

THE CAUSE OF HOUSE FAMINE

Synopsis of Address by Ashley Mitchell

(At the Copenhagen Conference, Session 21st July)

In many countries the attempt has been made to deal with the housing difficulty by State action and the spending of public money. In no country has this policy been carried to such extravagant lengths as in Great Britain and we can now review the results of more than seven years' experience. In that period no less than £50,351,000 has been paid out by the British Treasury in subsidies to meet the losses on housing schemes. Excepting under one of the Housing Acts, by which a gift of £10,047,230 was made as a capital grant in respect of 39,180 houses built in England and Wales and 2,324 in Scotland, the public assistance is given by way of annual grants which continue for a number of years, under one Act indefinitely, under another Act for 40 years and under another Act for 20 years. The subsidies are paid to the local authorities to carry out and administer housing schemes but they are not sufficient to cover the whole loss (the difference between the cost of the house and the rent that can be obtained for it) and the local authorities have to make up the deficit themselves by the levy of extra taxation in their own areas. The whole of the State grants and the local deficits, by the taxation they have imposed and will impose, reckoned as a capital liability have in effect added £258,000,000 to the public debt and the liability keeps growing with the addition of every new subsidized house. The total number of houses built under the Acts in the same period (January, 1919, to June, 1926) has been 430,018 houses including those above mentioned and each has on the average been built at a dead loss of £600, which represents the gift to private individuals after payment of all rents and taxes in respect of the houses. In the same period unassisted private enterprise has built 140,420 houses of the same class.

Place this accomplishment against the acknowledged need for houses. In 1918 it was estimated that in Great Britain at least 921,000 houses were urgently required to overcome a terrible state of overcrowding. Add to that the houses required annually (90,000) to meet the normal growth of population and the real shortage in June was 1,636,000 houses. The Housing Acts with all their expensive machinery and all the efforts of State and Municipality have not built more than 430,018 houses and at the same time £258 million has been added to the public debt.

The charity thus dispensed by the taxpayer was intended for the "working classes"; but as often as not the charity has been misplaced. Many of the houses are not occupied by those who need help (and what a savage comment it is upon modern social conditions that the "working classes" are treated as such by legislation and public opinion); they are occupied by those who are in comparatively easy circumstances and who by influence or less worthy tactics have managed to procure a subsidized house for themselves. The subsidy policy, apart from its grave economic results, leads to a loss of moral stamina. The receipt of the subsidy, knowingly at the expense of fellow citizens, is essentially the same thing as the receipt of poor relief and it is somewhat disquieting that the stigma is not more generally felt and expressed. The public conscience should be shocked into thinking that there is surely a better and saner approach to the housing problem than to establish a new set of parasites and make a pauper of every one who needs a new home.

The economic absurdity of State aid in house-building is readily seen by following the process to its logical conclusion. We are moving in a vicious circle by taxing one section of the people to provide houses for another. Could the whole community be housed on that plan? If not, how far can we go in giving part of the community houses, or clothes, or food or anything else at the expense of the other part—that is to say, at a loss to the actual producers of wealth—without in effect bringing the production of everything to a stop? The giving of the subsidy may cause a house to be built; quite a number of subsidized houses may be erected. They are what is seen. What is not seen is that the taxes levied to pay the subsidy diminish the spending power that would have built houses in any case. What is not seen is that the increased taxation, levied as it is to-day on all improvements and on all trade and industry, forces more land out of use, reduces the level of wages and swells the number of the unemployed. What is not seen is the general impoverishment that society has to suffer and the real destruction of wealth caused by producing anything at a loss.

There are several plausible excuses for the subsidy policy. One is that "something must be done at once; we cannot wait." But there is a difference between doing something at once and doing the most imprudent thing that could be conceived. The policy adopted has been disastrous. The house famine in Great Britain is more acute than ever and in all we have done we find that the Pharaoh's heart of land monopoly is hardened as never before, millions of public money have been squandered to enrich the speculator and to foster rings and trusts in the building trade. Every subsidy has proportionately increased the cost of houses and every house built under these conditions is the poor and paltry substitute for the ten or twenty houses that would have been built under natural and just conditions; it is but a standing monument to economic waste and legislative folly.

The excuse for the subsidy to which I would mainly address myself is that "under present circumstances" the State and the Municipality must take charge of house building—that "under present circumstances," private enterprise is impotent. It is remarkable how the advocates of the subsidy, always appealing to those culpable circumstances, can never call them by their true name which is poverty, low wages and unemployment. The resort to subsidies is a confession of inability or unwillingness to solve the social problem and frankly admits the fact that the distribution of wealth has become more and more unequal. It puts beyond contradiction the assertion that wages are not only at subsistence level, but are well below it, and so is confirmed the interpretation that Henry George has unfolded to all students of Political Economy.

If houses are to be built so that they are a real addition to national wealth, so that each new house encourages the building of more, they must be paid for wholly out of these earnings, with an adequate surplus left over for other comforts and necessities. The housing question therefore resolves itself very simply into the question of how to raise wages, resolves itself into the solution of the poverty problem, as the first duty of every Parliament. Let the argument proceed on those lines and we are face to face with the land question, emphasizing the remedy in the Taxation of Land Values as the means to bring about the just distribution of wealth, to throw open the opportunities that if available would provide a full living for everyone, and to free production by removing the taxation that now restricts and penalizes not only the building of houses but all trade and industry.