



Farmers and Teachers

So much recent news seems to be about problems concerning teachers and farmers. I can speak from both backgrounds, since I grew on a farm (in Valley County, Nebraska) and became a teacher. I like to believe that I have some insight from schools of thought that are rarely, if ever, referred to in most popular discussions.

Few, if any, modern writers seem to see these problems as facets of a general problem of poverty. The usual suggestion is "The rest of the economy is so rich, and my occupation is so poor!" But we need to ask ourselves a few questions. Do we know of any common ordinary fields of endeavor whose members do not feel themselves to be put upon? Farmers and teachers are far from the only ones who are up against the wall.

We are constantly told how good the economy is and that the Fed has things under control. I don't believe it. The evidence of massive hardship is all around us if we would only look and listen. Each person has an explanation of the hardships that beset his, own area of endeavor.

I was a farm boy in the early 1930s, and things then were largely the same as now: a few farmers were well off, but most were either struggling or giving up. But so it was with all other pursuits. I don't know who was first singled out for subsidies and other special considerations. Even with such help, we still lost our farm to the finance company.

Many people have come forth with ideas for solving the farmer's plight today — but, there aren't so many different approaches. Most of them center around looking for higher sale prices for farm output, or loans to enable holding grain for better markets, or thinking that exports will improve sales.

All of these sound fine at first — but has anyone noticed any long-term benefits? It is hard to believe that the problem of poverty can be solved for farmers without solving it in general. For a long time now, some professional and amateur economists have seen a major problem in the tax system. The problem is not the total quantity of taxes, but the manner in which they are levied. That is, who pays how much — and as a penalty for what. One economist referred to our tax system as "harnessing the profit motive backwards." Most countries base their property tax mainly on the improvements such as buildings, machinery, inventories, equipment, etc. These things all benefit other people. A tax on improvements is an inducement to employ less of them. What really hurts is the very expensive but poorly developed city lots that are held for speculative gains. If farmers think they are not hurt by that, they can guess again. Every part of the economy is connected to every other part.

All of the farmers I know wish they could buy *(continued on page 43)*

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supplies for less. I have news for them. No supplier is going to sell for less unless he needs to. But he doesn't need to unless he has a competitor. And he won't get a competitor until it gets easier for someone to become a competitor. The competitor won't appear until he can afford a location and such buildings and equipment as he might need. Enter tax incentives (a tax on bare land makes it cheaper to buy, while taxes on buildings and equipment makes such things more expensive).

Unfortunately, advocates of such "incentive taxation" too often emphasize the term "land value tax", forgetting the all-important policy of tax relief on improvements. Farmers react with fear because they think of themselves as land owners. The fact is that the expensive land is in town and farm taxes would actually go down in a land value tax system. Many farms would pay no property taxes at all.

To summarize: the farm problem is a market problem, and the market problem is a city problem, and the city problem is expensive land (taxed too lightly) and expensive buildings (taxed too heavily). This reduces the number of people who would like to sell to farmers, and also the number who would like to buy farm products. G

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they may oblige their governments to apply the remedy. Let us develop projects in the US, in Europe, and in whatever countries they are possible, such as: scholarships for university students to study georgist economics, projects to establish nationally syndicated radio and TV shows which educate and advocate the georgist remedy, educational videos, multi-media PR campaigns, popular education programs and member organizations which offer something for attending and passing the course. We must attract good youthful people to the cause, and find ways to make promoting georgism profitable and self-sustaining.

A country like Nicaragua has everything to gain and little to lose from giving the georgist remedy a try. Here, with a rented office and less than \$20K a year, the IHG has been able to arouse the interest of thousands and the participation of hundreds of Nicaraguans in promoting the georgist remedy. And our numbers keep on growing. In the coming years, we hope to establish the critical mass here to make the question of the georgist remedy a national priority.

Yesterday's tragic act of terrorism is horrible and should not be condoned, but it is not giving approval to say that there is a cause for its perpetration, a cause that must be addressed if we really want to avoid the repetition of this horror. — *Managua, Sept. 12, 2001* (This article was edited for publication by Lindy Davies)