

Henry George Newsletter
published by
Henry George School
of Social Science

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Subscription \$5 yr
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THE FARMERS DILEMMA

Amidst the Great Depression of the 1930's, farmers, as well as other workers, were suffering the ravages of an unchecked economy. Knowing little about the causes of business cycles, government charged full speed ahead in dealing with the effects. Since prices were depressed and supply was plentiful, Congress passed the Agricultural Adjustment Act. To curtail production, farmers were given cash subsidies in order to withdraw land from production, and parity was instituted to keep prices from falling below a certain minimum.

Fifty years after the passage of this Act, the gnawing problems of excessive supply, according to the conventional wisdom, and depressed prices, refuse to fade away. Decades of meddling with the agricultural economy have not alleviated the problem and, in some respects, have only caused it to become more aggravated. How, then, are we currently dealing with these inherited problems?

In 1982, farmers reported huge inventories in many of the major crops, causing prices to be depressed. In order for prices to sufficiently rise to standard market levels, it is necessary to reduce supply or production. To facilitate the rise, the Agricultural Department has requested farmers to agree to withdraw land from production in exchange for a payment-in-kind. This program will give free surplus quantities of some of the major crops to the farmers for keeping land idle. These crops are part of the tremendous surplus that is in government-stored warehouses, as a result of keeping prices up in the past.

In terms of acreage, over eighty million acres will be withdrawn. For the average suburbanite to realize the impact of idle land, it would be equivalent to every man, woman and child in this country owning land that is twice the size for the average home. In other words, over 86% of the land normally used for planting will be idle.

Recognizing that farmers are suffering from the effects of the latest recession, as well as others, it is well to take stock of the merits of fifty years of agricultural governmental policy. It is an economic contradiction for a nation to seek inflation control through its policies, and yet encourage higher prices. In a world where hundreds of millions of people are on the verge of starvation, curtailing production borders on economic insanity. More, not less production, is desirable. Land value taxation, properly administered, puts land to its best possible usage, favoring no sector, but favorable to all.