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OUR VIEW

In defense of Madonna's farm

Madonna, the Queen of Pop, is a farmer. As with most of her ventures, her entry into agriculture is not without controversy.

There's a 24-acre plot next to the Material Girl's estate in the Hamptons, the chic enclave for the rich and famous at the outer end of New York's Long Island. She bought it for $2.2 million.

Which would have been a steal in those environs, had local governments not purchased the development rights from the Grabowski family, who once grew potatoes there, in 2010 for $10 million. The land came with restrictions that keep Madonna from building, and require that the property be used for "production for commercial purposes of agricultural products."

Last year planning officials approved her plans to create a nursery, and recently crews have been planting Leyland Cypress, eastern white pines and Robusta juniper. That crop will reduce the tax bill on the parcel to less than $2,300. If she has $10,000 in sales over two years, the bill drops to under $300.

So Madonna is a nurseryman and her neighbors don't like it.

According to the tabloids, critics around Suffolk County, including some farmers, think it's all a sham. They note that had the original owners sold the property with all rights in tact, the acreage would have sold for $17.5 million and the tax bill would have been north of $150,000 a year.

Madonna, they say, is stealing from local taxpayers — her fellow millionaires. Besides, they claim she isn't really planting a nursery, she's building a forest to block the view from the road to her estate.

Here we rise to Madonna's defense. These development easements are a common tool that has become ever more popular in the West to keep land in farm or forest. The town made the original deal to keep the land from being sliced up for more mansions.

> Ooh, you've got to
> Let your body move to
> the music
> Ooh, you've got to just
> Let your body go with
> the flow
> Ooh, you've got to
> vogue

The Grabowski family accepted the town's offer and must have agreed with its goals. Whether she's an honest farmer or a wealthy star who can afford to guard her privacy, Madonna paid the family a bundle for a piece of land that came with some fairly restrictive covenants that prevent her from exploiting its true economic potential.

As long as all parties make their choice freely, we think these type of deals are a perfect way for farmers to realize the value of their property while keeping it in some type of productive use.

One might legitimately argue that agriculture property tax breaks should go only to "real" farmers producing true commercial crops. We could go for that. But until then, Madonna and thousands of other landed gentry who meet the statutory requirements are entitled to whatever tax benefit their state allows.

A thin premise on which to base an editorial, but likely our only chance to feature Madonna on these pages.

OTHER VIEWS

Phil Knight's Oregon, Nike legacy

The Oregonian

Phil Knight's announcement last week that he plans to relinquish his role as Nike chairman and move most of his company stock into a limited liability company was not surprising. He's 77 and has focused increased attention in recent years on non-corporate matters. A little succession planning makes sense.

Knight and Nike have endured their share of controversy over the years. Knight also has been intensely private. And at times, he has flexed political muscle. How many people can convince a governor to call a special session just to address an issue affecting his company?

But there should be no question that over the past 50-plus years Knight and his companies (Nike started as Blue Ribbon Sports) have been an overwhelmingly positive influence on Oregon. Nike has grown to be by far the largest Oregon-based business, has helped attract many other companies to Oregon, has donated millions to charity and has become an integral part of the state's image. If you want an idea of how successful Nike has been, the website 24/7 did the math. Over the past two decades, Nike's stock rose 2,300 percent. The Standard & Poor's 500, a measure of the broad market, gained 324 percent.

The question for Oregon is whether the state is prepared for the post-Knight era. The state's political leaders could learn some lessons by looking at how Nike grew into one of the world's most recognizable companies:

Build a great brand: This is one Nike trait that Oregon already shares to a certain degree. Just like its largest company, Oregon is known as hip, innovative, tolerant and an overall cool place to be. Unlike Nike, it's not necessarily known for success. Let's just say Nike stock charts look a lot more impressive than Oregon unemployment charts. To take its brand to the next level, Oregon needs to work out some of the kinks and market the state aggressively.

Build beyond your natural strengths: This might very well be one of the most significant differences between Nike and the state it calls home. Oregon took advantage of Intel and Tektronix to build a robust high-tech industry. Nike's presence helped make Oregon the global epicenter for athletic apparel. The state's natural beauty and commitment to environmental stewardship have positioned it well in both tourism and green-related industries. And climate, soil conditions and innovation helped the state emerge as a force in the wine and beer worlds.

But while building on those strengths, the state chose to disregard another natural resource — timber. It also watched traditional manufacturing decline, a nationwide trend but one that is particularly painful here because of manufacturing's role in the economy and the lack of blue-collar jobs.

Phil Knight, in contrast, started out focusing on running shoes. But Nike became a global power to a significant degree because of the branding power created by Air Jordan basketball shoes in the 1980s. In ensuing years, it would create a leading golf brand from scratch by linking up with Tiger Woods. And as the Nike brand grew, the company became the leading outfitter of college and professional sports teams and became ever more creative.

Don't let mistakes cripple you: It's not like everything Phil Knight touched turned to gold. Few remember this now, but at one point in mid-1980s Reebok passed Nike and became the No. 1 U.S. athletic shoe company, in part by putting more emphasis on fashion. Nike broadened its product line, introduced the "Just Do It" slogan, regained the No. 1 spot and never looked back.

Oregon, in contrast, has gone from one unproductive education initiative to another and has largely ignored the problems in rural Oregon.

Despite all his success, Phil Knight was never hugely popular in Oregon, except among fans of UO. Some of that probably is a product of his personality and some of it because Oregon does not easily embrace financial success. And maybe that's the biggest difference. It's hard to be successful without fully embracing success.

OTHER VIEWS

Ending Greece's bleeding

PAUL KRUGMAN
Comment

Europe dodged a bullet on Sunday. Confounding many predictions, Greek voters strongly supported their government's rejection of creditor demands. And even the most ardent supporters of European union should be breathing a sigh of relief.

Of course, that's not the way the creditors would have you see it. Their story, echoed by many in the business press, is that the failure of their attempt to bully Greece into acquiescence was a triumph of irrationality and irresponsibility over sound technocratic advice.

But the campaign of bullying — the attempt to terrify Greeks by cutting off bank financing and threatening general chaos, all with the almost open goal of pushing the current leftist government out of office — was a shameful moment in a Europe that claims to believe in democratic principles. It would have set a terrible precedent if that campaign had succeeded, even if the creditors were making sense.

What's more, they weren't. The truth is that Europe's self-styled technocrats are like medieval doctors who insisted on bleeding their patients — and when their treatment made the patients sicker, demanded even more bleeding. A "yes" vote in Greece would have condemned the country to years more of suffering under policies that haven't worked and in fact, given the arithmetic, can't work: Austerity probably shrinks the economy faster than it reduces debt, so that all the suffering serves no purpose. The landslide victory of the "no" side offers at least a chance for an escape from this trap.

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But how can such an escape be managed? Is there any way for Greece to remain in the euro? And is this desirable in any case?

The most immediate question involves Greek banks. In advance of the referendum, the European Central Bank cut off their access to additional funds, helping to precipitate panic and force the government to impose a bank holiday and capital controls. The central bank now faces an awkward choice: If it resumes normal financing it will as much as admit that the previous freeze was political, but if it doesn't it will effectively force Greece into introducing a new currency.

Specifically, if the money doesn't start flowing from Frankfurt (the headquarters of the central bank), Greece will have no choice but to start paying wages and pensions with IOUs, which will de facto be a parallel currency — and which might soon turn into the new drachma.

Suppose, on the other hand, that the central bank does resume normal lending, and the banking crisis eases. That still leaves the question of how to restore economic growth.

In the failed negotiations that led up to Sunday's referendum, the central sticking point was Greece's demand for permanent debt relief, to remove the cloud hanging over its economy. The troika — the institutions representing creditor interests — refused, even though we now know that one member of the troika, the International Monetary Fund, had concluded independently that Greece's debt cannot be paid. But will they reconsider now that the attempt to drive the governing leftist coalition from office has failed?

I have no idea — and in any case there is now a strong argument that Greek exit from the euro is the best of bad options.

Imagine, for a moment, that Greece had never adopted the euro, that it had merely fixed the value of the drachma in terms of euros. What would basic economic analysis say it should do now? The answer, overwhelmingly, would be that it should devalue — let the drachma's value drop, both to encourage exports and to break out of the cycle of deflation.

Of course, Greece no longer has its own currency, and many analysts used to claim that adopting the euro was an irreversible move — after all, any hint of euro exit would set off devastating bank runs and a financial crisis. But at this point that financial crisis has already happened, so that the biggest costs of euro exit have been paid. Why, then, not go for the benefits?

Would Greek exit from the euro work as well as Iceland's highly successful devaluation in 2008-09, or Argentina's abandonment of its one-peso-one-dollar policy in 2001-02? Maybe not — but consider the alternatives. Unless Greece receives really major debt relief, and possibly even then, leaving the euro offers the only plausible escape route from its endless economic nightmare.

And let's be clear: If Greece ends up leaving the euro, it won't mean that the Greeks are bad Europeans. Greece's debt problem reflected irresponsible lending as well as irresponsible borrowing, and in any case the Greeks have paid for their government's sins many times over. If they can't make a go of Europe's common currency, it's because that common currency offers no respite for countries in trouble. The important thing now is to do whatever it takes to end the bleeding.

■

Paul Krugman joined The New York Times in 1999 as a columnist on the Op-Ed Page and continues as professor of Economics and International Affairs at Princeton University.

YOUR VIEWS

Lack of security leading to thefts at Hermiston Cemetery

I have been wondering if it would be appropriate to have more security at Hermiston Cemetery.

Last Memorial Day I decorated some graves as usual. Around my parents' headstone I placed five containers with six bedding plants each of white violas, yellow snapdragons, orange marigolds, portulacas, and red dianthus, also single containers of lobelias and violas. I thought they made an attractive display.

The next day after work I returned to see the flowers, but to my surprise and disappointment they were all gone. I had read previously about such things happening, but experiencing it was quite another matter. I felt sad and hurt.

The next afternoon I went back earlier and walked around for some time, curious about whether I would see the missing flowers.

The cemetery was still beautifully decorated, and the other flowers that I had put out were still in place. I walked quite awhile and surveyed pretty well all the flowers, and I was glad not to find any that resembled the ones I had missed. It seems that whoever took the plants took them not to decorate graves, but to plant. I suppose that to someone's perverted thinking, it seemed to be a real bargain.

I have been stolen from before, and I know that thieves have been around for a long time. Maybe it takes a special kind of thief to steal from a cemetery. Such a person is disrespectful to both the dead and the living and, I might add, to God.

I doubt that the city would be willing to invest in a few well-placed security cameras at the cemetery, but for some people that might serve as a deterrent when the deterrent of conscience is missing.

Ron Ingle
Hermiston

LETTERS POLICY

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