

## Subsidies for Landowners

*Wall Street Journal*, June 28.

**S**UBSIDY PROGRAMS have ways of producing unexpected and supposedly unintended results, including a reversion to their original meaning. A new study of who gets the benefits from farm subsidies, prepared at the Brookings Institution by Charles L. Schultze, who was Budget Bureau chief under President Johnson, helps to make the point.

Mr. Schultze concluded that the federal farm program costs the public some \$9 billion to \$10 billion annually in direct federal outlays and in the higher prices consumers pay as a result of price-support operations.

The main beneficiaries of this very large outlay, Mr. Schultze finds, are not small-scale, marginal farmers but farmers with incomes averaging \$20,000 a year. Farm subsidies accrue roughly in proportion to sales and three-fourths of farm product sales are accounted for by these relatively prosperous farmers, Mr. Schultze says.

There is another, even more interesting, effect Mr. Schultze's analysis reveals. Most farm subsidy programs are vested not in the farmer as an individual but in the land on his farm, since they are based on acreage allotments and acreage history. In most cases, the value of the annual subsidy tends to get reflected in the price of farmland, which has risen much faster than farm income in the last fifteen years.

Thus, the farm subsidies have brought about substantial capital gains for long-term holders of land, Mr. Schultze observes. The rising interest and rent costs on the increasingly expensive land have cut into farm operator income. But rents paid to non-farm landlords have risen substantially. The subsidies have mainly benefited landowners.

The removal of subsidies would reduce farmland prices and many owners who have held land a relatively short time might take a substantial capital loss.

If we are to accept Mr. Schultze's analysis, and it sounds well-supported and plausible, farm subsidies haven't done much for the small family-farm operator who was supposed to be the object of federal largesse. About the only way he can get much benefit, in fact, is by selling out. So it might be argued that the subsidy program promotes ownership concentration and landlordism rather than discouraging it.

It is doubtful that the small farmer would have done much worse under a free market than he has under subsidies. A return to a free market almost certainly would affect him less than large operators. All in all, the average consumer and taxpayer who must foot the bill is in very little better position than his counterpart back in the days when monarchy was in the saddle. He is only helping to support a new kind of royalty.

## Fair's Fair

**C**OMMENTING on the Government's recent "fair deal" for housing, the *Daily Telegraph*, July 17, draws attention to the present definition of a "fair rent" as being "the likely market rent that a dwelling could command if supply and demand for rented accommodation were broadly in balance in the area concerned." This absurdity (for only a true market rent would bring supply and demand into balance) is matched by the *Telegraph's* suggestion that the Government declare that "in defined areas of housing shortage the 'fair rents' should be market rents minus, say 25 per cent."

## Man versus Nature

*The Ecologist*, July 1971

**T**ODAY, we are faced with the perfectly hopeless failure of our scientists, technologists, businessmen and politicians to arrest the ever more rapid disintegration of our environment.

If we were capable of looking at things objectively, it might conceivably occur to us that the reason why the efforts of so many able and highly educated men were so totally fruitless, was that there was something radically wrong with the basic principles underlying them, and that the entire behaviour pattern of our industrial society, rather than any of its avoidable features, may in fact be unadaptive, leading to what can only be disaster.

Progress, towards which end all such efforts converge, appears to consist mainly in the substitution of technological processes for natural ones.

### ESSAY COMPETITION

As a donation to the University of Bergen, Mr. Halfdan Hansen and wife Ulrikka nee Forthun have presented the University with Nkr. 10,000 (£580) which will be used as a reward for the best thesis on the following subject:

"Economic liberalism—its characteristic methodology and function. A study, for the evaluation of available data, of liberalism's contribution to the solution of economic problems on the basis of human freedom."

Entrants should forward their papers (as typed manuscripts) to Det akademiske kollegium, Universitetet i Bergen, 5000 Bergen, Norway, before the end of 1971.