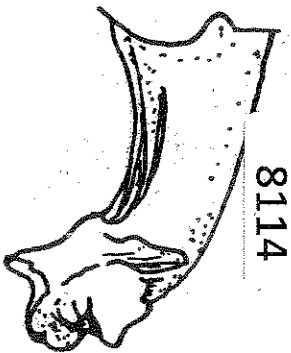


Baroque



HENRY GEORGE SCHOOL OF NEW JERSEY

No. 39

F E B R U A R Y 1 9 6 0

UP IN THE AIR

One of the problems which has arisen as a result of the space age is one with which we have always been familiar, and that is the division of the earth among the equal claimants to the earth. In this instance, it is the division of the space surrounding the earth among the nations claiming it.

Land of course, includes everything outside of man and his products, so strictly speaking the space age does not bring anything really new into the picture, but rather it brings into focus the practical problem of the allocation of space. It is for this reason that the nations have been meeting in attempts to solve the problem.

Now, it is a well-known fact that sea-side nations have claimed control over the water within three miles of their territory, although some nations have extended it to 12 miles. However, beyond these limits the seas are commonly considered to be common property, or free land, open to everyone.

In the case of the air space above the nations, however, apparently the assumption controlling is that he who owns the ground owns everything to the heavens and to the depths. This comes from an ancient Roman concept and various conventions within the past fifty years have recognized that every state has complete and exclusive sovereignty over the air space above its territory. This begins immediately above the ground, but how high up does it go?

As it is absurd to assume that it goes on up infinitely, attempts have been made to arrive at a vertical boundary. Some feel it should end at the height of the earth's atmosphere, others where its gravitational power ceases, others where aerodynamic life ends and Kepler force takes over, still others feel it should be 50 miles up.

At the present time these problems are largely academic, but if space travel becomes a reality, problems could arise. For instance, at the present time under present concepts it would appear that the satellites whirling above the earth are trespassing every time they are over the territory other than that of the country which launched them.

If an arbitrary 50 miles above the surface of the earth is chosen, one can imagine that problems may arise for space stations or vehicles traveling within the 50 mile belt. Will they be charged rent? If so, how much? Will license fees be adopted to solve the problem?

To a Georgist, these problems are not too vital as such anymore than they are to anyone else, but discussion of the

allocation of space does offer a golden opportunity to expand the problem into the allocation of the earth's surface. The greatest problem Georgists have to fight is not opposition to their ideas; it is simply indifference and silence. If people won't argue with you, other people won't be aware of the problems which exist and must be solved.

Will discussion of space allocation lead to better understanding of the allocation of the resources of the world? Who can say? It's all up in the air.

Oscar B. Johannsen

LETTERS TO THE EDITOR

The quotation from a 1953 economics textbook (GARCOTIF last month) has serious implications. Once browsing around in a public library I picked up a medical magazine, and an article by a professor of medicine caught my attention.

The professor pointed out that while each year medical textbook publishers were turning out great stacks of medical textbooks, most of the authors of these books were merely copy-cats--and many of the new books were not even as good as the books which the authors had copied from.

This observation applies one hundred per cent to economics textbooks and has resulted in "error feeding on error," and because of this--the college graduates who become the thought-leaders of the nation--are ignorant of the "causes" and "neues" of America's basic problems.

The criticism of Henry George in the quotation--is not based on fact. If this professor had carefully read the books on real estate appraising, published by the American Institute of Real Estate Appraisers, Chicago, and their quarterly publication, "The Appraisal Journal," he would see things differently.

Reference the concluding sentence in the quotation, the following spotlights the professor's misconception. In 1937, the F. W. Woolworth Co. signed a 21-year lease for the site at the northeast corner of Fifth Ave. and 39th St., New York, at an annual Ground Rent of \$75,000, to the estate holding title to the site. The Woolworth Co. put up the building it occupies and in addition to paying the annual Ground Rent to the title holder--pays New York City's assessment against site and building, PLUS Taxes of all levels of Government. The title holder does NOTHING and collects annually the Ground Rent.

Is not the \$75,000 privately retained annual Ground Rent--"Social Theft," the taking toll of the efforts of Labor and Capital, without giving anything in return?

Herwan Ellenoff, Los Angeles

And another

Taxation as a form of penalty or exploitation (beyond doubt) existed before recorded history. Karl Marx used the word "surplus value" to explain the difference between what the worker produced and what the worker received for his production. All informed economists know that there are "three" factors in the production of wealth, land, labor and capital. We know there are two forms of law, natural law, and man-made law. There are also two forms of government controlled enterprise and free enterprise (not private enterprise) Now if we choose to avail ourselves of free enterprise and use natural law as our guide we will follow the natural law of distribution, whatever the rent of land will bring in a free market. Whatever a person is willing to pay for a choice location is the natural rent of land, and since the community alone has produced that rent it should be collected into the community treasury for community use. Not as a tax but as a natural right, because the community produced it.

Capital should receive the interest it will bring in a free open competitive market. The balance belongs to the remaining factor labor for its production.

There we find that there is no "surplus value" as stated by Karl Marx. Nor "surplus income" as stated by Henry George, in the article under discussion. Because the factors in production have received their full reward.

On the contrary if you use controlled enterprise as your form of government, and man-made law as your guide then "both Karl Marx and Henry George would be right. As anything can, and usually does happen under controls and man-made law.

Bob Ritchey, Plattsburgh, N.Y.

FRIENDS

I refer to Mr. and Mrs. G. Milton of Oradell, which is a suburb of Hackensack, the balliwick of Catherine Washburn and Henry Gieffers and many other friends of the Henry George School of N.J.

The Miltons were students, in 1912, of Feld Carter, now the roving ambassador of the George principles to the colleges and universities around the country. Mrs. Milton told me that, in addition to his indicated leadership, that they well remember Mr. Robert Hayward as one of the students in Oradell. He then lived in their vicinity, long before he became a trustee of the N.J. School and assistant to John Tolley, the Director.

He may have forgotten that he contributed much of interest to this group, since he had a real "Henry George background" and could tell them of his impressions as listener to many of George's lectures.

The Miltons went on to join advanced courses under the tutelage of Louis Weitzman. After experiencing his intense enthusiasm, it was natural that they both should organize and lead groups of their own. They were self-sufficient, doing their own mailing, and arranging for lodgings, etc. Mr. Milton settled for Ridgewood and his wife for Oradell.

Her husband has a business in leather goods and industrial packaging. Though busy with home and family, at the same time, she earned her masters degree at Columbia in education. Then, eventually she started the Hansel and Gretel Nursery School in their community, which she still operates.

They have two daughters, one married, and a Bernard alumna; while the second is still in high school. The latter was with her parents on a five week jaunt to Europe recently. It was a delightful experience and they plan to return to see what they missed the first time.

In common with most of us, music is with them a major interest. However, the Miltons have another that I have not encountered in all my inquiries. They enjoy square dancing more than casually. Now there is a hobby, in this day of soft living, that is not only lots of fun in active participation but also good for anyone. I daresay it would even be tonic for all of us who moan over big government and land tenures.

Virginia Harvey

SENSE AND NONSENSE

The recent death of Ex-Senator Norris Brown of Nebraska, the father of the 16th Amendment, which legalized the Federal income-tax laws, and became part of the Constitution in February 1913, reminds one what changes have occurred since the people made this terrible mistake. At that time, the national debt was only \$721 million, today it is \$292 billion or over 400 times greater. At that time the income tax rate was 1% on incomes over \$3,000 for single persons and \$4,000 for married people, today it's 20% on incomes over \$600 for single persons and \$1,200 for married people. And they said when it was being discussed that it was a soak the rich proposal! We now know it's a soak the poor proposal as 87% of the total incomes tax yield comes from people with net incomes up to \$4,000. Save us from any more soak the rich proposals.

The German Social Democrats last year repudiated Karl Marx and adopted a new Socialist Manifesto. As this party is the Foster parent of all Socialist and Communist parties it is hoped it will influence them. The German Socialists denounced two fundamental tenets of socialism--class war and state ownership of the means of production. They accept private enterprise and a free market with as much competition as possible, but as much governmental regulation and planning as necessary. While they have not gone all the way to freedom, nevertheless as they are socialists their retreat is remarkable. Why thus about-face? Did Logic teach them, did a better understanding of freedom make them change? No. It was sheer practical aspects which could not be brushed aside. Ludwig Erhard's fight for as free enterprise in Germany as possible within the limits of their understanding of freedom was so spectacularly successful that in order to survive the Social Democratic party had to come out for limited free enterprise. If only in America

one of the major parties would turn around and go toward freedom, maybe the future in the 60's really would be golden.

Did you know that an insurance company has set up a weather research center which is becoming an important part of meteorology? The Travelers Insurance Co. in 1954 established it as a nonprofit, public service venture which has helped the company reduce losses, fix rates and give its agents meteorological knowledge that helps them sell more policies. In addition it provides a round-the-clock forecasting service made available to the public over the company's radio and TV stations as well as telephone.

The point here is that people often assume that services as weather forecasting, fire-fighting, etc. must be performed by some governmental unit, but actually all of these services can be provided by private enterprise which will do a better job at lower cost. Examples as the above show that the people could save taxes on the U.S. Weather Bureau and other governmental services by simply abolishing them. Their place would be taken by organizations set up by interested private companies as insurance companies at no cost to the people, and big savings to the insurance outfits.

Why your income taxes are so high. Last July at Plattsburgh a \$4 million Airforce hospital was opened. It has everything. A radio station to provide patients with music and special programs, a walkie-talkie communication system which permits any nurse to talk to any patient at any time, a communication system enabling a supervisor to talk to a patient without leaving her desk or the patient his bed. That wasn't enough. They want to bring it up to "standards", altho it just opened, by spending another \$100,000 putting oxygen outlets in every room so no one will need to wheel oxygen tanks around.

Also did you know that the Air Force Academy at Colorado Springs air-conditioned one of its buildings because it wouldn't look pretty with windows opened at all angles. The Air Force spent \$135 million on the Academy and didn't have a worthwhile airfield there, so they needed more money to build an airfield. They needed \$30 million more to complete the Academy, but Congressmen, looking at this extravagance, believe the total cost will be closer to \$300 million. Is this defense?

TIGHT MONEY CAN DO LITTLE ABOUT LAND PRICE INFLATION.

Quotes from a photo-copy of an article sent to HGS - Source unknown.

Steepest price inflation of all appears in land, but nobody is doing anything to stop it and nobody except the builders who must pay these inflated prices seems to realize how great and how wasteful this land price inflation has been.

The price of land has risen far faster than the price of the materials or the wages of labor employed in construction.

Skyrocketing land prices along the right of way of highways is enriching the owners of that land with a windfall that may be bigger than the total cost of the highway. We have no land policy designed to bring the land need for population growth into the market when it is needed. On the contrary, we make it easy for land speculators to hold their land off the market in anticipation of still higher prices.

The only way land price inflation can be prevented is to tax land much more heavily, shifting a substantial part of the local tax burden now carried by improvements to the land itself. Taxes are the only important costs a land speculator must pay, so taxes are the only brake on the price of land, which reflects the capitalized margin between the rent of land can be expected to earn and the tax burden it can expect to carry.

Incidentally, taxing land more heavily would take the bootleg profit out of slums and force many slumlords to improve their property to get enough added income to pay their added taxes. It would deflate the bootleg value of slum property and make Federal subsidies for urban renewal land-write downs unnecessary. It would let homebuilders offer better homes for less money by spending for quality the money they now waste on land inflation. It would reduce taxes on good homes by increasing the taxes on vacant and underused land.

ANY CONNECTION?

From "The Morgan Guaranty Survey" Jan. 1960: "Contraction begins to characterize home building long before general business peaks out. This pattern is apparently being repeated in the present cycle. Beginning in the spring of 1959, however, housing starts began to slip, and the second half of the year witnessed a persistent decline.

OR

What is the valuation of a building? Is the owner's valuation any clue? Not according to a N.Y. Supreme Court Justice. In a condemnation award, he evaluated a building owned by Robert F. Kennedy, and his three sisters at \$2,403,000, although the owners had evaluated it for taxes as \$1,100,000, in an application for a tax reduction for the fiscal year 1957 - 58. The judge explained that he was dealing with a Constitutional mandate that the owner receive "just compensation" for the property and the law does not recognize the owners as "experts" in property valuation. Well, if the owner doesn't know what a thing is worth to himself, who does?

HAPPY BIRTHDAY

The Boy Scouts of America celebrates their Fiftieth Anniversary this year. Organized February 8th 1910 this organization has influenced the lives of millions of boys as well as men and women. New Jersey has been most closely associa-

ted with the B.S.A. For many years all Scout Uniforms were manufactured in Red Bank. The Schiff Reservation in Meddham is the National Training School for professional Scouters. A few years ago the National Headquarters was moved from New York City to New Brunswick. The Henry George School of New Jersey salutes Scouting.

TRUSTEES

In issue #10, THE GARGOTIE, March 1957, Mrs. Harvey wrote whether active in the affairs of the school or forced to be absent, due to the rush of life and duties, the central idea of the school and its progress is always with him (Dr. Joseph Susskind). Mr. Susskind died on December 28th 1959. He was one of the original Trustees of the N. J. school - served on the Board until his death.

At meeting of the Board of Trustees on January 21st, Mr. Chauncey O. Reinhart was unanimously elected to the Board. "Chick" as his friends call him, is the father of the young lady who delighted all who were present at the Conference Banquet at Princeton Inn last July with her trumpet.

MONDAY - FEBRUARY 8th 8 P.M.

Dr. H. A. Lazaar, of our Faculty has consented to review for all who are interested -- Jevon's THEORY OF POLITICAL ECONOMY Here at the school headquarters. Those who would like to arrive at 7:30 may see "The Golden Twenties" a topical review of the important events in politics, sports, entertainment, industry, literature, drama, art, music, people and fads from the decade after World War I to the Stock Market Crash. No charge. You and your friends cordially invited.

And how about, you dear reader volunteering to come and do likewise? What have you read that you will share with others here at the school? Let us know.

The NEW - NEWARK

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TWENTY-FIFTH ANNIVERSARY

1935 - 1960

SALT OF THE EARTH

Genius is the ability to evade work by doing something right the first time it has to be done.

When a man becomes a success his wife takes most of the credit and the government takes most of the cash.

It isn't your position but your disposition that makes you happy or unhappy.

Some men work hard and save their money so their sons won't have the problems that made men of their fathers.

Stay at your desk
And by your phone
The job you save
May be your own.

Signs of getting old: Listening to your children's advice.

If the 5 hour days arrives, some employees will complain that it makes an awfully long morning.

You know the best way to tell a woman's age? In a whisper.

Maybe you don't know where your next dollar is coming from, but your wife knows where it's going.

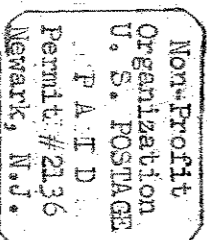
Inflation: The only thing people are down on that's on the up and up.

A bachelor is a man who believes only the brave deserve the fair, but is still glad he's a coward.

Have you visited the
school headquarters?

Do you know the excellent facilities we have for carrying on our work? Why not drop in and look us over, or if you have not been in to see us for a long time - do stop in and say "Hello" when you are in the neighborhood.

An excellent opportunity to do both - Come down, and bring a friend - Monday - February 8th at 7:30 for the film - 8 p.m for book review and discussion.



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