

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 #183

OCTOBER 1974

H G F A

Initials which are about to become more meaningful, particularly for Georgists in America.

The Henry George Foundation of America, at its annual meeting on Sept. 4th unanimously accepted a Resolution approved unanimously at the June 4th Consultation of the Henry George Groups.

In effect, the Foundation will broaden its activities to act as a clearing house and coordinating center for all Georgists organizations, and individuals who wish to utilize these facilities.

The Foundation publishes EQUAL RIGHTS a quarterly which is sent free to members, or may be subscribed to at \$1.

In addition to educational activities the Foundation engages in Political Action. It has brought about legislation for Pennsylvania second class cities, Pittsburgh and Scranton for differential land and improvement taxes. It has obtained permissive legislation for third class cities in the state to remove all taxes from improvements and place the entire tax on the land. The capital City - Harrisburg has this under consideration

Since the Foundation can engage in political action, it provides an outlet (Continued on Page 4.)

1926

HENRY GEORGE FOUNDATION OF AMERICA

Founded in 1926, this organization will soon be celebrating its Fiftieth Anniversary. Congratulations!

The Foundation is currently seeking to enlarge its membership in order to better serve the Henry George Movement. To become a member send your check for \$10., \$15., \$25. or more to the Foundation at 336 Fourth Ave., Pittsburgh, Pa. 15222 - state you wish to become a member for the year of 1975.

1976

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MONEY AND THE ECONOMYOscar B. Johannsen

Due to the inflation of the money supply, which in the period from early 1972 to the middle of ~~xxx~~ 1973 grew at rate of about 8%, prices have been rising. Prices tend to rise or fall as the money supply rises and falls. However, there is usually a six to twelve or more months' lag before the effect of a change in the money supply is noticeable in price changes.

Thus, the present rise is largely the result of this past increase in the money supply. It has, however, also been due to the removal of price controls in April. Prices which had been artificially kept down have now moved up to what they would have been in the absence of controls.

Within the past three to six months, the Federal Reserve System has reduced the rate of money growth to the 4 to 5% range. This should mean lower prices toward the end of the year and in 1975. Interest rates, as they are the price for borrowing money, would also drop. Thus it would appear if you can delay purchasing goods or borrowing money, you should hold off for another three to six months.

Unfortunately, the matter is not quite that simple for human beings are involved, not robots. Even though they may be well aware of the relationship between the money supply and prices, and the six to twelve month or more lag between them, they do not necessarily act on this knowledge. Why? Because of expectations. To begin with the majority of the people are not aware of this relationship, so the fact that the money supply has been growing at a slower pace this year means nothing to them. As prices rise, they may expect them to rise further, so they jump in to buy now. This may be offset by knowledgeable people, who recognizing that the growth rate of the money supply is slowing, may stop buying. But no one can fortell how these two opposing actions of the people will work out. If the lack of purchases of the more sophisticated people is greater than of the mass of the people, prices will drop sooner than the six to twelve month or more lag would indicate, but if the masses purchases are greater prices will continue to rise, whereas according to theory they should be stabilizing or dropping.

Such being the case, one can only wonder at those economists who blithely advise that a depression is on its way, which seems to be the prominent view today. No one really knows, and these economists are merely guessing.

One wonders, then what is the purpose of these economic conferences that the President is holding. If they are merely public relations af-

fairs, that is one thing. If they are attempts to arrive at answers to the future of the economy, they are attempts to do the impossible.

What is obvious is that pressure is building up to force the government to increase the rate of growth of the money supply for it is expected this would cause interest rates to drop. The building and related industries have been hard hit by interest rates savings banks and savings and loan associations see a torrent of withdrawal as their depositors purchase higher yielding short-term notes and bonds; yielding short-term notes and bonds; the stock market has been a disaster. (Incidentally, the stock market indicates quite clearly the effect of expectations. It should be rising due to the effect of the money increases last year, but it has gone the other way for people expect among other things, that profits will be lower as costs rise at a faster pace than the prices of goods sold rise.)

While those in the Executive Branch of the government are still fighting the institution of an easy money policy which almost all--labor, business and the economists--are now advocating, it is a question just how long they will hold out. Already, the Federal Reserve has taken steps to ease up on the policy of monetary restraint which it has been practicing this year. The Federal Funds rate, which is the interest rate which banks charge one another for the loan of bank reserves, has dropped from about 13 $\frac{1}{2}$ % in July to 11 to 11 $\frac{1}{2}$ % range at the time of this writing.

By injecting more money into the banking system, the Federal Reserve can bring the Federal Funds' rate down. If this rate keeps dropping, it is a fairly good sign that the government is once more embarking on a faster rate of money creation on the assumption that this will spark a revival of those businesses which have been depressed as well as turn the stock market around. With the time lag involved, if the Government's hopes are realized, this could mean that business is quite good in 1976, the year of the Presidential election.

This economic revival would be analogous to the revival of spirits of an individual suffering from pain, who has been given a narcotic. Nothing fundamental will have changed and when the effect wears off, the problem will still remain of how to create a sound economy without the constant fiscal and monetary manipulation by the government to give the appearance of economic health.

Whether people's expectations will frustrate what appears to be the likely actions of the Executive Branch in the near future remains to be seen. Since no one knows, probably the safe

thing for an individual to do is not to go out on a limb by assuming that the economy will definitely go one way or the other but rather steer a middle course.

SENSE & NONSENSE

In America the rich tend to stay rich and the poor to stay poor. That appears to be the conclusion one might draw from a study made by Letitia Upon and Nancy Lyons of Cambridge Institute some time ago.

It found that the income of the richest fifth of American families has been more than all the income of the bottom three-fifths.

The 10.4 million families in the poorest fifth receive less than 6% of the total national money income, or an average of \$3,054 annually. The 10.4 million families on the richest fifth take over 40% of the income, or an average of \$23,100.

In 1970, if all the money income had been divided equally among all families, the average would have been a little over \$11,000.

The general rise in money income has broadened the dollar gap between rich and poor families. In terms of 1970 dollars, the lowest fifth gained income from \$1,956 in 1958 to \$3,085 while the highest fifth gained from \$15,685 in 1958 to \$21,973 in 1968. Thus the gap in 1958 to \$21,973 in 1968. Thus the gap in 1958 between the poorest and richest fifth which was \$13,729 rose to \$18,888. Thus, the rich were absolutely and relatively richer.

The disparity in incomes received between the rich and the poor is bad. However, the picture is worse when we consider who owns the wealth of the country.

The top fifth of Americans owned 77% of personal wealth in 1962. This was three times more than the entire wealth of the bottom 80%.

The top 1% of families receives only 9% of the income, but it owns between 20 and 30% of all the wealth, and this has been true for decades.

While the number of individual stock holders increased from 9 million in 1956 to 31 million in 1970, the proportion of stock owned by the wealthiest 1% increased from 69.5% in 1953 to 71.6% in 1962.

It is obvious that in fabulous America there is a gross inequity as between incomes and ownership of wealth. It is probably not as bad as in most countries of the world, but it is bad enough to make one realize that it

contains the seeds of grave social unrest, not to mention such consequences as crime, alcoholism, drug addiction and the like. As the inequality grows so will the frustration and anger, all of which will help in creating demagogues who will prey on the envy and hate of the mass of the people.

A sound redistribution of wealth based on justice would eliminate many of the tensions existing and make the nation a safer place for all--the rich and the poor.

* * * * *

Isn't it true that the government not only has the bad habit of living beyond its income but also beyond ours?

* * * * *

The Untouchables in India are stirring a literary revolt there. Impoverished and low-caste authors are writing furious poetry denouncing the system which exploits them. Through India's Constitution outlaws untouchability, the poor are still discriminated against, and the caste system remains in effect.

Angry young authors are beginning to mount protests against the government often reciting their poems on the streets, sometimes getting them published.

This is an excellent sign for the power of the pen in the long run is greater than that of the sword. An example of one of the poems is this one by an anonymous author:

How do we bear the hot sun
By being burned by it
How do we shield ourselves
From the rain
By being drenched in it
How do we cure diseases
By Death
Do you know
Who we are?

Now that India's downtrodden have burst into literature, it is only a question of time before some kind of massive revolutionary action takes place. One can only hope that when this does occur they have a program of dealing with the land which will relieve the shocking poverty which has existed there for far too long.

NEW TRUSTEES

Robert Clancy and Jack Tetley have been elected to the Board of Trustees of the Henry George Foundation of America. Tetley was appointed Chairman of the 1975 Annual Conference Committee and Clancy a member of this committee.

The tentative location is in the mid-west, possibly Colorado, and time will probably be in July or August. Any suggestions as to program, etc. will be welcomed by the Committee - please communicate with Clancy or Tetley.

HGFA (Continued from Page 1.)

for graduates of the Henry George Schools to help put into action the philosophy and proposals of Henry George.

Elsewhere in this issue of the GARGOYLE is stated your opportunity to become a member of the Foundation and to thus aid in the activities of the Henry George Foundation of America.

Also included in the Resolution which was accepted by the Foundation is a provision for the formation of a local, State and National pressure group to bring into being the program for which Georgists are now moving ahead.

FOR LAND'S SAKE!

Jack Tetley

"Yet Prof. Galbraith has managed to issue a complete examination of the economic system and a program for reform without once a mentioning land.

" Attention to the land question would certainly change the direction of the analysis and the proposed reforms. Abolition of the land monopoly and related reforms might even demonstrate that the free market system can work after all."

Robert Clancy - Planning
Away our Lills- LAND & LIBERTY Mar. '74

From FREEFOLK, B.C. - Apr. 1974

"In Bill 31, the B.C. Government has imposed royalty charges on mining, and the Society of Professional Engineers has done a most unusual thing in protesting that this will harm the industry and create unemployment. They suggest a tax on profits instead.

"Where royalties are charged, an operation just able to pay its way is taxed to the point of closing down. Under a land-rent for revenue system, a marginal mine pays nothing. It would never be hurt. The rent is a surplus which if taken from more advantageous mines will not affect employment or the price of ore. It provides an incentive to use land, whereas a tax on profits does not prevent mines being kept idle in order to curtail and monopolise production."

+ + + + +
When I first learned of Henry George having studied at the Henry George School - read PROGRESS & POVERTY - I acquired the greatest respect for the Prophet of San Francisco.

Later on, after becoming the Director of the Henry George School of New Jersey, and having discovered that most of the people did not know of him, and it seemed that the best way to attract attention was to avoid mentioning him. I carefully avoided the use of GEORGE Georgist - Georgism - Single Tax, even

PROGRESS & POVERTY, when I spoke, wrote, taught about the Philosophy.

For a long time I endeavored to present the subject simply as Fundamental Economic Principles.

Today, however, I am convinced that Henry George will some day come into his own and be regarded as the great man he was. I am convinced that his philosophy and principles will ultimately prevail, and that regardless of the title under which it comes about, Henry George - Single Tax - PROGRESS & POVERTY can never be covered up or forgotten.

I'm proud to be known as a Georgist, and a supporter of Georgism. And I would urge all those who feel like-wise to Rally for Action Now! Spread the gospel, fear not being termed - cultist - radical. WE KNOW! WE HAVE THE ANSWER!

Signed: Jack Tetley

SALT OF THE EARTH

Nothing is quite so annoying as to have someone go right on talking when you are interrupting.

A man who gives in when he is wrong is wise; a man who gives in when he is right, is married.

Life does not begin at 40 for those who went like 60 at 20.

The worst thing about retirement is having to drink coffee on your own time.

Depression: A period when you can't spend money you don't have.

Father: A fellow who is put on the pan if he doesn't bring home the bacon.

Farm: A portion of land entirely covered by a mortgage.

Guest Towle: A towel you look at, but never use.

Home: The only place where you can enjoy corn on the cob and soup.

Life Insurance: A plan that keeps you poor all your life so you can die rich.

Man: The only animal with brains enough to find a cure for the diseases caused by his own folly.

EXCELLENT SPONSOR!

More than 50 enrollments have been re-

ceived for the basic course to be given at Roselle Park this fall, and a goodly number for Woodbridge. The course has been advertised as YOUR RIGHT TO KNOW - and will run for five weeks. Dr. O.B. Johannsen will conduct the Roselle Park course and Arthur Hoffer, Woodbridge.