

Published by the Alumni Group,  
Henry George School of Social  
Science of Los Angeles

8180

Address communications to  
Post Office Box 655  
Tujunga CA 91042

Volume 1

NOVEMBER 1971

No. 2

HENRY THOREAU ON SOCIAL WELFARE: "There are a thousand hacking at the branches of evil to one who is striking at the root, and it may be that he who bestows the largest amount of time and money on the needy is doing the most by his mode of life to produce that misery which he strives to relieve. It is the pious slave-breeder devoting the proceeds of every tenth slave to buy a Sunday's liberty for the rest." (From Walden, 1954)

### Does Phase 2 Mean Phase Out?

"Its duration should depend upon how effectively it deals with the problem", stated President Nixon, when asked how long wage-price controls will continue. He added that he was committed "to return to the free market as the most effective way to move this economy forward -- to return it to those strong free forces that have brought us so far in the period that we have been a free economy."

Cynics prophesy an early death if wage-price controls are to be judged by effectiveness. Constitutional infirmities may cause an even earlier demise.

### Similar NIRA Price-fixing Thrown Out By Supreme Court In 1935

The all powerful "Pay Board" and "Price Commission" which are to govern our wages, prices, rents and possibly interest and dividend rates, will be subject to the same Constitutional attacks as Franklin Roosevelt's famous National Industrial Recovery Act, which created price-fixing boards for all industry. In those equally hysterical days deflation was the supposed public enemy,

price-cutting was denounced as "the law of the jungle", and companies not flaunting the "Blue Eagle" symbol of high prices were cursed as unpatriotic economic dinosaurs.

The Supreme Court unanimously held the NIRA unconstitutional in 1935, holding that Congress could not delegate its legislative authority, and that Federal regulation of intra-state commerce was invalid.

Which companies and unions will be included in the "Major" units, not allowed to increase prices or wages without Price Commission blessing, and what standards are to govern Price Commission hearings are evidently to be left to a sky-wide administrative discretion. We will be amazed if this Supreme Court finds this any more palatable than the Shechter "sick chicken" case which invalidated the NIRA.

### A Bureaucratic Nightmare To Come?

After somehow enumerating the "major" companies, variably estimated at 500 to 1500, the Price Commission must select about 10 thousand more companies which will

be allowed to increase prices and wages subject to Pay Board and Price Commission "roll back" rights. Critics assert that the industrial confusion, administrative delays and political pressures which will accompany these hindsight judgements will bring about a bureaucratic nightmare. These problems make insignificant the Union claims that Phase 2 is 2-faced and the Administration's belief that the A.F. of L's chieftain is nothing more than an old meaney.

### What Was The Real Purpose Of The 10% Surcharge On Imports?

The Administration's desperate attempt to end the West Coast dock strike perplexed us. The dock tie-up seemed fully compatible with the President's announced plan to encourage "Americans who buy American products in America", and to "increase sales for Americans." Nothing was more likely to truly increase the sale of good old American goods by good old Americans in good old America, and to protect us against evil foreign goods than a dock strike.

But now we are told that the real purpose of the surcharge is to remove trade barriers! Treasury Secretary Connally offered to remove the surcharge if other nations "make tangible progress toward dismantling specific barriers to trade." The President said, "We are not going to give up the surcharge --- until we can be assured that we are building a permanent foundation for fair, free international trade in the future."

But what would happen to good Americans seeking to buy good American products in America if

everyone "makes tangible progress toward dismantling specific barriers to trade", and if we have "fair, free international trade?"

The prestigious Williams Commission, created by the President to study foreign trade, recently recommended "elimination of all barriers to international trade and capital movements within the next 25 years." The 2000 page report stated that "Today there is a serious risk that the world may break up into hostile regional economic blocs." The only dissenters in the 27 man commission, which included the Chairman of General Electric, Sears Roebuck and Burlington Industries and the Vice-Chairman of General Motors were the presidents of the Machinists' and Steelworkers' unions.

The Administration's policy reminds us of Steven Leacock's famous knight who mounted his horse and rode boldly off in all directions.

### New Budget "Expansionary", Says Nixon, But Not "Inflationary."

The U.S. budget this year will have an estimated 23 billion dollar deficit. Some time ago the President stated the budget would be "expansionary", but not "inflationary", inspiring the following ode to modern budget philosophy.

What they spent did inflate,  
What we spend will expand;  
The thought is delightful,  
The feeling is grand,

Though they claimed that their spending  
would aid the whole nation,  
It is easy to see,  
It just fostered inflation.

We spend for government jobs,  
And for Congress a mansion;  
'Cause all that this does  
Is encourage expansion.

We pay billions to farmers  
to keep idle their land;  
And it's easy to see  
How this helps us expand.

And up on the moon  
Many billions have landed;  
But don't worry or fret  
For We've simply expanded.

### Taxpayers In Luck-Tax Reform Dies In Legislature

Temporarily at least, California taxpayers were saved further outrageous assaults on their pockets, at least temporarily, as both Democratic and Republican "tax reform" bills died in Committee, due to political jealousies. Both proposals promised us sales tax increases, income tax increases and subsidies to counties which enter into "agricultural preserve" contracts with farm land speculators. But this may be only a temporary respite, as the Jarvis and Watson initiative proposals, sponsored by large land-owning groups, seek positions on our ballot. Both will require much higher sales and income taxes, in return for lower tax burdens on our downtown property owners, apartment house operators, land speculators and oil companies.

As the Grimm brothers used to say, "That is the way of the world."

### Facts And Fiction About Welfare

Ask your neighbours what the big problems are with welfare and what will you hear? Probably that welfare costs are high because most recipients are lazy bums who

won't work, and that local property taxpayers unfairly have to pay all the money for welfare costs. As the old saying goes, it ain't what the people don't know that hurts them, it's what they know that ain't so.

Of an estimated 852,686 welfare cases in Los Angeles County this year, an estimated 592,706 will involve aid to dependent children, 118,401 old age security payments, 68,564 will come under aid to the disabled, 4,900 under aid to the blind, and only 68,115, or about 8% will come under the General Relief Program. So it is not quite so easy as it seems to cut relief rolls to the bone.

Nor is it easy to place relief recipients in useful employment. Government programs designed to put relief recipients to work and take them off the relief rolls have failed according to the industry controlled California Taxpayers' Association, based on an 8 months study of the Alameda County Welfare Department. The Taxpayers' Association report concluded concerning the retraining programs;

"Basically the programs have failed because they relied heavily on the concept that people are unemployed because of personal barriers such as lack of motivation, poor attitudes about work, limited child care facilities and inadequate transportation. The most effective manpower strategy will be to concentrate on the employment and not on the unemployed...The biggest barrier to employment is a lack of jobs."

The Work-Incentive program (WIN) operated by the State Department of Human Resources and the Social Welfare Department together with county welfare offices had only caused closing of 250

welfare cases in 29 months of operation.

The WIN program required 7 staff workers to be assigned to each case causing "an increase in bureaucracy" with greater costs for less results.

#### Property Taxes Pay Approximately 10% Of Welfare Costs

The 1971-72 welfare budget for Los Angeles County came to \$1,428,742,573. Of this, \$707,538,097 came from the Federal Government, \$429,909,440 from the State, and only \$291,296,036 from the County. Of the County's share less than 1/2 came from property taxes. Thus only about 10% of four total welfare expenses will come from property taxes.

The Los Angeles Board of Supervisors claims that welfare costs should not come from property taxes, on the grounds that relief payments have no connection with property values. They also have taken the rather inconsistent stand that landlords of relief recipients should receive rent checks directly from the Government, thus eliminating the middleman. At a recent Board meeting welfare recipients claimed that when the Government increased welfare payments, "the rents went up too when the landlords learned about the welfare increase."

\$9 billion dollars of welfare money paid yearly by the Federal Government goes to pay rent for relief recipients, 2/3rds of whom live in inadequate housing. The old-fashioned poor house is now out of style. Today the poor remain in their own poorhouse homes, with the poorhouse owners being subsidized

through welfare payments. Strange indeed are the uses of adversity.

#### Aliens On Relief Another Welfare Problem Requiring Solution

Constant complaints are heard in Southern California about aliens on our relief rolls. In Imperial County it is estimated that a substantial number of Mexican aliens are included in the total of 9800 relief recipients who receive a total of \$7 million yearly in relief money. This outrageous \$7 million total is over half of the total of \$12 million dollars paid by the Government every year to Imperial County ranchers for not raising crops.

#### One Child In 10 Now Gets Welfare

One out of every 10 American children under 18 now receives federally aided welfare, or twice the percentage as of 4 years ago, and about 3 times what it was in 1960. (The percentage is probably much higher in New York City, where 1,000,000 people are on the relief rolls, and an army of 25,000 social workers administer the bounty.)

It is sometimes claimed that relief recipients are somehow intellectually inferior to we employed mortals. In discussing this concept almost 100 years ago Henry George stated:

"That a large number of criminals and recipients of public relief in New York have been shown to have descended from a pauper 3 or 4 generations back is extensively cited as showing hereditary transmission. But it shows nothing of the kind. Paupers will raise paupers, even if the children be not their own, just as familiar contact with criminals

will make criminals of the children of virtuous parents. To learn to rely on charity is necessarily to lose the self-respect and independence necessary for self-reliance when the struggle is hard. So true is this that, as is well known, charity has the effect of increasing the demand for charity, and it is an open question whether public relief and private alms do not in this way do more harm than good."

### From Farms To The Relief Rolls

Most of California's relief recipients are either 1 or 2 generations removed from hard-working farmers from the cotton, tobacco and wheat raising areas now depopulated by our fantastic farm subsidy and taxation policies which unintentionally but universally favor the large corporate farms and bear heavily against the family-sized farms.

The unnecessary destruction of our farm communities in the last 50 years is mindful of the baneful effects of the British Enclosure Acts, so emotionally described in Oliver Goldsmith's bathos-filled "Deserted Village", which was thrust upon us in high school, where Goldsmith wrote of the desolation which saddened his beloved Auburn as "One only master grasps the whole domain."

Our brilliant farm policy continues. Secretary of Agriculture Hardin announced last month that the Government will pay \$2 billion to farmers to reduce planting of livestock feed grain next year. Hardin said the goal was to cause farmers to take 38 million acres from feed-grain production in 1972.

3 separate effects will result. First, the taxpayers will be hit with

\$2 billion more where it hurts. Second, purchases of livestock feed grain will be forced to pay substantially higher prices, and the price of meat will increase. Third, the price of the remaining farmland will increase the capitalized amount of the subsidy, making it harder for future farmers to buy land, and encouraging further concentration of ownership.

40 years of this policy has cost us close to \$100 billion in total farm subsidies, substantially increased the cost of living and aggravated inflation, and has removed millions of farmers from the land. But it has also opened up new employment. U.S. Labor Department analysts estimate that by 1980 the number of psychologists will increase 81%, urban planners 93%, and social workers 67%. The fact that the number of elementary teachers is only estimated to increase 3.3% in this period should be some indication of the modern trend of our civilization.

### Land Speculators Reap Disneyland East Harvest In Big Way

Land speculators will profit more than Disneyland Productions, apparently, from the much publicized opening of Disneyland East, near Orlando, Florida, with land prices increasing as much as 50,000% since Walt Disney first announced his plans in 1965!

Business Week quotes David Nusbickel, a broker who helped put together the 27,000 acre tract on which Disneyland is located as stating concerning big companies buying nearby land: "These guys, who obviously know their business, don't even blink an eye when you quote them a price of \$75,000 to \$150,000 for an acre of land that

maybe went for \$3000 a few years back."

Nusbickel then referred to a 104 acre tract which the owner sought in vain to sell for \$2000 an acre prior to Disney's first announcement. After Disney World was announced he sold 9 acres for \$100,000 or over \$10,000 an acre. Nusbickel added: "He sold 55 acres 4 months ago for \$1.1 million. Then another outfit came along and paid \$1.63 million for the same land. And I've just gotten an agreement from another party for 4 1/2 of those acres at \$75,000 an acre."

Other Mickey Mouse operations in land speculation are taking place in Florida. Charles (Bebe) Rebozo, a speculator with good political contacts, who recently sold land to the U.S. Government at over-appraisal value, bought other Florida land in 1953 at \$19 an acre. He sold 80 acres in July 1970 for \$400 an acre to ex-Senator Smathers. Last February 150 acres of this tract were sold to Florida Power & Light Co. for \$850 an acre.

That's a lot better than working for a living.

#### Thanksgiving Day Proclamation-1835

President Andrew Jackson's Thanksgiving Day proclamation of 1835 may seem ironic today, but it bears repetition.

"We thank Thee for the bountiful supply of wild life with which Thou hast blessed our land; for the turkeys that gobble in our forests; the flocks of geese and ducks that honk on our streams and lakes; the clouds of carrier pigeons that darken the skies; and the vast herds of deer, antelopes and buffaloes that roam the boundless

plains beyond the Blue Ridge mountains."

"We thank Thee for the burning rock (anthracite) recently discovered in the wilds of Pennsylvania which, added to the water power of New England, will materially reduce the burden of manual labor and in the course of time may eliminate it entirely, thus freeing our citizens forever from the ancient curse, 'in the sweat of thy brow thou shalt eat thy bread'."

"We thank Thee for the absence of unemployment which in the King-ridden countries of the world is causing widespread suffering among the toiling masses and has led to such deplorable excesses as bread riots and the destruction of labor-saving machines. And if the time should ever come as fate may forbid when our young and growing industries can no longer employ all the labor tended our public domain of thousands of millions of acres of virgin soil will offer them welcome sustenance and fortune so that no willing worker shall ever be begging for work or bread in this land of ours."

"We thank Thee for the ever-mounting well-being of our farmers. Since the Shay and Whiskey Rebellions in the early decades of our independence, the conditions of these sturdy husbandmen has steadily risen until they truly have become the brain, brow and backbone of the Republic. The existence of the public domain previously noted gives further assurance that absentee ownership, rack-renting and mortgage slavery shall never strike root in American soil."

"And finally, we thank Thee that thanks to the blessings, gifts,

attributes and virtues enumerated there will be none to freeze, starve, or be best by the fear of want this winter or the winters yet to come.

"Given under my hand and seal this 29th day of November in the 59th year of our independence. ANDREW JACKSON, President."

There have been changes made.

#### A View From Russia

So that Insight may not be regarded as one-sided, we wish to quote a statement made by an anti-establishment Communist sympathizer:

"Your clocks are behind the time. Lift those heavy curtains so dear to you. You do not even suspect that outside day has broken. The time of the deaf is past, the somber epoch of no exit..."

"Blind leading the blind, you do not even notice that you are going in a direction opposite to the one you yourself proclaimed. In our time of crisis, you are incapable of proposing anything constructive, anything good for our dangerously sick society-only your hatred, your vigilance, your 'hold-on and don't let go'."

"What would you do without 'enemies? Without 'enemies' you could not even exist! Hatred, a hatred no less evil than race hate, has become your sterile atmosphere. But just so is being lost the genuine, integral feeling of mankind; and that loss is near..."

"It is time to remember that, above all, we belong to humanity; that man is distinguished from beast by thought and speech; and that men by nature must be free. And if they are fettered we return to a bestial state."

These are the words of Nobel prize winner Alexander Solzhenitsyn. They were addressed to the Russian Writers' Union which had just expelled him for inspiring dangerous thoughts.

#### Free Trade-Is It Furthered As Britain Enters The Common Market

Britain's entry into the European Common Market was hailed by some commentators as a great victory for the forces of free trade. We doubt it.

The ECM maintains high import quotas and tariffs on imported goods, to allow the marginal and high-cost farmers and manufacturers to stay in business. At the same time Common Market nations must contribute to a subsidy fund in proportion to the amount of foodstuffs they import from outside the ECM. This subsidy fund is then distributed to Common Market farmers, mostly French.

In addition, the ECM has a ludicrous foreign subsidy system, under which food exporters are paid subsidies for dumping food products at low prices in non-communist countries. As a result millions of dollars are paid annually in food subsidies imported into the ECM, then exported to non-community nations under forged papers. The Common Market is referred to by some trade experts as "The Swindler's Shangri-La".

The thousands of bureaucrats administering the ECM have increased to great heights the "value added" (sales) tax on all goods sold within the Common Market, thus preventing Common Market producers to sell at low prices. This places ECM at a further disadvantage in competing with non-ECM nations-compelling a further demand for high protectionist tariffs.

## ACADEMIC REPORT - For November

The High School Program is proceeding apace! As was reported in the last issue of INSIGHT, more than 900 senior high school students had completed the Classical Analysis Program during the 1970/71 School Year.

To date, since July 1st, 764 students have completed our Basic Programs. Meantime, experiment is the name of the game as courses are given to students at other than senior level. Some 30 juniors, 97 sophomores and 59 freshmen are included in the above total. Comprehension of difficult concepts ranged from fair to excellent as the students studied the Basic Elements of Political Economy, the first of four "Mini-Courses" which together comprise the Analysis.

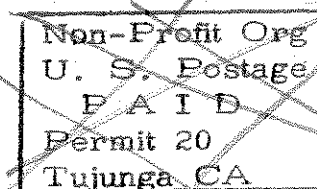
Constant revision of the subject matter and continual improvement of Socratic questioning are stimulating intense interest among California educators. The Analysis of human behavior in society, so painfully put together by generations of thinkers, is again confirming its timelessness (or - in modern jargon - relevance!).

In January, we shall again present a Weekend School and Banquet. A program of Adult Mini-Courses will be launched at this time and the Weekend School will provide intensive (and interesting) instruction in this fascinating field.

More about the program in the next issue of Insight.

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Address Correction Requested