

Why Are Rents High?

PRESIDENT COOLIDGE is rightly reluctant to have the government interfere with business as it is usually done; but he has let it be known that he is of the opinion that Congress will have to do something about rents in Washington. In the first place, the high rents have to be paid by government employes out of their salaries. Inasmuch as the employes have to live, the government must pay them salaries high enough for them to live upon; hence, high rents must in the end call for higher salaries from the government.

It is astonishing that he does not see the very just and simple remedy which stares every observer in the face. Rents are high in Washington because houses are scarce in proportion to the population. Houses are scarce because vacant lots are plenty. There are plenty of vacant lots to house a population of ten times that of the District of Columbia—if they were not vacant. The remedy for the rent crisis is more vacant houses and fewer vacant lots.

The president and his secretary of the treasury have said so much about tax-exemption that one would expect one of them to hit upon the real remedy. They complain that money is "driven" into investment in tax-exempt securities so that business which must borrow on ordinary notes and bonds cannot get money it needs on the proper terms.

They might apply this principle to the housing shortage. The remedy is to make houses tax-exempt and to tax vacant lots more heavily. Then money would rush—or be "driven"—into house-building and out of vacant lot holding. Rents would fall. Vacant lots would decrease; vacant houses would increase. And it would not be necessary for the government to bother about any new rent law. Natural law would operate in the right direction.—HERBERT QUICK (Syndictaed.)

Why Fine the Virtuous

LEGISLATORS, taking advantage of the anguish usually attending pecuniary loss, have created an elaborate system of penalties in the form of money exactions imposed upon violators of the law. Unfortunately, having thus found it convenient to obtain money simply by taking it, and failing to discriminate between the social nuisance and the social enemy on the one hand and the social benefactor on the other, these same legislators have created another elaborate system of penalties imposed upon the best citizens for such activities as building homes and factories, engaging in business, and employing their fellow citizens. With this difference: If a man gets drunk and disorderly, he is fined once; if he builds a house, he is fined (taxed) every year, unless he repents and tears down the house.

One reason why criminals and the most useful citizens are all dealt with by the same method is that our lawmakers don't know what else to do, being all at sea on the subject of taxation, and having no fundamentals or guiding principles, except, like the bandit, to get where the getting is good. Another reason is that we have never outlived the traditions of a time when governments acknowledged no ethical obligations, and followed no ideals save irresponsible brute force.

As legislators have never yet discovered that the state (the community) has a form of property and income peculiarly and legitimately its own, they naturally conclude that the state, like the beggar and the robber, must live off everybody else's income—the incomes of private citizens and corporations—and that the repressing and damaging consequences are unavoidable.

Land is a continuity and a perpetuity, and acquires primarily an annual value (a continuous flow) which economists have termed "economic rent" or ground rent. Because efficient use is promoted by private title and possession, and because the state has permitted the greater part of economic rent to accrue in private hands and become capitalized in the selling price of land, we have become accustomed to regarding land as private property. But no form of property, especially landed property, is absolute and unqualified. For the landowner to assume the right to appropriate economic rent is to assume a lordship over his fellow citizens that makes a mockery of our boasted democratic equality. The right to "life, liberty and the pursuit of happiness" is a sham if the equal right to the use of the earth is denied, and the assertion of a superior right in favor of a few tends to destroy social stability by arraying the disinherited against the entire fabric of government.

It is true that in building the bridge we have destroyed \$4,000,000 of ratables, but the Jersey half of the value of the bridge (say \$15,000,000) which we have gained will all go into land values, as there is nowhere else for it to go. Our leading citizens are already industriously selling the bridge, and they will continue to sell it with other community-made land values until the community takes its own. Meanwhile we graft on paperhangers and barbers.

But occupation tax strikes everybody in the face whose presence and activities are of any value to the community. Such a tax has a plutocratic tendency, because it favors the strong as against the weak. It plays into the hands of men who have made their pile and established their business on a firm foundation, for in a measure it shields such men, who themselves are well able to pay the tax, from the potential competition of the little fellows who are struggling to gain a foothold and who need every dollar and more. This tax is built on the idea that the fellow on the top rung of the ladder should kick everybody off between him and the ground. It is a small-calibre legislation, favored alike by councilmanic and by commission

governments, and illustrates the depths to which we have been brought by a crooked and bankrupt philosophy of taxation.—HENRY FORD in Camden, (N.J.) *Daily Courier*.

Taxation of Economic Rent

TODAY I got \$10,000 I didn't earn. So others will have to earn \$10,000 they will not get.

Twelve years ago in the village of Clawson, Michigan, a corner lot sold for \$2,500. Then Ford workers and others settled around that corner, increasing its land value. Eight years ago I bought that corner for \$8,500 and moved an old building onto it. This I rented to a druggist, who has paid the expense of my holding that corner ever since. Then still others moved there, increasing its land value still more. Today I sold that corner to the druggist for \$20,000. That lot, as a lot, is not worth a dollar more than when I bought it, but the people who live around that lot give it its value. I sold that druggist the people, not the lot. The man I bought it from profited \$6,000, and my rake-off was \$10,000. So that druggist has \$16,000 invested that we got, and he will have to charge it up on things he sells. Ford thought the druggists were overcharging, so he put in a stock of drugs to sell his workmen. He does not see what increasing land values are doing to his workers. If tomorrow it should be announced that Ford were again to increase the wages of his men, land values would jump up still more and take it away from them. Ford cannot see the joke.

The lot I sold is about 34 miles out of Detroit. Now look at the increased land values in Detroit. Say they are only one billion dollars. This means that employed capital and labor in Detroit will have to earn at least one million a week that it will not get. Increased land values are paid for in interest and higher rents and charged up whether you buy prunes, cough syrup or get a tooth pulled.

Manufacturers associations and labor organizations are still cave men. They want to take something away from one another and as yet haven't one bit of economic sense. They are so near-sighted they do not realize that increasing land values are getting a big part of their earnings.

Single Tax would untax improvements created by employed capital and labor, and instead tax vacant lots the same as lots in use. It would not tax improvements on a lot but would base its value on the number of people around that lot. That is called location value, and would make holding idle lots unprofitable and throw them on the market. If we were operating under Single Tax, that druggist could probably have bought that corner for \$2,000 instead of \$20,000 and workers could buy a lot for \$50 instead of \$1,500. Increased land values not only increase the price of lots, but the cost is added to everything we buy.

Today it takes at least \$7,000 to buy a humble home and furnishings. What chance is there for young people of marriageable age? We can build a church on every

corner, but unless we elders learn to look through the eyes of youth and recognize their predicament churches and all will go to the devil.

We older folks have yet to learn that it takes backbone to be religious and face sin in its den. We claim to believe that God made man in His image. Yet birds have the privilege of building a nest in any place not in use, while man has to pay tribute to land speculators. Let's stop whining. Is it not sacrilegious for intelligent men and women to pray, "Thy Kingdom come, Thy will be done on earth as it is in Heaven," and then not know what our present system of taxation is doing to us? We might as well pray for ice cream sodas in hell.

—GERRIT J. JOHNSON in *Detroit News*.

A Vision Of The World To Be

IF we can picture men and women the world over actuated by the desire to make all others happy, acting towards all others as if they really were their brothers and sisters and as interested in their welfare as their own, we can have the picture of a perfect world, perfectly free, which such a perfect religion brings to men. It would involve a perfect equality of opportunity for every man, woman and child in the world. It would enable every soul born on earth to realize the ideal life which is his birthright from his Creator. It would take away the old idea of charity, or alms-giving and its consequent humiliation, and substitute that justice which the Lord demands of every one of us. True charity, or sincere love to the neighbor, would take the place of mere piety in religion. Religion would thereby become the reign of heavenly law and transform the earth into heaven. REV. WALTER B. MURRAY in *New Church Messenger*.

WILLIAM E. GLADSTONE was deficient in humor and despised science. A friend induced him to visit a laboratory, in which a really great and useful man was engaged. He exhibited a new contrivance to Gladstone, who, however, did not attempt to conceal the fact that he was bored. "What good is it?" asked the premier of Great Britain. "Well," replied the scientist, "if I succeed, as I hope, it will give you something new to tax." There was a twinkle in the scientist's eye, the friend laughed, but Gladstone saw nothing funny in it.

THAT costly and utterly useless department at Washington, over which Mr. Hoover presides, is trying to induce manufacturers to simplify and standardize their output, so that everything one uses, from a teaspoon to a baby carriage, would be exactly like those used by others. No variety at all! It is claimed that hundreds of millions could be saved. Then comes that blunt, rude writer of syndicate articles, Herbert Quick, and asks Herbert Hoover, "Saved for whom?" We imagine that the official Herbert and the writer Herbert never could get along together.