

The End of the Trail

By SAMUEL B. PETTENGILL

PRESIDENT TRUMAN and Governor Dewey have demanded that rent controls be continued. When will these controls end? Will political pressures continue them from now on?

Let us look down the road we are travelling. France, with its people living in hovels, is nearing the end of the trail. France, in 1914, was one of the most prosperous countries in the world. Among other things, she had accumulated the second largest gold hoard of any nation, next only to America. Came two wars, and rents—determined by politics instead of by supply and demand—and, finally, socialism.

France began rent controls in 1914 as a war emergency measure. They have been continued to the present time—33 years. With what result?

In Paris, over half the buildings are over 60 years old. Throughout France 20 per cent of the buildings are over 100 years old. Last year, in Paris, 60,000 people were turned out of 2,000 buildings about to fall down.

Tenants earning \$1,500 a year are paying as little as \$10 a year in rent! Few rents now are over 5 per cent of tenant's income, many as low as 1 per cent. The owner cannot afford to make repairs. The tenant will not. Therefore, millions are living in hovels.

Rent controls and repeated devaluations of the franc, due to unbalanced budgets and cowardly politicians, have produced this result. But, as long as the tenant pays, he can't be put out. Contracts and property rights mean nothing. Politics has given him the privilege of occupying other person's property without paying anything but a token compensation. The tenant, in effect, has stolen the landlord's building. When the building finally falls down, the owner will have received nothing with which to rebuild.

For a while, after World War I, rent controls on new buildings were removed. This made the rentals on new buildings five to ten times the legal rents on old housing. So, few tenants moved, and not many new buildings were built. During World War II, rent controls were also imposed on the new buildings which had been erected. So owners found they could not depend upon the law anymore than they could depend upon written contracts.

Meantime, the building industry has itself collapsed. The old craftsmen have died, and contractors have gone out of business. Assuming that men and materials can be assembled, the index of the cost of building (in devalued francs) is now 6,500 as against 100 in 1914. Rents have increased 5 times; costs have increased 65 times!

Fortunately, we are, as yet, a long way from the conditions that prevails in France. But for years, rackets in the building trades and obsolete building codes have been drying up private construction here in the U.S.A. So we turn to "public housing," an arrangement under which the tenants are subsidized by the taxpayer.

France, too, tried public housing, but has come to the end of that rail. France is broke, and can build no more. Socialism killed free enterprise, and now socialism is committing suicide!