

the clergy, as bound up with the moral order to which they were pledged to dedicate their lives.

But, just as the Interchurch Movement made this gesture of concern for social regeneration based on just relations in industry and commerce, the great organization was suddenly and mysteriously smitten with financial paralysis. We do not, however, believe that the disbanding of the Interchurch Movement means the triumph of the forces that, consciously or not, labor to undermine the foundations of economic and political equality upon which our civilizations rest.

In some other way, we believe, the churches will redeem their trust as the army of righteousness.

Why Do They Do It?

IT would seem that such a body as the Associated General Contractors would view with satisfaction any proposed legislation tending to encourage the building of houses.

For the purpose of discussing remedies for the present acute housing shortage, the National Housing Association held its Eighth Conference at Bridgeport, Conn., on Dec. 9, 10 and 11, 1920.

One of the principal papers at that Conference was by Harold G. Aron, professor of real estate law in the New York Law School, former chief of the Property Bureau of the Housing Division of the Emergency Fleet Corporation and special counsel to the State Commission on Taxation. Prof. Aron made the following statement regarding the housing shortage:

"That can best be met by a modification of the usury laws, a removal of the present income tax discrimination against mortgages, and a limited exemption of new dwellings from taxation. I believe I was the first to advocate this last measure as a constructive remedy for the housing shortage; and as special counsel for the State Commission on Taxation found the Legislature ready and willing to pass it, which they did, and when we cease playing politics with the vitally important ordinance to make the exemption effective in New York City, we shall find a real stimulus to new building.

"I regard the tax exemption privilege as one of the most beneficial and far reaching aids to better housing which we have yet seen."

A Report of Prof. Aron's address appears in the January Bulletin of the Associated General Contractors. It was prepared by Henry S. Pitts, who is described as the "official representative" of the Association at the Conference. But his Report contains not one word in reference to the tax exemption law, which is considered by Prof. Aron as a "real stimulus to new building," and "one of the most beneficial and far-reaching aids to better housing."

Quite obviously, no legitimate interest of the Associated General Contractors, as such, is served by the suppression

of all reference to this important discussion of tax exemption on new building.

What interests, then, are served by this apparent conspiracy of silence?

Why do they do it?

No stranger things have come up for confession and explanation before the Lockwood Housing Commission.

That illegitimate trade methods for profit were resorted to, all the world now knows and understands; but why this shyness about supporting a fiscal procedure that is perfectly legitimate and in accord with public interest as well as honest industry?

Is it possible that interests that benefit by the housing shortage are able to control the policy of the Associated General Contractors?

Economics of A Steel Magnate

ELBERT H. GARY, Chairman of the United States Steel Corporation Board, discusses with faintly veiled satisfaction in the *New York Times* of Jan. 9, 1921, the phenomenon of 2,000,000 idle American workmen.

To him, this ominous phenomenon appears as a welcome return to normal times, with the ranks of organized labor demoralized and broken by desperate competition for a wage below the living margin.

When the late Secretary Franklin Lane offered to our returning soldiers an opportunity of earning a scanty livelihood on allotments in the swamp and cut-over lands—those almost worthless discards of our natural resources—he was careful to make stipulations (cruelly ironical and superfluous under the circumstances) against any rush to freedom that might affect the labor market. Mr. Lane's solicitude about the effect of free access to natural opportunities upon the wage rate in manufacturing centres did credit to his knowledge of fundamental economics. His use of that knowledge, however, showed little respect for the spirit of our Declaration of Independence, which proclaimed for all men the right to "life, liberty and the pursuit of happiness." He preferred to serve the spirit of this profit-mad time. Cheap labor, rather than free men.

Whether Mr. Gary sees as clearly as did Secretary Lane the wage-effect of free access to the country's idle land, we do not know. Not a trace of such perception of elementary economic law appears in his long pronouncement on the grave issues facing both Capital and Labor today.

A workman, with his limited schooling and less chance later, for a broad outlook over the factors affecting his economic condition, must have our compassion and patience. It is less easy, however, to forgive an industrial leader whose very occupation gives him large personal experience with fiscal laws and economic forces. Mr. Gary knows perfectly well that, throughout the length and breadth of this country, natural opportunities, unused, are held locked and barred. Does he, in conscience, consent to a legalized wrong that holds American soil out of its natural productive use by American labor?

"I am not unaware," he says, "of human needs and human feelings, but I am trying abstractly to explain a situation that exists." The effort does not seem to have been a strenuous one, certainly not an intelligent one. To discuss the labor question in America without reference to American land is as conspicuously fatuous as to discuss astronomy without reference to the sun.

Fiddling by industrial monarchs in these dangerous times is a foolish and may-be fatal performance.

"The civilized world," said a great American seer, "is trembling on the verge of a great movement. Either it must be a leap upward, which will open the way to advances yet undreamed of, or it must be a plunge downward, which will carry us back to barbarism."

This is no time for economic trifling. It is a time for courageously facing the truth. For only in the truth can there be found salvation.

Coal Operators versus Coal Royalties

THE following extracts from the *Evening World* of Dec. 9 indicate interesting educational progress in economics. Some, at least, of the country's big producing organizations are evidently beginning to understand rudimentary economics and grasp fundamental distinctions, hitherto overlooked or disregarded.

The coal operators, for instance, refuse any longer to be confounded with the coal land owner who, as such (they now perceive) is in no sense a producer, but simply a toll-collector. As the knowledge of this elementary distinction between the economic functions of land-using and land-owning progresses amongst the leaders of real productive enterprises (and we include among these the leaders of organized labor), definite action for a re-adjustment of fiscal obligations toward the nation, State and municipality is bound to follow.

It is really amazing that otherwise intelligent men have been so slow in seeing the absurdity and iniquity of penalizing by taxation the use of land, while favoring with tax immunity the non-use of land. Surely the time has come when ownership of American soil shall involve obligations as to its adequate and rightful use.

The extract from the *Evening World* reads as follows:

POTTSVILLE, PA., Dec. 9.—None of the four investigations in progress on the anthracite coal monopoly today furnished evidence half as startling as that of the trust's own declaration made here by its Bureau of Information, to the effect that "the Girard estate is getting on royalties an average of 20 per cent. of the mine price of coal, all sizes, from its tenants." The actual percentages in the leases from the estate to tenants vary, but does not fall under the 20 per cent.

It is little wonder that former Judge James Gay Gordon of Philadelphia, who recently investigated the Girard estate, should say: "The leases of the coal lands have proved very profitable to the estate."

The Coal Trust now says it is ready to prove that while some coal companies during the period of war regulation lost \$731,352, the Girard estate was making out of these same companies the handsome profit of \$2,051,933 on royalties.

"We had long suspected that a part of the extremely high cost of anthracite had its cause in the enormously high royalties exacted by land owners," declared officers of the Anthracite Consumers' League today, "but we did not know the figures ran quite so high as those vouched for by the Coal Trust, which are official."

"There should be no time lost in forcing an end to this extortion of the people. There should be a reduction of fully 70 per cent. in royalties. An investigation of the Girard estate has been proposed, but the eminent respectables who compose the Board of Managers at Philadelphia have always been able to quash all such movements in the Legislature of Pennsylvania.

"Such an investigation should be started at once by United States Senators Calder and Edge. It is possible by legislation in Congress to at once stop this extortion. No coal mined under extortionate royalties should be permitted to be transported in interstate commerce. Such a bill would bring the Girard estate and all other extortionate land owners to reason at once."

We venture to recommend the officers of both the Coal Trust and the Anthracite Consumers' League to make themselves acquainted with the Federal Land Tax of Australia, and then get behind a move for similar legislation here. It is a much more practicable proposition than the interstate device suggested above, which is purely negative in its effects. The Federal Land Tax, with State legislation on the same lines, would both check royalty abuses and develop unused properties, to the advantage of consumers and operators alike.

Dodging The Land Tax

MR. E. J. SHRIVER, of this city, having written a letter to the Secretary of the Treasury regarding the latter's recent statement before the Senate Finance Committee, in which he advocated all sorts of new taxes and neglected to make any reference to the Ralston-Nolan bill as a source of revenue, the Secretary replied as follows:

"I have your letter of Dec. 27 and have noted the expression of your views on the land tax. I have had no intimation that Congress will take up a measure of this sort. I imagine aside from other difficulties, the constitutional objection to which you refer would be a controlling one."

The framers of the Ralston-Nolan bill have tried to overcome this constitutional objection. But as Mr. Dooley reminds us the Supreme Court follows the election returns. If a sufficient support is given to the bill the Court may find reasons to decide it constitutional. Considering that this bill has been widely discussed over the whole country, it seems not a little strange that the Secretary has not heard of it, though it may be that he has confidential advices that it will not be taken up for consideration.