than Karl Marx, who built up from the contrast of making goods and making money the whole doctrine of socialism in production and communism in use. Henry George also saw in his program for expropriating the increasing social values of land the "single tax" - the possibilities of migrating the hard circumstances of modern life. It was Henry George who coined the famous phrase, "progress and poverty", putting the two in that same juxtaposed contrast which we have been employing here. Progress - the growth of material prosperity, and poverty - lives lived in want. But none of the reformers with his system of reform has been able sufficiently to capture the imagination of people to persuade them to its adoption to a whole social program.

Possibly it is necessary to except Russia, though to the observer from without Marxism seems neither to have supplied the motive force nor the program of the revolution. Possibly also it ought to be noted that some cities have seemingly adopted one distinction of Henry George's - that between "land" and "improvements" and show some tendency to tax "land" more heavily than "improvements". But this is something less than the adoption of the "single tax."

AMERICAN ECONOMIC LIFE
Tugwell, Munro and Stryker

Two prospects occur. The first is that over the next 50 to 100 years man will render himself extinct here on earth, by famine, by nuclear war, or by such gross pollution of the ecosystem that the species cannot survive. This would be regrettable, but our planet is a mustard seed in the universe.

The second prospect, which seems to be more likely, is that men and nations will modify old institutions just enough to muddle along. Wars will continue, but not to Doomsday. Hunger, poverty and sickness will continue, but not fatally. Fifty years hence, they still will be hurling bricks in Belfast; for this is how men are, and will be. You and I won't be around in any event, but perhaps we can break another lance somewhere else.

James J. Kilpatrick
HUMAN EVENTS