

favorite argument in New York where even a 2.85% tax on buildings does not seem to appreciably reduce the height of buildings.

Sir John sums up his report in the following paragraphs:

THE DISADVANTAGES

"Whilst the Select Committee came to the conclusion that a new standard of rating based upon the yearly value of land, apart from the buildings, was sound and would prove advantageous, the Departmental Committee on Local Taxation, which later considered the question, reporting in 1914, came to a different conclusion, and reported that it could not be recommended. As to the disadvantages, I do not propose to deal with these beyond stating the grounds of objection of the Departmental Committee, which were as follows:

That the benefit derived by landowners (using the term in its broadest sense) from the general activity and expenditure of the community is not sufficient to justify the charge of the whole cost of local government, present and prospective, on this class.

That a large part of this benefit is due to other causes than the activity and expenditures of the persons living in the local government area or areas in which the land is situated.

That other classes of the community derive benefit from communal services, and that many of these would not contribute towards the cost of such services, either directly or indirectly, under the proposed basis of rating.

That we are strongly of the opinion that the primary criterion to be taken into account in distributing the burden of local expenditure is that of "ability to pay," and that the present rating system conforms more nearly to this principle than that proposed.

That a system of rating upon land values would, we believe, tend to increased congestion of buildings.

That the proposal, if adopted, to give the occupier the right of deducting the rate from his rent would dangerously reduce the number of ratepayers, and would tend to deplorable results in local government.

That the defects and inequalities of the present system—*i.e.*, its effect in discouraging the improvement of rateable premises—are unduly emphasized by those who support the change, while it is doubtful whether the alternative system proposed would give rise to fewer defects and inequalities."

If this be an impartial report, we wonder what kind of document Sir John Lindsay would have produced had he undertaken to refute the whole idea.

"None are so blind as those that will not see." If officials like Sir John Lindsay and his ilk are products of the permanent official system, we may well stop to ponder whether with all its evils, the system of rotation in office is not preferable to one which enables an official to "load the dice" with the weight of official dignity as Sir John

Lindsay has done in his insidious brief on behalf of landlordism, disguised as an impartial Report to the Glasgow Corporation.

Horrors of the Housing Famine

THE shortage of houses and apartments in New York is producing results most menacing to the future peace and well-being of the city. The latent hostility to landlords, agents and janitors is bursting into the open in the poorer districts. Rents are still rising while wages fall or cease entirely as the result of disemployment. Because the rent restriction laws and the laws depriving owners of the power of summary ejection have given tenants a temporary fixity of tenure a deceitful aspect of calmness seems to envelop the housing situation, but underneath the surface a bitter struggle is raging.

If anyone imagines that landlords are philosophically accepting the limitations put upon them by the legislature, he is much mistaken. Especially is it untrue of the horde of middlemen who in one guise or another have inserted themselves between the owners and the tenants. These people have contracted to pay the owners the full rental value of the houses that they have taken over; hence they must seek their profits by rack-renting the tenants. No device is too base to deter them from employing it, if it can only accomplish the result of getting out the old tenant whose rent cannot be raised, so that a new tenant can be put in at a rent which will be "all the traffic will bear."

The janitor is the usual instrument of oppression. His own poverty nerves and drives him to harry his kind. The owner is prevented by law from refusing tenants service necessary to the occupancy of the building in order to force them out, but he can and does retain a janitor who insults tenants and their visitors, cuts the wires of electric bells and door-openers and refuses to have them repaired, foments quarrels among tenants by circulating defamatory stories with the expectation that disorders will follow which will form a pretext for demanding writs of ejectment on the ground that the parties involved are disorderly persons, and in numberless other ways seeks to drive the tenants to desperation so that they may quit of their own accord. Only desperation will make them move, for there is nowhere to go.

A woman, the mother of a family, was rescued from the East River recently, whose mind had become temporarily unsettled by her inability to find a home for herself and children. The phycopathic ward at Bellevue has had many cases of similar dementia. The municipal courts all through the torrid spell have been filled with hundreds of landlord-and-tenant suits, and heartrending cases are of common occurrence. It is no exaggeration to say that the poorer sections of the city are in the grip of a reign of terror.

What is being done to relieve the situation? The answer must be, that little is being accomplished. The bill partially exempting new dwellings from taxation for ten years has given an impetus to new building, but the obstacles in the way of a big movement seem almost insuperable. Even

with the decrease in prices of which we have heard, it costs today \$1,250 to build a room which cost \$500 before the war. For this reason lending companies refuse to lend more than 50% of the cost of construction, because they believe prices must fall, and when they do buildings will not be good security for more than half their present value. Old houses which were purchasable before the war for \$11,000 to \$13,000 are now quoted at \$23,000 to \$28,000.

The cause of this situation will be no puzzle to Single Taxers. To a degree which few realize, every article entering into a building is under monopoly control. The monopolists themselves claim and admit the truth of this statement, but point out that they make no profits. With the aid of skilled accountants they demonstrate that the increase in cost of production of their various wares is greater than *their* increase of price for the finished product. Railroad rates have risen and they play a large part in the cost of building, because building materials are heavy and hence costly to transport.

Contrary to the general Single Taxers' belief, increased land values have not played an important part in creating the situation around New York. There have been some big profits realized in real estate sales in special sections but in general the total land values of New York on the assessment rolls show no increase for the past ten years. Indeed, if the fact be taken into account that we are using a dollar whose value is less than 50c., when compared with its pre-war value, it may be said that land has suffered a colossal collapse, for its selling value as measured by assessment is no more in 50 cent dollars than it was worth in 100 cent dollars in 1914. This fact puzzles many people who know that New York City grew in population more than 500,000 during the period discussed, and they know that such an accretion must have meant increased land value. The answer is that the increase in taxes between 1914 and 1920 was sufficient to absorb all the new land value gained from increasing population, so that the nominal selling value in dollars of the land in the City of New York remains just about what it was in 1911.

What hope is there then for the long suffering tenants of New York? They face a period of rising rents for deteriorating buildings, lower wages and widespread disemployment, which our Federal policy of higher tariff duties can only intensify. While the cost of living may be diminishing for those whose incomes justify luxuries, for the very poor, it remains about where it was. It seems certain, therefore, that the next legislature will be confronted by a demand for an extension of the rent restriction laws and for a continuance of the new building tax exemption. Probably a new demand for direct government aid to building will be heard. As usually happens when artificial stimulants are resorted to, the last state of the patient will be worse than the first.

We could view this situation with more equanimity if there were any reasonable hope that the people would realize where their real oppressor lies. All that they suffer might well be borne if it brought with it a true understanding of the institution which is pinching them. But they are more

likely to blame landlords than landlordism, and to turn to government which has rarely done anything effective for them, for help by socialistic legislation, than they are to attack the primal source of all economic ills, land monopoly.

The situation would seem to present to Single Taxers an opportunity to present to the people of New York a programme of action by the State and city which would point the way out of the labyrinth. This programme should be drafted with reference to its immediate adaptability to the situation which confronts us, but not conditioned by trying to meet merely political exigencies.

The usual quadriennial farce of selecting candidates for municipal offices is now being played to empty benches. How poverty-stricken in character and capacity the old parties are is shown by the men who are being touted for the nominations—at best amiable accidents, at worst, mercenary mediocrities, men without a glimmer of an idea how the city can be extricated from the morass in which it is floundering as the result of the treachery or stupidity of its past governors and the hopelessly rotten economic system which lies at the root of all its troubles. Surely some citizen of capacity and character can be found willing to take up the ungrateful but honorable task of pointing out the only road that leads to redemption and salvation. [The next four years will be the most fateful the city has ever known. Even inspired leadership may fail, but the effort to ward off the impending doom should be made by those who can appreciate the danger.]

Harvard Men Thinking

THE Harvard Liberal Club recently issued a questionnaire on a large number of subjects and our readers will be interested in the answers to the questions of taxation tabulated from the first fifty replies. They were as follows:

Retention of Income Surtax and Excess Profits Tax, 20 to 17 against—13 wanted further discussion.

Retention and increase of tax on luxuries, 36 to 12, in favor—7 wanted more discussion.

A general Sales Tax, 21 to 11, against—20 wanted more discussion.

Federal taxation of land values, 9 to 12, in favor—10 wanted more discussion.

The above seems to indicate that the Harvard Liberal Club is opposed to the Excess Profits Tax and high surtaxes so obnoxious to business and to the General Sales Tax so obnoxious to labor and the mass of the people generally; while it stands more than two to one in favor of a tax on land values. This seems decidedly encouraging.

"We must tax land value or industry, there is no other choice; all taxes, whatever their name and no matter how disguised, will rest ultimately on one or the other."

—ALEXANDER HAMILTON.