

DIRECTORS' PERSPECTIVES

WHERE THE RSF BOARD EXPLORES CURRENT APPLICATIONS AND IMPLICATIONS OF HENRY GEORGE'S TEACHINGS.

THE GREAT ADAPTATION

BY KRIS FEDER

They're now calling this "The Great Adaptation," which brings to mind "The Great Simplification" described by Jason Bradford (in *The Future Is Rural: Food System Adaptations to the Great Simplification*); the crisis is described this way as well as by Richard Heinberg (in *The Party's Over*), by Joel Salatin (*Folks, This Ain't Normal*), and by practically everything published by the Post-Carbon Institute.

The vulnerability that comes with our mutual interdependence is being driven home, not only by the indifference of the spread of Covid-19 to geographical boundaries, but also by collapsing global, national, and regional supply chains.

Now imagine that the nations of the world had long ago designed their political and economic systems properly. Among other things, hydrocarbon extraction would be very expensive, because prices (+ taxes) would reflect both the user costs of depletion of a limited natural resource and the enormous environmental costs of most uses of hydrocarbons. This alone would mean that most long-distance trade would never have been considered as economically rational. Industrial agriculture, with its CAFOs, processed foods, toxic emissions, excessive land use, and rising industrial concentration, would not have developed. Densely populated mega-cities would never have been built. Locally-produced food and renewable energy would instead be the norm.

And there would be few opportunities for rent-takers to bribe government officials to get them to serve private rather than public interests.

The people of the United States might never even have heard about a virus outbreak in some faraway city. And a

threat at home would be addressed by a responsible and functional government.

COMPENSATING FOR LOST REVENUE

BY FRED FOLDVARY AND NICOLAUS TIDEMAN

Governments owe compensation for the losses that individuals and companies incur from the temporary shutdowns that they, these governments, have imposed in response to the coronavirus pandemic. The compensation they owe must be on-going compensation rather than the one-time payments that were recently enacted for individuals. While the shutdowns have been ordered to mitigate the spread of Covid-19 throughout the country.



The compensation that is due from the Federal Government could be provided through the IRS. An individual or an authorized representative of a business or company would apply to the IRS for a monthly grant for 80 percent of its lost net income. The 20% not compensated would provide an incentive for an unemployed worker to apply for a job in those industries and businesses still operating, or for a business or company to switch to producing products (such as medical masks) in high demand.

A business or company that closed temporarily would have a choice of laying off workers or keeping them employed. While other costs would be

reimbursed only 80%, a business or company that kept its workers would be 90% reimbursed for its labor costs, because it is better for the economy as well as for the businesses and companies themselves that the knowledge and productive interaction specific to their business or industry be maintained. The US should also decide explicitly how to pay for this additional public spending. If we ignore the question and let deficits balloon, the default answer is that the spending will be paid for by a combination of debt passed on to future generations and inflation that depletes the value of everyone's cash savings, while reducing the real cost of paying debts and thereby providing unjustified benefits to anyone who owes money. We ought instead to seek a justifiable allocation of costs.

Some passing on of costs to future generations can be justified by the idea that it is reasonable to spread over several generations a cost that randomly strikes one generation. Allowing the cost to be paid by inflation is not justified. To avoid this, we must levy taxes to pay for that part of the cost that is not to be passed on to future generations. What kind of taxes should we levy?

To some extent, because we all would benefit, a general increase in income taxes can be justified. But if we want to assign taxes to those who benefit, we should give special attention to a tax on land values. Overcoming COVID-19 provides a huge boost in land values. And a properly administered tax on land values, unlike nearly any other source of public revenue, does not undermine incentives to be productive. Therefore it is both efficient and just for all levels of government to finance through taxes on land values a significant part of the compensation for the unequal harms of the nationwide shut-down. After the controls are lifted, the economic recovery will be stronger and quicker if businesses and companies are not burdened with added taxes on investments, trade and labor.

Those seeking information and literature on public revenue from land value may contact the Robert Schalkenbach Foundation at info@shalkenbach.org