

HENRY GEORGE SCHOOL OF NEW JERSEY

No. 11.

SEPTEMBER 1957

Headquarters

now at 78 Clinton Avenue, Newark 2, N.J.
New telephone number - Market 3 - 9333.

In June the move from Broad Street was made. We are now comfortably located in a fine building and neighborhood, and raring to go. You are invited to come in and look us over when you are nearby during the day. The first function at your new headquarters will be the annual Fall Rally - announcement will be sent to you. A very interesting program is being arranged for you and your friends.

Statement re: The Gargoyle.

This is a monthly (except July and Aug.) publication particularly for members and friends of The Henry George School of New Jersey. It derives its name from the two gargoyles adorning our new headquarters building. Gargoyle may be described as a grotesquely carved stone spout. It is hoped that this paper may not be a grotesque stone but it is intended to be a spout - there is nothing OFFICIAL about it - the opinions expressed in articles appearing in the Gargoyle are not necessarily those of the Henry George School. Anyone may submit material - it is hoped many will do so. The Editor is Oscar B. Johannsen and Associate Editors Virginia Harvey and John T. Tetley.

John J. Devoe

In the last issue of The Gargoyle, June 1957, Mr. Devoe was left "head first off the --" Apology is offered to Mr. Devoe and our readers. In preparing the stencil the remainder of the thumb-nail sketch was omitted. Here it is - brick wall; his wife, May, has applied herself to the worry department. It looks as if, in this manner, she will pull him through safely yet in conjunction with her excellent homemaking skills. The Devoes have a married daughter, Doris, who in turn has a little girl. Let us all hope for the Devoe family to sail blue waters.

P I C N I C

On a Sunday in June, a goodly number from the New Jersey school and some from the New York school, together with family and friends, accepted the generous invitation of Arnold Kleiner and his son Sidney. The invitation was to enjoy a picnic on the grounds of their recently developed Paradise Park, "In the Heart of the Hunterdon Hills", located on Route 513 a short distance from Calton, N.J.

Since it was a warmish day, we all disposed ourselves in the shade of scattered

groves of trees, beside a pleasant brook. Everyone devoted the day to picnic spread swimming, and to deliberate lounging; our economic principles were tucked away for a change, with the probable feeling that they would keep for a more suitable time. There was even a sporadic climb up a steep wooded hill, a mild manifestation of human instinct to conquer mountains, I suppose. Within steps of the return, guess who stepped on a hummock and indignantly fell on her face?

In any event I'm sure there is a fundamental satisfaction in any experience closely associated with the land even for brief amusement. So we could fully appreciate Arnold's absorption in developing his place, since he can look about him and see the results of the application of his labor to the land. In addition to the pool, he has built a pavilion for dancing, many facilities like picnic tables, abundant space for family games, a restaurant - and music is provided.

If the various members of the Kleiner family can ever claim any time from this intense activity, we hope to see them at the School now and then.

Virginia Harvey

Classes at Headquarters

The basic course - Fundamental Economic Principles will be conducted at 78 Clinton Avenue, Newark starting Tuesday, Oct. 1st at 8 p.m. Inform any prospects you know and please send names to school so announcements may be sent.

In cooperation with the American Foundation for Political Education, their ten week discussion program on American Foreign Policy will start at the school on Thursday October 3rd at 8 p.m. Registration fee charged by them is \$12. for an individual and \$18. for a married couple. This fee includes three-volume set of readings. You are invited to enroll for this course and inform your friends of it.

Henry George News

The September 1957 number has a picture of our new headquarters and the contents almost entirely contributed by N.J. school people. If you are not a subscriber and would like a copy - send 20¢ to the N.J. school. Incidentally the August issue contains a full report of the 1957 Conference with summary of the talks given. This is a 32 page edition and is available.

If you have anything you would like to submit for publication in THE GARGOYLE please send it in - this is your opportunity to spout.
Send it in now.

The Inflation Culpit.

Americans certainly have a penchant for involving themselves in semantic confusion. As the effects of inflation become more obvious, instead of applying logic, or the lessons of history, a chorus of voices arises crying out against wage-inflation, price-inflation, cost-inflation, ad infinitum. If inflation takes this multiplicity of forms, is it any wonder that the public is confused? What has actually happened is that effects are confounded with cause.

Although no satisfactory definition of inflation has, as yet, apparently evolved, and monetary scientists use the term with reluctance, historically inflation has revolved around a deliberate alteration by the government of the money half of the objective exchange ratio.

In a free and unhampered market economy, goods and services exchange for the most marketable commodity, called money, at ratios determined by the higgling and haggling of the buyers and sellers. Though the supply of money, usually a commodity as gold or silver, will fluctuate somewhat, and, therefore, have an effect on the ratio of exchange, or price of other goods, as long as there is no deliberate governmental interference, these changes cannot cause any harm or injustice. Whatever are the results of natural laws, and as Nature's laws are just, the results must be good.

Variations in prices stem primarily from causes based on the goods side of the ratio, such as changes in the desires of the people, quantity of goods produced, new methods of production, and a host of other causes.

Many assume that there is a very simple causal relationship between the supply of money and the price of goods, altho, as pointed out above the price of a commodity is the result of a multiplicity of complex causes. Those who assume there is the simple relationship between the supply of money and the price of goods believe that by carefully controlling the money supply, so-called "monetary authorities" can control the level of all prices. They also assume that thru this monetary manipulation the government can attain whatever fiscal, sociological or political ends it may have in mind.

Now, obviously increases in the quantity of money will affect the ratios at which goods exchange for money, but as it is no simple proportionality, the results attained are not what are hoped for. If the government deliberately increases the supply of purchasing media, some prices in terms of that purchasing media may rise higher than they would otherwise, some prices may remain at the same level which might have dropped, and some prices might drop lower than they would have fallen. (Securities of regu-

lated companies, as railroads which are caught between fixed selling prices and rising costs, lose favor with the public and drop in price.)

That being the case, the interference of the government in the marketplace by substituting for money its own particular type of purchasing media, causes all sorts of imbalances which are mistakenly blamed on almost everyone or everything but the government. Businessmen blame labor. Labor, in turn, blames businessmen. The public blames both, but rarely is the real culprit blamed, which is the government, which has caused this drop in purchasing power by constantly increasing the money side of the ratio by pouring out more and more purchasing media.

Eventually, the public will awaken to the fact that the government is responsible, but if it occurs at the end of the inflation binge, it will be too late. The time to wake up is while something can be done to correct the malady. One of the first steps in that direction is to recognize clearly who is responsible for the increase in purchasing media. With that knowledge understood, corrective steps can be taken, but unless the cause is known, the cure will probably never be found. Oscar B. Johannsen.

Diminishing Returns

Professor Harry Gunnison Brown propounds a theory where in the law of diminishing returns establishes the basic wage. Given a fixed amount of land and capital and a determined number of workers who would use it to get the highest return, and additional workers added to the determined number, would, as these extra workers were added progressively diminish the wages of all the workers to the level of the marginal or basic wage. That is if a given amount of land and labor could be used to the best advantage by four units of labor, each additional unit of labor, while adding to the total production would lower the average wage.

It has been established that when workers get more than a going wage they aspire to still more and become more productive. Therefore the four units of labor, would not only use the resources available to the full, but in the many ways that spell the difference between care and carelessness, would produce to the full plus.

If on the other hand extra workers are employed to where the wages shared by each reaches the going or basic wage, the same wage as could be gotten anywhere, the incentives referred to in the first instance are gone. There remains nothing for the worker to aspire to, carelessness would prevail and production tend to go still lower but wages having reached the margin could go no lower. But the return to capital could and would tend to do so and the whole endeavor would tend to diminish to the point of no return to either land or

The Annual Conference - HGS.

Held in

New York this summer since it is the twenty-fifth Anniversary of the founding of this first of all similar such schools. Except for the last two days, when activities were centered in Manhattan, at Wagner College, Staten Island.

As I saw it, much emphasis was placed on operational matters. The various directors made reports on progress at their extensions. There were sessions on financial problems, presentation of study materials and the like.

It was a hard-working conference, but was well balanced with eloquent inspiration; and had, too, its contrasting moments of humor. This intellectual pie was liberally topped with recreational meringue in the form of sight-seeing excursions, swimming, golf and a play.

The minor acoustical difficulties we experienced at Wagner, due to being assigned the gymnasium for meetings, evolved the most determined group of listeners, intent on separating the voice from the echo. Certainly none of the speakers could complain of lethargy.

The people making up these audiences are as interesting as the subject matter that draws them together. Spontaneous friendships and conversations are most regarding, and only limited by lack of time.

But also I find stimulating the individuality of each college, building arrangements, and its grounds. Wagner College is situated on the old Cunard (of shipping line fame) estate, and the original home of that family is now in use by the college. For people living in this general vicinity, it may be of interest to note that the college is located on the highest point on the Eastern Seaboard. On a clear day, it has a commanding view across the Narrows to Long Island. I think the surrounding terrain is beautiful in its ups and downs in contrast to the flatness of nearby New Jersey and most of Lower Manhattan.

Though Manhattan's well known show spots are both modern and historic, Staten Island can offer no modern development as interesting as its historic places so closely involved with the beginnings of our country. We saw some of these places; also I kept harping on a fascinating replica of a Tibetan garden clinging to the perpendicular walls of one of the island's clifflike hills. With something like this to go on, I find imagination gets me to Tibet very economically.

Last year at Bryn Mawr the campuses were fulfilling with their huge old

trees, native to the East. But this year, illogically enough, the mimosas with fernlike foliage and pink tasselled blooms, semitropical and wide-spreading were conspicuous on the campus. The surrounding waters must have lured this wanderer out of the deep south.

Thus, each annual conference develops its own personality and stands out in the memory, similar and yet very different from every other one, from the first gathering on the first day to the banquet that rings down the curtain on the last evening.

Virginia Harvey

It is YOUR Headquarters

Now that your school has most attractive headquarters in a fine neighborhood, you are invited to make full use of the facilities. Whenever you are nearby drop in for a visit - arrange with your friends to meet you here. Use the library and Reading Room. Many publications are available for you to read or borrow.

Below is but a partial list and in addition there are books you may borrow:

Daily Papers
Newark Evening News
New York Times
Wall Street Journal
Publications
Henry George News
Land & Liberty
American Journal of Economics
and Sociology
Bulletins of other HGS Extensions
Federal Reserve Bulletin
Quaranty Survey
First National City Bank Newsletter
Adult Education
Adult Leadership
Publications of Foundation for
Economic Research
New Jersey Economic Letter
Review of New Jersey Business
Miscellaneous magazines and
pamphlets.

There is much valuable stuff tucked away in your school library. How about treating yourself to regular visits to your new headquarters at 75 Clinton Ave. to look these things over?

What interests you?

It has been suggested that The Gargoyle might be of more interest if it contained such items as:

"The Dean Believes"
Excerpts from Henry George
"The Director Looks at
Current Events."
Book Reviews
Letters to the Editor
Have a contest for best letters
or articles submitted.

Will you, the reader write now tell us what you think and suggest?

capital.

Socialism implies that the workers own the means of production, land and capital. That being so further implies that every one willing and able to work should have the opportunity to do so. That implies that Professor Brown's diminishing return wage theory is what would be practiced under socialism. That is probably why Russia has declared a 20 year moratorium on the payment of principal and interest on bonds and why their wages are diminishing. In a free economy every effort is made to use land, labor and capital to its full capacity. Some unions attempt to subvert this endeavor and were they to succeed would unwittingly put Professor Brown's theory to practice. That management will not employ surplus labor was brought out during the depression. Government had to make jobs for the unemployed and by doing so, in a round about manner, put the diminishing return theory into practice. When resources and labor are managed to return the highest possible wage it enables the worker to effectively demand many satisfactions. This in turn calls for more labor to supply the demand and eventually full employment at an increasing wage.

In a free economy wages are established at the margin or if you will by the marginal employee. That is the thinking behind the minimum wage law. Every time minimum wages are raised all other wages go up a notch. But the margin of production still determines the over all total wealth that is produced and the resultant share is apportioned to wages.

John J. Devoe

Things for you to do!

1. - Inform your friends of opening session of Fundamental Economic Principles at school headquarters Tuesday October 1st at eight o'clock. Why not bring one or two persons down that night?
2. - Enroll for the course in American Foreign Policy - you will enjoy it.
3. - Write to the Gargoyle and tell us which of the suggestions for improving it you like or do not like and offer any of your own.
4. - Send in the names of persons you would like to receive announcement of Fall classes.

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You can usually tell when a man is well informed. He holds opinions identical with your own.

If you want to leave your footprints in the sands of time, you better wear work shoes.

Daffnitions:

Ignorant: What all people are, only on different subjects.

Florida zealot: to Californian: Pointing to a watermelon: "Is that the largest grapefruit you can grow here?"

Californian: "Don't you know the difference between a raisin and a grapefruit?"

The best way for a husband to hide money from his wife is to put it in her sewing basket with his undarned socks.

A newly married man filling out his income tax statement, gleefully wrote under the item "Dependents" - Watch this space!

H.G. Instructor: When an article is sold it goes to the buyer.

Student: "But not coal."

H.G. Instructor: "Why not?"

Student: "Because when it's bought, it goes to the cellar."

Dad: "Son, I'm a self-made man."

Son: "That's what I admire about you. You take the blame for everything."

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