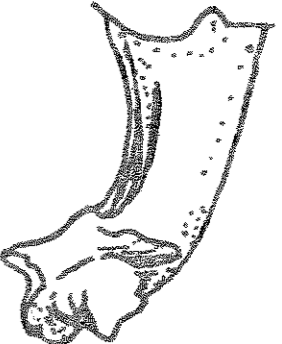


The Barricade



"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 Issue #158 F E B R U A R Y 1 9 7 2

CONSULTATION IN NEW JERSEY

Arrangements are being made for meetings to be held in East Orange, N.J. over Memorial Day week-end, May 27, 28 and 29 for the purpose of discussing what might be done to establish communication and coordination among the various Henry George organizations in the educational field, which are no longer directly or indirectly affiliated with the New York school.

The Harvard Green Motel has been selected for the lodging and it is expected representatives from a number of cities in the U. S. and Canada will participate.

DISCUSSION ANYONE?

On the third Thursday of every month, at 8 p.m., a number of men and women gather in the Board Room of the Henry George School of N.J. and engage in a free-for-all discussion of any topic of interest to the group. These sessions have proven to be most interesting and those attending both learning and expounding. If you can attend, you are most cordially invited to come and to bring a friend with you.

Mark the dates on your calendar -
Feb. 17th; March 16th; April 20th;
May 18th; and June 15th.

Henry George's idea, which changes the entire system in the life of nations in favor of the oppressed, voiceless majority is so undeniably convincing, and above all is so simple, that it is impossible not to understand it, and understanding it, it is impossible not to make an effort to introduce it into practice, and therefore the only means against this idea is to pervert it and to pass it in silence. But light shines even in the darkness, and the darkness cannot cover it. A truthful, fruitful idea cannot be destroyed. However you may try to smother it, it will still live; it will be more alive than all the vague, empty pedantic ideas and words with which people are trying to smother it, and sooner or later the truth will burn through the veil that is covering it and it will shine forth before the entire world. Thus it will be also with Henry George's idea."

Count Leo Tolstoy - Reproduced in INSIGHT - Los Angeles HGS

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PLANNED ECONOMY VS FREE ECONOMY

"There are two roads from which to choose for checking inflation: one is to impose a wage-price freeze and rent control, which leads to rules and regulations and bureaucracy; the other is through a land value tax system, which leads to individual freedom and economic and social justice.

"CHECK INFLATION AND PREVENT DEPRESSION THROUGH LAND VALUE TAXATION IT ALSO CREATES HARMONY AMONG EMPLOYERS AND EMPLOYEES, CREATES PROSPERITY AND WILL PROMOTE A WORLD LASTING PEACE."

The above from a letter dated Dec. 7, 1971 to Hon. Richard M. Nixon, sent to him by Joseph Venturella, Chicago.

Further quote: "Today, more than ever, we need the guidance of sound economic principles to lead us out of the present dilemma and confusion. There are as many economic theories as there are economic writers and planners, but unless the planners follow the principles of natural laws of economic science they will run into a folly.

"Lack of sound economic knowledge leads to suspicion, mistrust, meaningless accusation, humiliation, and frustration. Unless we make a thorough study of sound economic principles, we will find ourselves shouting at each other without ever accomplishing anything

"The land value tax system is not a short term remedy; it is a long term remedy; but conditions will show improvement as soon as it is put into effect; and it will continuously improve economic conditions by creating jobs for the unemployed and reducing the tax burden to the individuals, industry and business as we continue to shift inflationary taxes onto land value. It will open the door of equal opportunity for new businesses, and establish economic stability with normal economic growth as the population increases and advances are made in inventions and methods of production...

"The land tax system developed and formulated by Henry George in his book "Progress & Poverty," 1879, when applied will safeguard individual freedom and the right of equal opportunity without government interference.....

"This is the reason I am inviting legislators, assessors, and concerned taxpayers, to make a thorough study and acquire full knowledge of the land value tax system."

Mr. Venturella also sent us copy of a letter he sent to Senator Charles H. Percy on "Import Surcharge Tariff and Inflation."

THE 1971 MONETARY ACCORD

As a result of the Dec. 17-18, 1971 accord of the Group of 10 major western powers, the Nixon administration has agreed to "propose to Congress suitable means for devaluing the dollar in terms of gold to \$38 per ounce" (a devaluation of about 8%) if the other nine nations eliminate certain trade barriers. There are other provisions, such as the agreement to permit the various currencies to fluctuate 2% above or below the foreign exchange par values, and the removal by the U.S. of its 10% import surcharge.

What do these monetary adjustments mean? In a short article it is impossible to give a complete explanation. Possibly, however, a discussion of a few salient points may give some concept of what is occurring.

First, let it be recognized that despite all statements to the contrary, money is a commodity. Thus, gold is the true money of the major powers. The "paper-money" which all countries use consists of circulating non-interest bearing debts (IOU's). The fact that none of the countries redeem this "paper-money" into money (gold) means none is willing to make good on these debts. A citizen is in the position of a creditor who finds that those owing him money refuse to redeem their debts. Instead, the debtors advise the creditors, the debts can be redeemed in whatever goods the debtors have.

When the major nations were on the gold standard, in effect, they were all using the same money--gold. The only difference between the money of one nation from that of another was in the size of the monetary unit. The foreign exchange rates were merely the ratio of the weight of gold in one nation's monetary unit to the ratio of the weight of gold in another country's--a purely physical relationship.

Today, the technically exchange rates are still merely physical relationships, since none of the countries redeem their "paper-money" into money, in effect, the exchange rates have changed their character.

They become the ratio of the "paper-money" of one nation to that of another, i.e. the ratio of the debts of one nation to those of another. This caused a grave problem because under the terms of the International Monetary Fund, the nations agreed to maintain the exchange ratios within a margin of 1%.

This meant that when the U.S. went wild and printed billions upon billions of "paper-dollars", when these "dollars" entered a country as Japan it had to maintain the agreed upon ratio. To do this it had to print

billions of "paper-yen" (Japanese IOU's). As these yen entered the Japanese marketplace, they tended to raise the price level. This came to be known as importing inflation from the U.S. It reached a point where in desperation, the nations stopped trying to keep the fixed ratios and let their currencies "float". This meant instead of printing more yen, the Japanese Government let its citizens exchange Japanese "paper-yen" for American "paper-dollars" at whatever ratio they wished.

Since to change a ratio, one nation can devalue its currency, as the U.S. is about to do, or another nation can revalue its currency upwards, or both the U. S. due to its tremendous power, has forced the other countries to up-value while it devalued, so the effective devaluation is about 12%.

What the December accord amounts to is a recognition that the U.S. cannot meet its debts, so the creditors have gotten together with the U.S. and cut its debt by about 12%.

But is this sufficient? As about \$50 to \$60 billion are said to be held abroad by foreigners, it seems doubtful. Certainly, since the accord, to the surprise of many not so many dollars are coming back as expected. It was assumed that foreigners would now use the "paper-dollars" they have to buy securities and American goods. In addition, speculators who exchanged "paper-dollars" for "paper-marks" or "paper-francs" before the accord were expected now to convert the foreign currencies into American dollars, as it would have represented a gain to them of about 12%. But the latest word is that this is not happening on anything like the scale expected. In addition, it was expected that the "price" of gold would drop to a little above \$38 but instead it has been rising so now it is over \$46.

Why? Well, perhaps because in any bankruptcy the important thing is whether the bankrupt has learned his lesson or not. If he has and shows to his creditors that he is adopting sound fiscal measures to reduce his indebtedness, cutting out waste, the creditors will go along with him. But if instead he continues as before, they will seek ways to protect themselves.

Since the Accord, the U. S. has shown a shocking lack of restraint. Money supply has been increasing much too much as attempts are made to keep the interest rates down. In short, with the election year upon us, the Government wishes to have prosperity, no matter what happens to such important matters as foreign exchange. The election comes first--monetary restraint last. The foreigners apparently are skeptical that any real attempts

will be made by its biggest bankrupt, so are acting accordingly.

But can the U.S. Government continue its present course without causing a crisis? It does not want any, certainly not before the election, but unless it exerts more restraint than it has, it is just possible that its hand will be forced. Such an event could cause the Administration to lose the election. No one knows. All we can say is that it is walking a tightrope and only a fool would bet it can make it.

OSCAR B. JOHANNSEN

SENSE AND NONSENSE

Ever wonder why postal rates continue to rise steadily? It's because the post office is a government monopoly. Time and again private individuals have attempted to give postal service at reduced cost only to be halled into court.

The latest case occurred this past Christmas when an independent postal company offered to deliver up to 100 million Christmas cards for a nickel each, a saving of 3¢ per card sent. This company began to issue stamps in five denominations preparing to deliver actual letter-like material to specific addresses. Previously, this company had delivered unaddressed samples of products and bulk mail at 2nd 3rd and 4th class rates.

The National Association of Letter Carriers obtained a temporary restraining order claiming that when the company started printing and selling stamps and delivering mail to specific persons it violated the Constitution and Laws of the United States.

The net result is that although the government has instituted wage-price-rent controls to keep down prices it does nothing to let a little competition keep down prices if it means giving up its monopoly.

An important case is now before the Supreme Court which threatens to have a profound impact on religious freedom. It is "Wisconsin vs Yoder", which is an appeal by the State of Wisconsin against three Amish parents who were found guilty of violating the law by declining to send their children for religious reasons, to public school beyond the eighth grade. The convictions were overturned by the Wisconsin Supreme Court, but that State is asking US Supreme Court to overrule its own supreme court.

Wisconsin argues that it is not denying any of the Amish any of their faith by enforcing the compulsory school-attendance law. But, as pointed out in "Liberty", a publication of the Seventh-day Adventist Church, the State ignores the very basis of the Amish religion. Religion to them is not some-

thing which takes place on Sunday morning when you go to church. Religion is their life, every day, and in everything they do. They are truly religious.

Therefore, if we interfere with their life-style, we attack their religion. The compulsory school-attendance law interfered with the Amish life-style, which means it interferes with their religion. This is a violation of the First Amendment guaranteeing freedom of worship.

Some will claim this is unimportant. All it amounts to is giving up a part of their religious beliefs. But if that can be done, then it can be argued that the Catholics can give up the Confession, the Baptists can give up immersion and accept sprinkling instead, and the 7th Day Adventists must accept any other day as holy for their seventh.

If we would not ask the Catholics Baptists or Adventists to give up their basic tenets, why do we ask the Amish?

The Amish are noted for their integrity, simplicity and religious ardor. Their standards of morality are so high as to be almost unattainable for most people. True, they are eccentric--at least, we think they are because of their old-fashioned dress, their adiction to horses and buggies, and their beards and whiskers. Of course because they use little machinery they do not pollute the air, and apparently beards and whiskers are coming back into fashion. (Just possibly maybe they're ahead of their time, and not behind, as most assume.)

But at any rate, they certainly have a right to live as they wish, especially as they never interfere with how other people wish to live. But the Government will not let them alone. They have been hounded by Government at all levels. Their horses and farms have been seized whenever their religious beliefs came into conflict with the omnipotent Government. Some have fled from "the home of the free" seeking religious freedom.

The treatment of the Amish has been a travesty of justice. Let us hope the Supreme Court comes up with a ringing denunciation of this governmental interference, so that not only the Amish but all may practice their religion as they see fit.

REVERED CANADIAN GONE

Senator Arthur W. Roebuck, C.C. of Toronto died late last year, we have just learned. The Senator was a staunch supporter of Henry George and he will be greatly missed by his many friends both in Canada and U.S.

SALT OF THE EARTH

Isn't it the truth! You don't have to make a lot of money to amount to anything--you can inherit it.

Twenty years ago it took two people to carry home \$10 worth of groceries. Today any child can do it.

Salary: They call it take-home-pay because there is no other place you can afford to go with it.

Definitions:

Reception: Lapse of luxury.

Grocer: A shelf made man.

Inflation: When you earn \$4. per hour and your wife spends it at the rate of \$6. per minute.

Bank: Where you can borrow money, if you can prove you don't need it.

Maybe we will never cure poverty, but the way taxes and prices are going, we're sure to cure wealth.

How to be successful campaigner for political office: Give the voters platitudes without fear or favor and straight-from-the-shoulder generalities.

The world's greatest humorist: The man who called "installments" - "easy payments."

TWO EXCELLENT PAMPHLETS

STATE AND LOCAL TAX REFORM, by Mr. P. Bernard Nortman - Consulting Economist, Leonia, N.J. - reprinted from URBAN AFFAIRS QUARTERLY.

ARGUMENTS FOR CHANGING THE REAL ESTATE TAX TO A LAID VALUE TAX - By Arthur P. Becker, Professor of Economics, University of Wisconsin-Milwaukee, Chairman, Property Taxation Committee National Tax Association. Reprinted from LAND VALUE TAXATION: PRO AND CON by C. Lowell Harriss, Arthur P. Becker, A. H. Schaaf, and Manuel Gottlieb, - TAX POLICY - Tax Institute of America

The later may be obtained for 15¢ - Robt. Schalkenbach Foundation, 50 East 59th St., New York, N.Y. 10021

Both are excellent pieces of literature to hand to those who want real practical presentation of Land Value Taxation to replace the Real Estate, Property Tax on buildings and improvements.

Taxes are entirely too complicated, and they get worse every year. All they have to do is "simplify" them one more time and no one will be able to understand them."

One bureaucrat to another: "Well, if we made a blunder, don't just stand there. Label it "Top Secret" and file it away."