

gathering place of authors, writers, editors and professional people. Some of the delegates will join Mr. Howe on his island immediately following the Philadelphia convention and thus have an opportunity for some further discussion of an informal nature.

Complete information, including a more detailed outline of the programme of the Henry George Congress, will be available after August 1st, and will be sent by mail, upon application to Secretary P. R. Williams at the Philadelphia headquarters of the Foundation, 1306 Berger Building, Pittsburgh, Pa.

How Ohio "Helps" the Home-seeker

HAPPENING to glance into a waste-paper basket, I saw a large book of uninviting appearance. I experienced the kind, if not the same degree, of emotion that normal persons feel on seeing a neglected or mistreated child or dog. I hastily rescued the volume. Its title: Thirty-fourth Annual Report of the Superintendent of Building and Loan Associations of the State of Ohio for the Fiscal Year Ending June 30, 1924.

The Legislature requires that a copy of this book be sent to the secretary of each of the 880 building and loan associations in the State. It is admitted that the 10,000 directors "seldom see the annual report," and that "if it has anything of value, they never read it." Another significant admission is made as follows: "The annual reports of the State Building and Loan Department, like the annual reports of most state officials, have been of little value to the general public. The publication is so long delayed, and is so voluminous, dry and uninteresting, that few patrons of associations ever read it. Even the officers of the associations, aside from the secretary, seldom see a copy."

The student of government must conclude that the publication of this book is a costly mistake. It comprises 477 pages, nearly all statistical matter in fine type.

Perhaps the business of loaning money and soliciting deposits needs state regulation. Let us waive that point. Remains the consideration that one bureau should be enough. Why have a separate bureau for building and loan associations?

Although the report acknowledges that it is seldom seen by the building and loan directors, Superintendent Tannehill makes the further humble admission that "these capable and efficient directors know far more as to methods of successful operation than any Superintendent can possibly know." Here a state official confesses that he knows less than do the people whom he is paid to watch and regulate.

Although Ohio's government has had a special bureau for 36 years to regulate building and loan associations,

Superintendent Tannehill declares that more laws are needed to protect the public from them. For one thing, the associations may legally loan as much as they please to their own officers and directors. "I found," writes Mr. Tannehill, "that the Municipal Savings and Loan Company had over 80 per cent of its assets loaned to its officers and directors who were connected with subsidiary realty companies. It was impossible to bring these eggs back into their proper basket without a catastrophe."

This ugly smash of a Cleveland building and loan company caused the State large expense for criminal prosecutions, but no building and loan officer has been sent to prison. It is unreasonable if skepticism is felt regarding state regulation? If, after 36 years of experience, such elementary principles of banking are not required by the law, what good does this governmental "protection" do?

One reading Superintendent Tannehill's comments must gain the impression that he is too modest regarding his knowledge of the building and loan business. He knows much; for here is what he says:

"I trust the day will soon arrive in Ohio when every patron of every building and loan association will know, before he enters the office of the association, the actual interest rate he will be required to pay for the loan he seeks, and what rate he will receive on his deposits, and that all loan business and unnecessary fines, commissions, charges and surcharges, and all fees for profit, will be banished forever from the plan of operation of all such institutions."

In 1924, Superintendent Tannehill had a deputy, an auditor, a statistician, an assistant statistician, a private secretary, and 18 examiners. They collected \$105,854.96 in fees and percentages on business from the building and loan associations, spent \$72,022.63 for salaries, traveling, printing and other expenses, and turned \$33,832.33 into the General Revenue Fund. Rent and janitor service are not mentioned, and are probably paid from another fund, serving to conceal the actual cost of the bureau. This system of collecting money is one of the one hundred or more bad methods of providing revenue for Ohio's state government. It is bad, because it is an indirect tax, passed on by the building and loan associations to their customers. It increases the cost of making loans to those who are trying to own homes. If the bureau is performing a necessary governmental function, its expenses should be met wholly from the general fund. When will that obviously sound business principle get into the heads of legislators? The cost of collecting this \$105,854.96 from 880 associations is, manifestly, pure waste.

And the report, if one is needed annually, should be put into a small, readable pamphlet.

Mr. Tannehill claims that his bureau has crushed out wildcat building and loan stock promotion sales, and lotteries calling themselves building and loan associations, but Ohio has another and special bureau to protect the

people from such swindles. Governor Donahey, in vetoing the real estate bureau bill, declared against having special laws to prevent special brands of dishonesty. A general law against fraud ought to be enough. There is too much duplication and complexity in government. It causes confusion and needless cost, gives opportunity for graft, and tends to build up a high bureaucratic and political machine.

Superintendent Tannehill publishes the following amazing statement as his own belief:

"The building and loan association is the greatest instrumentality that the human mind has ever devised to aid men and women to secure homes."

If this be true, why is it that, after 36 years' experience with this state-regulated instrumentality, a majority of families are paying higher and higher rentals for smaller and smaller space? Mr. Tannehill draws a picture of present housing conditions utterly inconsistent with his idea that building and loan associations "aid" in home-owning:

"Over half the wage-earners and men on salaries in our cities pay half their incomes for rent. . . . A great many of these rented houses are not homes. They are mere places of abode with none of the conveniences of modern life. The renter who is paying two dollars rent per day for an old shack cannot be expected to spend anything additional for improvements."

The only remedy for such sad conditions, according to Mr. Tannehill, is to "help a large proportion of these renters to become home owners," an assumption for which there is not the slightest foundation. He says that the building and loan associations "must have additional funds if they are to render this indispensable service to the rent-oppressed citizens."

Mr. Tannehill has not thought his proposition out. He needs to make a study of the science of political economy, and learn of the natural laws which control wages, ground rent, and interest. Capital is not, as he mistakenly thinks, the only or even the chief element in the problem of building houses. Even if money were supplied at one per cent, or if it fell like manna from heaven, the housing problem would remain just as difficult as ever; for the landowners and speculators would absorb in higher land values all the benefit of the more abundant capital. Mr. Tannehill gives no hint that he has ever thought it necessary to secure a site or location before a house can be erected. He ignores the land question.

It may not be amiss to recall the fact that Superintendent Tannehill, who now says more money for home-seekers is needed, was last year one of the leading advocates of a tax measure, under which it was proposed to tax bank deposits "automatically." He wanted \$40,000,000 additional revenue annually derived by the State from taxes on money, notes, mortgages, stocks and bonds. This is a glaring inconsistency. To make it easier to get money, no tax at all should be levied on any form of capital.

Why is it so difficult to own a home? Well, the State of Ohio maintains a bureau to watch the building and loan associations. One tax on the home-seeker! The building and loan companies maintains a bureau at the capital to watch the State, and for lobbying and publicity purposes. Second tax! The home-seeker must bribe a land speculator. Third tax! The State taxes all the building materials; often several times. Let's call it the fourth tax, although it amounts to several. The borrowed money is taxed. Fifth tax! The State taxes the house every year at nearly full value. Sixth tax, which alone doubles the cost of the average dwelling during its lifetime. Everything that goes into the home in the way of furnishings is taxed. Seventh! Not contented with this, our beneficent legislators impose all sorts of taxes, too numerous to mention, which fall on food, clothing, medicines, amusements, etc.

There is no mystery at all about the housing problem.

—HOWARD M. HOLMES.

Santa Fe Railway Approves Single Tax in California

THE annually increasing prosperity of the Santa Fe Railway in California has caused it to discover the advantages of the Single Tax. Its lines extend the entire length of the San Joaquin Valley, to San Francisco, a distance of about 250 miles, one continuous garden of cotton, oranges, figs, peaches, olives, grapes, almonds, alfalfa dairies and numberless other farm products.

The Colonization Department of that Railway in its pamphlet, "San Joaquin Valley, California," rightfully gives credit to the irrigation districts for this wonderful transformation of the Valley, within a period of seventeen years, from an almost desolate waste of exhausted grain farms to one of the most beautiful regions of the world, and, after telling about the organization and development of the districts, says:

"Another progressive step is taken, also, in the matter of taxation, for, while heretofore the irrigation districts have taxed improvements, the prevailing practice now is to tax land values only."

The Santa Fe owns no speculative lands in California.

In 1909 the Legislature of California passed the act permitting the five old irrigation districts, and compelling all new districts, to collect all assessments by a tax levied solely on land value. The fifteen other districts had failed, leaving less than 500,000 acres in the five remaining ones, with probably not over 50,000 acres in fruits.

Today, 17 years later, there are over 100 irrigation districts in California organized under this Single Tax law, the total area of which exceeds 4,000,000 acres. All of this land is rapidly being brought to the highest state of cultivation, as each district taxes its land according to