

Who's Flunking Our Economic ABC's?

by MITCHELL S. LURIO

IN a Saturday Evening Post editorial on March 10, 1962, Commerce Secretary Hodges deplored our lack of economic education and then proceeded to make some economic pronouncements that causes one to deplore *his* notions of what constitutes proper economic education.

We can dismiss without comment his first assertion that the country's 16,000 business failures may be laid to improper economic training. Business competence has little to do with economics, unless Mr. Hodges equates economics with business training; and even then most successful business men have not attended graduate business schools.

Joe Doakes is actually better off if he makes no effort to resolve the economic inconsistencies, contradictions, fallacies and prejudices emanating from professional economists, commentators, legislators, as well as business and labor leaders. And as for the knowledge available in college textbooks—how many remember anything of value for their business and political judgments?

Although the Commerce Secretary seemed to approve of free trade without restrictions or quotas of any kind, he compromises his position by stating "there are cases where American business is being hurt by imports and where some sort of government assistance is clearly justified." This means establishment of government subsidies, already the cause of so much chaos.

According to Mr. Hodges, the National Task Force on Economic Education, appointed by the American Economic Association and financed by the Committee for Economic Development, suggests three "standards."

The first is that people should know about trade, the law of diminishing returns, saving, investment and capital formation and the profit incentive. These are understood by all except those who decry the profit system.

The second, that people should be aware of depression problems, is an affront to every man's intelligence.

The third, that people should be "enjoined to know how to measure economic growth in terms of national production and what constitutes a reasonable rate of growth" assumes that economists can measure accurately the extent of national production and the rate of national growth and can do something about it by planning instead of by freedom. Joe Doakes is smarter when he considers only the availability of jobs.

If four simple steps were taken, our economy could be revived overnight. First, competition should be encouraged rather than discouraged. Second, trade should be as free between nations as it is between the states. Third, the dollar should be tied immutably to gold and convertibility should be restored to keep government spending and borrowing in check and to prevent inflation. Fourth, and of course, most important, the annual value of land (all natural resources), which is another name for economic rent, should be taken for public uses, as the means whereby all could share equally in the bounties of nature and eradicate the speculative holding of valuable land out of use.

If economic educators ever presented these principles fairly, side by side with the methods proposed by those who urge a government-controlled economy, the study of economics would have meaning and significance.

Unfortunately, vested interests exist in and out of government and few have the courage to espouse correct but unpopular and nonconforming courses of action—for they are largely captive to their vested interests.

The real obstacles to our achieving a better economic system emanate from those influential forces in business, labor and politics which are not interested in what is best for all but in what appears at the moment to be best for them.

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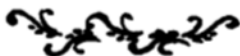
was chosen to serve as chairman of its executive committee.

He enjoyed the association with his fellow Georgists and was a stimulating leader in many informal discussions and debates, at various national conferences of the Henry George School and of the Henry George Foundation. When Pittsburgh was fortu-

nately but rather unexpectedly chosen as the site of the 1962 joint conference held at Chatham College in July, he gave this project his energetic and enthusiastic direction and its success was a fitting climax to his long career of devotion to the Georgist cause.

A memorial meeting was held in Pittsburgh on November 12th.

—Percy R. Williams



CREATIVE THINKING IN TAXATION POLICY

"The man who thinks becomes a light and a power" and the thoughts also become a power which continue to emerge here and there no matter how much opposing powers may try to reject or ignore them.

In an important magazine, the *Engineering News Record*, published by McGraw-Hill in New York, an editorial which came to our attention via P. I. Prentice, publisher of *House & Home Magazine*, concludes, "it deserves a try in the United States." What deserves a try? "The land-tax system (that) has worked well in New Zealand and Australia."

An amendment that proposed allowing municipalities to increase the proportion of property tax on land in California was recently rejected in the Assembly, and thereby, states the editorial, "California missed an opportunity for creative use of tax policy." This would have made it more expensive for speculators to hold land idle, and "such a policy," according to ENR, "stimulates efficient use of land. Moreover, it encourages building, repair of deteriorating structures and other property improvements, since they are not penalized by additional taxes."

Today the price of far-out land is higher in proportion to centrally located land than it was ten years ago. To combat this deterrent to homebuilding, a proposed state constitution amendment in California suggests a seven-year safeguard against speculation on close-in agricultural land which would require a farmer, in selling his land, to pay the difference between the lower agricultural tax rate and the regular tax rate on subdivision land for seven retroactive years.

But opponents claim, and rightly, according to ENR, that this provision is insufficient and that "if a community wishes to reserve open space for future needs there are more certain ways of accomplishing it"—meaning, but not mentioning by name, land value taxation.