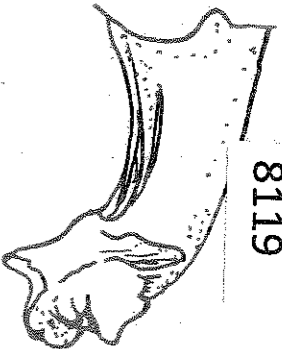


Barryville



HENRY GEORGE SCHOOL of NEW JERSEY No. 35

OCTOBER 1959

THE DEAN THINKSHOARDING

A quarter of a century ago, when the Great Depression of the Thirties caused so much hardship, loss of employment, bankruptcies and privation, Lord Keynes, the British economist, gained world attention and influence because of his opinion as to the cause of the malfunctioning economies of the Western world.

Keynes believed that the propensity of producers to save, to hoard money, perhaps because the return from investment was too small an incentive to risk loss of savings or for "liquidity preference", caused a diminution of purchasing media in the economy. This he felt, resulted in the inability of laborers to purchase the products they produced, thus resulting in a diminishing market, loss of demand, the piling up of inventories, the unloading of overburdened inventories at loss prices, the diminution of orders for new merchandise, the closing of marginal factories, the reduction of production, loss of employment, loss of money ordinarily paid as wages to laborers, privation and fear.

All this, Keynes held, could be prevented or alleviated if public revenue, by government deficit spending, would be used to supplement the supply of money in the economy. His influence motivated the plans of many of the governments, particularly the United States, to institute public works programs, subsidies, relief and make-work projects to "prime the pump", to disgorge money into the hands of consumers in the hope that this would lead to more spending, more demand for goods, more production and employment, and the resumption of "good times".

That the hopes of the planners of the theory of spending our way to prosperity met with disappointment is only too clear today, when, in retrospect, we realize that preparation for and the advent of World War II was the principal reason for emergence from the depression.

Many economists have analyzed the Keynes logic and have offered cogent proof of the fallacy of the Keynes' major premises, and yet the thought that the state can and should regulate and control the economy persists.

The Keynes theory is largely predicated on the belief that the normal production of goods, the marketing and distribution in the channels of trade are disrupted and narrowed when the supply of money in the market-place is lessened. In other words, so goes the Keynes theory, when an important factor in trading is in short supply, the medium of exchange, production and distribution of goods and services suffer diminution.

Hoarding of money is the basis of the schemes which the Keynes theory seeks to remedy. But the principal source of all production and distribution of goods is land, on which and from which every material good must be obtained. What about hoarding of land?

Why should one "hoard" land? The self-interest of individuals clearly shows that as population and demand for land increases, the supply remaining constant, the price of land will increase over a long period. Therefore, to speculate in land, to hold it vacant or to use it for less than its best and highest use in the expectation of an increment in value, are motives which force production upon less productive or marginal lands.

Hoarding of land must result only in a decrease in total production (if hoarding is of usable, productive, profitable land) Therefore, hoarding of land is antisocial in effect while hoarding of money means deferring today's consumption to a future date.

Land-value-taxation, or the collection of the rental value of land by government will prevent hoarding of land.

All of the arguments and theories of Lord Keynes, showing the dangers and economic dislocations caused by hoarding of money, while being fallacious because the major premise of the logic is false, can be used to show that with hoarding of land, the major premise is correct. The fact that all production originates and depends upon land and land-use and, therefore, the method to prevent hoarding of land by the collection and use by society of the rental value of land is the principal way in which the business cycle of booms and recessions can be eliminated.

Alexander M. Goldfinger

"For all that, the "single tax" does not come to grips with the basic malaise of Society, which is the tendency of political power to encroach on freedom. It is true that Henry George faced this fact, but, like all advocates of reform, his inclination to blow up his proposal into a panacea led him to pass encroachment over as an inconsequential matter that would automatically correct itself. He argued that the prosperity resulting from the abolition of taxes would offer emoluments in private enterprise that politics could not match, and that only those who had achieved a competence would enter political life for the glory of public service. But the argument does not accord with the facts of history, nor does it take into account the insurmountable urge in political life for more and more power. The power complex is not to be cured by a fiscal reform. Even as taxes are used to accumulate power, so could the rent of land. It has been estimated that rent in a highly productive country like the United States, is a larger sum than its taxes, and if this so its diversion to the State would make that institution stronger and more arbitrary than it is now. It could use the rent fund to take over an industry, such as the steel mills, by the simple device of declaring it a "social service". In a "democracy", how many votes could be bought with rent?

The best that can be said for the use of rent to defray the cost of social services, in lieu of taxes, is that the plan might work well in a small community. But that is so not because of the inherent virtue of the plan but because in a small community political power is more immediately responsive to social power, and any attempt to make use of the rent fund for political purposes would meet with the quick disapproval of the neighbors; that however, is also true when taxes are misused in a small political unit. Hence, for all the merits of the "single tax", it does not meet the antisocial problems resulting from political institutions, the cure for which is the decentralization of power, the keeping of the politician within the purview of the people whose money he handles. Which is another subject."

Quoted from THE RISE AND FALL OF SOCIETY by Frank Chodorov, published 1959 by The Devin-Adair Co., 23 East 26th St., N.Y.C.

\$70,000. for a dog -
700. for education.

A New Jersey resident, in his will provided that the income from his residuary estate, estimated at \$70,000 be used to care for his dog. Union Junior College received a bequest of \$700.

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The first "long-distance" telephone call was made from New Brunswick, New Jersey to New York City in May 1877.

* * * * *

This friend of the Henry George School of N.J. has been devoted to its principles since 1940, when he was so fortunate as to hear them first from Dr. Bowen. Later, he went on to the advanced courses, eventually joining a Teacher's Training Course, led by Dean Alex Goldfinger.

After joining the faculty, he led at least ten classes in Dover and then organized a group in Butler for the leadership of Kenneth Warren. Also during this time, the Tweeds guided an alumni group through many congenial evenings.

The courses were conducted at the local library, the Y.M.C.A. and often at their home. Mr. Tweed's wife, Mildred, known among friends as Ginger, was very active in all this work. She also worked at the school in Newark on occasion during those early mailings.

During this time they lived in Dover; but they are now located in Morristown. They have an eight year old son, Bradford. "Ginger" is much occupied these days with her position as superintendent of their Sunday School.

Paul Tweed is a chemical engineer at Picatinny Arsenal. He holds masters degrees in both science and education, having attended New York State College for Teachers in Albany and Rensselaer Polytechnic Institute.

In connection with his work, he gets to Europe, expecting to return there next year.

He has a strange, strange hobby. It is an outgrowth of his former experience as income tax consultant. He gathers more data on the real costs of running cars "than are dreamt of" by the average mortal. He didn't mention his conclusions.

We are very happy to hear that he is planning to start fundamental classes again in Morristown this fall, to be located in his own church, the local Unitarian Fellowship. We wish the greatest success for this venture.
Virginia Harvey

SECURITIES AND INVESTING

Would you be interested in a course to cover this subject? It would include:

- Why Stocks and Bonds
- Types of Securities
- N.Y. Stock Exchange & Brokers
- Objectives of Investment Program
- Where to get Investors Information
- How to read the Financial Page
- How to read Financial Reports
- Sound Methods of Investing

Speculative Investing Techniques

Such a course can be scheduled at the school-without charge-providing we have fifty enrollments. You and your friends are invited BUT WE MUST KNOW AT ONCE IF YOU ARE INTERESTED. WRITE OR PHONE.

SINCE AND NONSENSE

Did you know that there are people in France who haven't paid taxes since the seventeenth century. Sounds like a miracle, but it's true. In the 17th century, Jean Colbert, King Louis XIV's Navy Minister freed the inhabitants of Ile de Sein, an island off the coast of Brittany, from taxation because of their heroism in saving ships in distress.

However, our superior civilization is putting an end to that absurdity. Last year a court in Brittany ruled that the 17th century order freeing the islanders from taxation was no longer valid. Under pressure, more and more of the islanders paid taxes, and finally their municipal council voted to accept taxation. No doubt, these islanders now feel they have rejoined the human race, for only the lower animals seem to avoid taxes these days.

Germany has made a justified reputation in lifting itself by its bootstraps economically by adopting the ways of free enterprise. But don't dream that it is the epitome of freedom for it still suffers from bureaucracy so dear to the heart of Europeans. In Germany whenever you check into a hotel you must fill out a form listing your name, residence, date and place of birth, occupation, passport number, where issued, when issued, who issued it, name of your wife, her maiden name, and number of children with you.

Eleven years ago, a rare individual named Hans Jochem Kehrl became fed up, "useless, bureaucratic nonsense", he thought. So he began a campaign to see if it made any difference what he put down on the form. "Regularly, I listed myself as rat-catcher, bear-trainer, whatever my fancy told me. I listed birth dates that never appeared in any calendar. I was born mostly in the Himalayas, or in Sodom or in Gomorrah. My identification number was 1234567 or my automobile license. Sometimes I listed the correct information and added the comment: an idiotic procedure. But nobody ever noticed. Hotel porters at times laughed. Finally my patience was exhausted. I listed myself as a burglar, forger and embezzler, then as a swindler and gave my correct name and address.

That occurred in Frankfurt a short time ago. An excited hotel porter called the police who called his home town to find out about him. He is a highly respectable salesman was the report. The sequel was a typical example of bureaucracy: The police record - "Hans Jochem Kehrl, a hotel guest from Kassel, was charged with violation of Article 25, Paragraph 2 of the ordinance concerning registration. He listed himself as a swindler, although he does not carry on this trade."

Emir Abdullah el-Salem el-Sabbah, the ruler of oil-rich Kuwait, is a devout man who feels the oil money is a duty placed upon him by God which must be administered by him in the interest of his people. He has an investment account of about \$600 million but spends almost nothing on himself and still lives in his father's old mad palace.

He's built 80 beautiful new schools, furnished welfare services for all the poor, built roads, water-works and public gardens to enrich life. He shares some of his wealth by buying land for prices as high as \$20,000 per square yard so any man whose land stands on the site where some development is to be made automatically becomes a rich man.

But that does not seem to make people very happy. No matter how prosperous the Kuwaitis get, they want more, and apparently they want good government. The word of the sheiks is law, and the sheiks in his kingdom aren't as considerate as he is. They spend plenty on themselves and much of the oil-money winds up in their pockets. Land in the desert is seized by them and sold later to the government at handsome sums. What it all boils down to is that though probably all the citizens are better off, they are still not happy. They still want freedom they still want justice. Wellfarism is not enough.

From here and there -

Make your own comments.

On Mr. Khrushchev's suggestion, the farmers of his native village "voluntarily" gave up their private plots of land, their last holdings, to see whether they could give the country a valuable lesson in economics and communism.

Baths are to be taxed so a pension can be provided to all Tennesseans over 60 yrs of age. \$5.00 on all bathtubs and showers. Residents owning property valued at more than \$50,000. would not be eligible for the pension.

"Scatteration". Is this a new word to you? It refers to present use of land - tremendously wasteful housing developments, shopping centers and roadside businesses, eating into open agricultural land. This spreading out or "scatteration" leaves many gaps and ugly spaces. Beautiful farms and forests, streams and other scenic spots are marred. This is malefic for everyone. The farmer is forced to higher suburban taxes to move to often less productive land farther out.

"Machine Teaches as Socrates Did." Device asks questions and gives answers. Instructors still needed. So automation reaches the class room. After the student has learned the new material by answering questions, he reads the text.

Often we hear it said "Education is too slow - what we must do is get political action now." In September 1958 NOTES FROM FEB, Mr. Leonard E. Read, makes an excellent answer to that statement from which the following is quoted: "It's the influential opinion that counts, and nothing else. This is to be distinguished from "public opinion," there being no such thing.

Every significant movement in history - good or bad - has resulted from influential ideas held by comparatively few persons." Mr. Read points out that political action is the echo - not the "sound", that political parties are but a thermometer, "indicators of the political temperature" - and that "the only purpose of keeping an eye on the thermometer is to know what the temperature is."

SCHOOL NOTES

Congratulations to San Diego upon the dedication of HENRY GEORGE HOUSE - "an informal center for inquiry into the Social and Economic Issues of Our Time." The headquarters of the Henry George School of San Diego were moved to 5111 College Avenue, San Diego 15, California, and the building dedicated on Sept. 12th

Hats off to THE ANALYST, monthly publication, jointly sponsored by the schools at Los Angeles, San Diego and San Francisco. It contains good staff-copies are available in N.J. School Library.

Bill Truehart, Director at Los Angeles presents a 15 minute economic current affairs commentary "Economics by George" over KPFK and Robert Tideman, Director, San Francisco, presents a similar program on KPFA.

Los Angeles reports 21 classes scheduled for this Fall.

"Taxes & Government" is the listing for our Fundamental course to be included in the Fall Term of the North Plainfield Adult School.

Two groups are scheduled to start at Newark headquarters on Wednesday, Sept. 30th, one at six and one at eight p.m.

HENRY GEORGE SCHOOL OF NEW JERSEY
78 Clinton Avenue, Newark 2, N.J.

If you can accept every loss as a gain, you're either a philosopher or dieting. Human nature is what makes a man prefer to give advice rather than accept it. How to Succeed: Make a product that costs a dime, sells for a dollar and is habit forming.

Married Life: One undarned thing after another.

The old days was a time when a juvenile delinquent was a boy who hid back of the barn smoking corn silk.

Probably nobody gets as mad over nothing as a waiter who was expecting a good tip.

Gossip is the art of saying nothing in a way that leaves nothing unsaid.

It's funny but there's never enough time to do a job right, but there's always enough time to do it over.

The world is full of people who speak twice before they think.

The hardest thing about holding a job is the work it requires.

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

School Notes Continued

Your Director attended the Fall conference of the New Jersey Association for Adult Education, Sept. 11th and 12th at the Peddie School, Hightstown, N.J.

Oscar B. Johannsen has been elected to the Board of The Robert Schalkenbach Foundation

If you have not as yet visited the school headquarters at 78 Clinton Ave., Newark, you really ought to stop in and see us. Excellent facilities are provided and you can, with justifiable pride, recommend the school to your friends.

The next regular meeting of the Board of Trustees of the N.J. School will be a dinner meeting on Thursday, Oct. 15th.

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