

The People



"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

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O C T O B E R 1 9 7 5

Man does not make the laws that compose the system of nature. He only discovers them. He cannot repeal them no matter how hard he may try.

C.R. Batter - THE FREEMAN - March 1973

Newly Elected Trustees

Henry George Foundation of Amer.

Louis I. Weltzman. Lou, for many years was an instructor and a Trustee of the Henry George School of New Jersey and is still on the Board.

Michael K. Curtis. Mike is a resident of Arden, Del., second largest of the Henry George enclaves. He has conducted a number of classes there.

John M. Kelly. John has his own Real Estate and Management Enterprise business in Scranton, Pa. He has been publicly advocating Georgist philosophy for many years.

WHO IS GOING TO DO IT?

In an article in the St. Louis Globe Democrat in May this year it was asked - "Isn't it time that schools - from the first grade through the senior year at college started teaching how America's economic system operates."

Agreed! The basic fundamental principles of economics are not too complicated. It may be open to some question if the present system of "America's economic system" as it is operating is what should be taught - but surely fundamental principles of economics ought be taught.

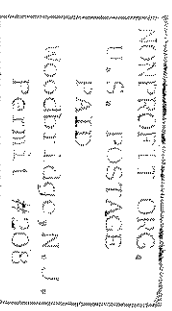
AMERICA NEEDS TAXATION EDUCATION

FOR many years.. a serious error has existed in the teaching of the subject of taxation in our universities, colleges and high schools. This mistake has caused great harm to our people, our country and our Free Enterprise economy. We suffer from this error today as never before. Fortunately, it can be corrected...One obstruction (to realizing the full benefits of our Free Enterprise Economy)... is (our system of) taxation as practiced today by all levels of government...Professor C. Lowell Harries, Columbia University Economist and Tax Consultant to the Tax Foundation, Inc., of New York City, stresses what most economist know but which far too many fail to discuss in textbooks and lectures. This is that (our) real estate tax is not one tax but TWO different kinds of taxes; that the one on improvements, as Professor Harries says, "can be horrible" where as the one on the location value of land is "One of the best."

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THE POWER OF THE INTELLECTUAL

As the nation and for that matter the world turns increasingly toward socialism, the question naturally arises how did this occur?

Why should America, which has been dedicated to the principles of private enterprise be so avid in its efforts to overthrow these principles in favor of governmental interventionism? It continues to do this while all the time its politicians constantly bemoan the increasing role of government and the need for less interventionism.

If the noted Austrian Economist, F. A. Hayek is correct, it is because of the intellectuals.

Everyone likes to believe he is an intellectual even if he does not call himself one, because everyone associates the intellectual with intelligence, and, of course, we all like to think that we are intelligent.

To Hayek, intellectual constitute a class of people. They are journalist, teachers, ministers, lecturers, publicists, radio commentators, fiction writers, cartoonists, artists, as well as professional men, as scientists and doctors. The fact that they are intellectuals does not mean that they are necessarily very intelligent. In their particular specialty, they may be experts and so have acquired a reputation, but as regards the ability to analyze situations and conditions outside their milieu they are often sadly lacking. One thing, however, they are necessarily expert at is the art of communication. They can convey ideas to others. Most of them may be incapable of coming up with original ideas, but whatever ideas they do have they can pass on quite convincingly to others.

Most of them are also men and women of good will. They sincerely wish the betterment of their fellowman as well as their own. Unfortunately, however, too many of them have little first hand experience with practical affairs. How many teachers could run a business? It is an old cliché that those who can do, run businesses, those who cannot, teach. How many professional men can actually run a business? Most of them, as scientists, are on the staffs of universities and corporations, but have little or nothing to do with the actual administration of those enterprises. The cases of scientists who started companies in esoteric fields as electronics have been instances almost invariably of failure.

Not having a practical turn of mind and yet having an emotional bias toward the unfortunate, they too easily succumb to the blandishments of the socialists, who portray a utopia which superficially appears possible.

"To each according to his needs, from each according to his ability", sounds very fetching. Only when one actually tries to run a business on such principles does he learn that human nature doesn't operate that way. The man of ability isn't going to support the man who needs. He probably suspects he's just lazy.

But the intellectuals never really understand this. It all sounds good and being experts in spreading ideas they become the means by which socialist tenets are spread among the populace. The TV audience listens to some commentator who in discussing current events cannot help putting his bias on his interpretation. Since his bias is socialistic, whether he is conscious of it or not, his interpretation tends to veer that way. How often do we hear commentators denounce fascist countries for some injustice and yet ignore or excuse the same injustice perpetrated by a communist country? The commentators may not even be aware that they are biased in that way. If asked why no mention was made of some injustice by the communist country, he may say there was more important news at the time. He may sincerely believe that is the reason he neglected mentioning it.

Unfortunately, since the intellectuals have adopted socialism, consciously or not, the populace is constantly inundated with socialistic ideas, and usually done with brilliance for, as mentioned before, intellectuals are masters of purveying information.

It takes time for ideas to percolate into action, which is why businessmen and doers in society often tend to depreciate intellectuals. The practical man immediately sees the absurdity of some proposal of the intellectual and so dismisses it. However, through constant reiteration, the mass of the people begin to believe it has merit. The populace has been led to believe from what the intellectuals tell them that the oil companies have been "ripping off the public" for years, and now when the Arab embargo took place, the public was ready to accept all kinds of governmental interference which has only exacerbated the energy problem.

The intellectual has power - the power to communicate ideas. The effect of those ideas may not be felt for years, but eventually action will result.

The Henry George Schools should try to reach the intellectuals. If we do, the intellectuals will do our work for us. If we do not, we may be hitting our heads against a wall indefinitely and getting nowhere. Our program is one which will take generations to bear fruit so we have time on our side. But the seeds we must plant must be in the intellectuals. The sooner we teach them, the better.

OSCAR B. JOHANSEN

THE SOURCE IS THE THING

Tax is an abstract word.

There is no such "thing" as a tax.

You cannot see, hear, touch, feel, or smell a "tax".

Therefore, of course, no one can pay, nor can anyone collect a "tax".

A government is not supported by taxes, it does not collect and spend taxes.

Silly? No, just precise thinking.

Governments, Federal, State, County and Local are financed by means of public revenue. They collect and spend "money" (another abstract term) "Money like taxes is not a concrete thing, you cannot see, hear, feel, or touch or smell "money".

Actually there are paper bills or notes, metal coins, checks which are considered and spoken of as "money".

It is these things - bills, coins, checks, which individuals receive and turn over to governments which we think of and mean when we speak of as paying taxes.

Might it not be clearer thinking to consider taxes and taxation as means of transferring public revenue from source to user? From individuals to governmental bodies?

If we think about it in this manner we can grasp the all important consideration - the source of the money income of the individual which is used to pay the government public revenue.

It is not difficult to comprehend the manner in which the individual by exerting his energy physical or mental produces material things or renders services. For these exertions he receives as remuneration money, a part of which he - we say - he uses to pay his taxes. Thus the source of this payment to government of what is commonly known as payment of taxes is human exerted energy.

Likewise if a person from his labor saves and invests either by depositing his money in a savings institution or purchasing stocks or commercial bonds and then uses part of the interest which he receives to pay his taxes - the source remains the same - human energy exerted.

There is another source of public revenue - a source entirely different from human energy exerted by the individual. This might be termed the natural source of public revenue. It is the rental value of land. This rental value of land is the differential in fertility or location which

an area of land has over another area, the value of which is given to land by the presence of population. This natural increment may be termed rental value and when the holder of the title deed to the land having such value pays this "excess" into the public revenue fund he is merely reimbursing all other persons for surrendering their equal right to the better land, and thus transferring the public revenue from this natural source.

It is the natural source of public revenue which should first be used for government. It may not then be necessary to draw upon the other source at all. But should conditions be such that it be desirable to increase public expenditures beyond the limit of what is provided by natural revenue then, and then only, is there justification for taking a portion of what human energy expended produces.

The source of public revenue is the basic fundamental principle of taxation. This is what should be taught in our schools and colleges - why is it not taught?

JOHN T. TELLEY

Alexander Solzhenitsyn

In the last issue of THE GARGOYLE, Mr. Johansen wrote about Solzhenitsyn disturber of the West's conscience. THE NEW GUARD, magazine of Young Americans For Freedom in Sept. issue noted "when Alexander Solzhenitsyn visited Washington, D.C., President Ford was too preoccupied to entertain Mr. S. Representative Robert Bauman, however commented, "Solzhenitsyn is probably the closest a human being can come to being an institution of courage and nobility. He represents to oppressed peoples everywhere what once only the United States of America did represent, the international voice of freedom and hope. In the petty way we have officially treated him and the fawning fashion we demonstrated in our fumbling rush to "brown-nose" the Soviets, we have insulted not only Solzhenitsyn but the captive peoples whose labor is neither appreciated nor acknowledged by either country."

This incredible affront to one of the great writers of the century cannot be dismissed, even with the reconsideration by the White House that followed an unprogrammed flood of telegrams from all over America. The original decision indicates that Mr. Ford is either a) a fool who prefers kicking a ball around the lawn with Pele to meeting with the elegant exile; or b) a coward who hides behind flimsy excuses that will not risk "offending" the Soviet masters, those same men who dared not murder Solzhenitsyn because of the esteem in which the world held him. In either case, Gerald Ford has given still one more indication that he lacks the ability to provide the unswerving moral leadership this country so desperately needs."

In Greenwich Village is a new \$25 million housing development which has been empty for a year. It is five and six-story walkups containing 420 apartments, covering seven blocks adjoining the decrepit West Side Highway. The apartments were to be sold to people but so few were sold that they were canceled and the selling of the apartments stopped. The New York City authorities don't know what to do about the project. It was first proposed way back in 1963 under the stimulus of Jane Jacobs, who had written a book "The Death and Life of Great American Cities" in which she criticized the typical urban renewal projects which upset existing housing patterns.

But her suggestion on how to develop decent housing in the form of middle income cooperative projects has proved to be no better.

The City is considering renting out the apartments at monthly rents of \$70 or \$80 a room. Whether they get middle income families to move in is debatable as the area, which is between Morton and Bank Streets is surrounded by warehouses, factories and truck depots. To judge from its appearance it is heading downhill rapidly.

This is typical of governmental sponsored projects. Bureaucratic red tape causes years to pass before anything is even done. It was not until 1972 that construction was started, nine years after being proposed.

Instead of giving developers incentives in the form of no taxes on improvements and letting private enterprise take over, the city enters the field and naturally makes a ghastly mess.

The New York Times reports that peasants in El Salvador are living like serfs did in Europe 400 years ago.

As readers of THE GARGOYLE no doubt suspect it is the same old land problem. As an example, there is one poor peasant who lives with his wife and family of eight on one-and-a-half acres of land, which naturally he does not own. Usually he gets enough corn from it to keep his family alive for seven months. He must give one-third of his crop to the landlord as rent. To make ends meet he also works on a sugar plantation, getting \$1.25 a day, the same as last year, despite the fact that prices have risen due to inflation.

The land is owned by a relatively few who have had so much control over the government that they have stymied any effective land reform.

The mass of the people are getting poorer every day. It is said that 92.1% of young children suffer from malnutrition and only 35% of the work force is fully employed. The people have become very fatalistic and appear resigned to their fate. Jesuit priests have tried to eradicate this fatalism and make them aware of their right to a better life. The landlords have branded together and warned the peasants against the "Communist priests". It is just such shortsightedness which ultimately leads to revolution and also to peasants usually turning to real communists as their only hope.

Religious leaders as these Jesuits try to remedy the situation, and instead of cooperating with them, the landlords follow the same foolish policies that the landlords did in France before the Revolution and in Russia before the communists took over. It would appear that the only thing that history teaches is that no one ever learns from history.

SALT OF THE EARTH

Bargains don't exist anymore. By the time you get it home, the price has risen.

The stock market isn't doing too well these days. One speculator was dolefully looking at the drop in prices when his little boy tugged him on the sleeve. "Dad", he said, "you promised to buy me a railroad stock."

The father looked at the stock prices again and then said, "Listen, son if you'll just wait a few days longer, I'll give you the whole Penn-Central Railroad."

Some members of Women's Lib say that most husbands develop into pretty decent animals--considering the shoddy material wives have to work with.

You can always tell a wise man by the smart things he does not say.

People are funny. Everyone wishes to live a long time, but nobody wants to get old.

Alertness: Spotting the flow in a line of reasoning.

Splitting hairs: When it's your line.

* * * * *

An American and a Dutchman were talking. "What does your flag look like?" asked the American.

"It has three stripes", said the Dutchman, "red, white and blue. We say they have a connection with our taxes. We see red when we talk about them, white when we get out the bill and we pay till we're blue in the face."

"That's how it is here," said the American, "only we see stars, too."