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CARGOYLE



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about." Opinion ex-
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HENRY GEORGE SCHOOL OF NEW JERSEY

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ANNOUNCEMENT

FROM US TO YOU

The CARGOYLE is published monthly in the interest of Georgists everywhere. It has been sent to contributors of the Henry George School of N.J. and others who have asked for it without charge. Starting with this issue it is being sent to a number of persons who have not requested it. If you are one of such persons, and do not want to continue receiving it, please drop a card to the Henry George School, 50 Washington Terrace, East Orange, N.J. 07017 and so state, otherwise we will continue to send it to you so long as we are able to do so. Of course, we are not adverse to receiving a financial contribution, as a number of people do that sort of thing now and then.

At any rate we do hope you will like this little publication.

If you know of anything you think might be of interest to readers of the CARGOYLE (sent all over the world) make it brief and send it in. It is our desire to inform Georgists of what is going on. If you disagree with the stuff we print, let us know - we are not always right.

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The two classes conducted this fall at Woodbridge and Roselle Park held the interest of those attending and while this not anything to brag about, every little bit helps. We think effort ought be made to have the basic principles of economics as we well set forth by Henry George taught in the High Schools and colleges. What can be done toward achieving this? Let us have your views and suggestions.

LEAF

LAND EQUALITY AND FREEDOM - a new organization to promote the idea that all wealth comes from the land. It is dedicated to the advancement of individual freedom by promoting and achieving equitable access to land LBAF plans for 26 major chapters located in the 26 Standard Metropolitan Areas of America. It asks the question, "Who Owns America?" and plans to investigate the country on a city to city basis to find out exactly who owns America. The voice of LBAF will be OUR LAND, to be issued every two weeks. Headquarters are in San Diego, Calif. with chapters now established in New York City and Long Island. William Truheart is President, (former Director HGS Los Angeles) Robert Tideman, West Coast Managing Director (formerly Executive Secretary, HGS, San Francisco) Others on the staff include Joseph Trento, Vice President (Journalist) and Floyd Morrow Director (City Councilman, San Diego) Phil Finkelstein is the Eastern Managing Director.

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HACKING AWAY - RESULTS DUBIOUS

Throughout the United States are many organizations working for tax reform. A considerable number of these date from 1970. Some, no doubt, will accomplish something, but most are merely hacking away at the branches, rather than getting to the roots.

I am wondering how many of these are in the least familiar with, or interested in learning of a change in land tenure system which offers the prospect of the greater part of public revenue coming from natural resources.

Do any of these organizations understand the presentation of the Public Revenue Education Council (St. Louis) that taxes are means of raising public revenue, but not the source!

There are perhaps millions of dollars being spent by these organizations, and much manpower devoted to these efforts. Much is absolute waste, I would venture to state so far as the results are concerned.

Let us take a look at some of those reported (*) ACORN - Arkansas Community Organizations for Reform Now - founded 1970, statewide - 45 affiliates, 4700# the state, publishes monthly newspaper "Acorn News". In process of writing state property tax manual. #member families. Has offices across Arkansas Tax Action Campaign (SAME STATE) Founded 1973 advocating federal and state tax reform. (Duplication of effort?)

California Tax Reform Association - began as a free tax clinic - now in its second year of operation is helping other groups in California to organize tax clinics. (AND there are three Henry George Schools in Calif.!)

Delaware Citizens Coalition for Tax Reform, founded March 1973 - statewide membership of 110 volunteers - purpose to educate Delawareans about tax inequities at all levels of government. (Have they not heard of the Ardens?)

The Movement for Economic Justice was formed in Jan. 1973 - objective to build broad based support for fundamental changes in the American Economic system, including changes that will affect the distribution of wealth. Tax reform is one of the goals. Activities include a nationwide free income tax clinic and "How To Do It" guides on such issues as property taxes. The Washington office of the movement also serves as a clearing house for hundreds of local community organizations throughout the country. Group publication is "Just Economics".

New York Citizens for Tax Reform - Formed as part of tax action campaign in 1973. Altho members are from all parts of N.Y. state, activities are

centered in New York metropolitan area. Has full time Director. Dick Netzer is on Advisory Board.

St. Louis Tax Reform Group - founded 1972. Members throughout Missouri Goal - progressive tax reform at all levels of government. (Noah Alper, how about this)

Taxation With Representation - was founded in 1970 to promote federal tax reform. Its current activities include support for the newly organized National Committee for Tax Justice. It is also helping formation of additional tax reform groups.

Ohio Tax Equity for America Party - (TEA Party) Began in 1972 as a petition campaign calling for comprehensive reform of the federal income tax system. Evolved into Ohio Tea Party in 1973. Has assisted several other tax groups in getting started in other states. Has a speakers bureau on tax issues.

Pennsylvania Tea Party. Founded in Philadelphia in 1972, the Tea Party is an organization of over 600 Pennsylvania citizens working for progressive tax reform at all levels of government. It has members across the state. Its program included circulation of a TEA Party designed - "Model Graduates State Income Tax, publication of a "Homeowner's Guide to the Property Tax" - legal action aimed at assessment reform in Philadelphia and elsewhere. Has two coordinators. (Attention: Henry George Foundation of America - how about this? What can you do to understand the Graded Tax?)

(*) PEOPLE & TAXES - monthly publication of The Public Citizen Tax Research Group, Washington, D.C. Sept. 1974. The above listed as: Directory of National Tax Reform Groups - NO MENTION OF THE GREATEST OF ALL TAX REFORM GROUPS!

REGULATED TO DEATH

President Ford, in a recent address, advocated the removal of many of the regulations which fetter industry. Whether Congress will do anything about it or not is a moot question, for regulation feeds on itself and grows much like a cancer.

The Interstate Commerce Commission which was one of the first regulatory bodies established probably has had more to do with the deplorable state of the nation's railroads than the unions and poor management. Poor management contains within itself its own cleansing process. When management is bad, profits are down, which causes the owners to do something which usually means to clean house and install executives with at least a bit more ability. Unions, no mat-

ter how monopolistic, recognize that the business in which they are in must prosper and have profits or eventually it goes bankrupt. So, they can be reasoned with, and when they see conditions are bad they will adjust. But a bureaucracy is beholden to no one but the government. Whether their regulations cause an industry to wither and die has little effect on the bureaucrats. They can always prove it was not the regulations but something else.

Oscar B. Johannsen

A good rule of thumb for Congress would be: Every day in every way we will vote to remove a regulation which is strangling American business.

SENSE & NONSENSE

Sometimes one wonders what goes on in the minds of those who determine the Nobel Prize winners for some of their decisions appear to be most peculiar. Certainly, this is true in the case of the 1974 Nobel Memorial Prize in Economic Science. It has been awarded to Dr. Gunnar Myrdal and Dr. Frederick A. von Hayek.

These two economists have international reputations, but their views are essentially opposing. Dr. Myrdal's general philosophy can be summed up in the statement he gave at a news conference at which he said that what America needs are wage and price controls to stabilize the economy, and the institution of gasoline rationing. Dr. von Hayek, on the other hand, advocates a hands-off policy by government, pointing out that in combating inflation the more action which is taken by governments the worse things become.

Either Dr. Myrdal's views or Dr. von Hayek's views are correct, but they both cannot be. Maybe they are both wrong and some other view of economics is correct. One would think though, that those making the award would take one position or the other. It is somewhat similar to awarding Dr. Einstein a prize for his theory of relativity and at the same time having the prize shared with another scientist who is opposed to the theory of relativity.

Naturally, students of Henry George recognize that Dr. von Hayek's views tend to be in the right direction. He is well known as being generally in the *laissez-faire* theory and his most famous book, "The Road to Serfdom" is an excellent defense of economic freedom as opposed to the statist's concepts, which Dr. Myrdal espouses.

Probably, though, we should all be thankful that Dr. von Hayek was recognized at all. Judging by past economic awards by the Nobel Prize committee, the tendency has been to give them to Keynesians and economists rather than to those opposed to governmental planning and regulation.

But to show how regulators can tend to destroy an industry, take the Interstate Commerce Commission. Shortly after it was established in the latter part of the 18th century one of its first rules was to order the railroads to use domestic iron for rails rather than the imported steel, which was much more durable. Its rules and regulations up to the present are legion, making it almost impossible to run a railroad profitably. The only ones to gain are the lawyers and bureaucrats who multiply at an exponential rate. The lawyers try to figure out how to get around the regulations, and the bureaucrats then try to figure out how to create new rules to eliminate the loopholes.

The only consolation we have is that things could be worse, which would be the case if the railroads were nationalized. Mr. W. B. Wriston, a banker, in a speech on regulation pointed out that government owned railroads are worse. The Japanese railroads are well known for their cleanliness. But they employ 450,000 people for 13,000 miles of track. The Union Pacific with 95000 miles of track employs 28,000 people.

But while a regulated industry is not as bad as a governmental owned and operated one, that is no reason for preferring regulation.

And unfortunately American regulates the public utilities, the railroads, the airlines, radio and TV broadcasters and indirectly meat packers farmers, brokers, bankers and many others.

Mr. Wriston says from experience they have learned that a good rule of thumb is for them to remember that the longer an industry has been regulated the worse credit risk it tends to be.

Because inflation is causing so much dislocation, Mr. Ford's speech does indicate that at last some attention in high quarters is being given to the sad results of regulation. Whatever else that one may think of his proposals to fight inflation, this one is certainly a

One wonders if ever a follower of Henry George will be recognized. No doubt, it will occur when the millennium is at hand.

Russia is so anxious that decente will work that no matter how much the U.S. snubs her, she comes back for more. President Ford's holding up of the grain deal has not resulted in any blast against us, and no matter how Russia is denounced by assorted Senators and Congressmen, she turns the other cheek. Why?

It is probably because her greatest desire now is to get our capital and the know-how so as to solve her problems of low productivity, poor quality goods and deficient technology. The Russians think if they get plenty of our sophisticated machinery as well as a knowledge of our management and technical methods they will be able to overcome the inefficiency and waste which seems to be endemic with her economy.

But that is absurd. It indicates how little the Russian leaders understand the workings of an efficient economy. The essential element is not machinery, it is not even know-how; it is freedom. People have to be free to produce machines, free to adopt new managerial ways, free to make a profit from the use of these machines and these methods. Without this freedom, there is no incentive. And Russia's leaders simply will not grant the freedom to their people which is necessary for if they did, the people would sooner or later depose these 20th century czars.

Everything is directed by a central bureaucracy in Moscow. The rules and regulations which stem from this bureaucracy inhibit the managers from exercising their judgment. The managers are on the scene. They know what to do - not someone in Moscow. When they do get their orders, they try to figure but how to comply since not to do so might result in severe punishment.

One example was an order to make a million pair of shoes, but the plant did not receive sufficient leather to do so. But it complied all right. It made a million pair of baby shoes. Since the amount of leather they were allotted was sufficient for such shoes, even though they weren't needed. Another example: To make an impression, the plate glass industry exceeded its production quota. But how did it do it? By making the glass thinner. The result was that 40% of the thin windows broke upon installation. But that was not the plate-glass managers problem.

And, of course, since the workers will not get much if they benefit from using the new machines purchased from us, it is a question of how efficiently they will use it. There are cases of mechanized reapers and other farm equipment rusting in the fields. Why use it if it means more work keeping in repair and if it is less pleasant to use than working the land by hand since the additional return, if any, does not make it pay.

The Russian leaders don't know it, but if they gave to their people the freedom to produce such as we have here in America, they wouldn't need our capital or know-how. The Russians themselves would develop the machines they need and the know how necessary for their country.

But the one thing the Russian leaders cannot do is to get the people the only thing they really need - freedom.

SALT OF THE EARTH

Money - The means to an end.

Inflation: The end of the means.

Happiness: It's a fellow who has found out that the school bus stops right next door to his office and he is a midget.

TV - Its when you pay a repairman \$50. to replace a \$2 tube so you can watch the show, "Crime does not pay."

Fan Club: A group of people who tell an actor that he's not alone in the way he feels about himself.

Clerk: The package is too heavy, you'll have to put more stamps on it.

Customer: And if I put more stamps on it - will that make it lighter

Isn't it true that when somebody you know personally is elected to office you are torn between local pride and fear for the country.

Our airline has come up with a new solution to rid it of hijackers. There are no strings attached. They just give the hijackers \$100,000 and parachutes -- with no strings attached.

ANYONE RECEIVING THE GARGOYLE

and no longer wishing to do so, will save money for Henry George if they will be good enough to let us know - a post card will do. THANKS
O.K. if you know of anyone you think might like to receive the GARGOYLE, send name and address - Thanks again.