

ing at a conclusion which would even throw a doubt upon the righteousness of things as they are. Professors of economics are circumscribed in a way in which other professors are not. A man may be socially unorthodox and hold a chair of engineering or philology but in economics he must be sure to make no discoveries which are unsettling. This feat can only be achieved by keeping ethics out of economics and it is almost always successfully done.

The Donkey and The Carrot

NEEDLESS to say we sympathize with every sincere and intelligently directed movement tending to permit adequate, sanitary and dignified homes to be erected, especially in the city sections of the nation. Candor compels the statement that few such movements exist, because of the universal failure to recognize the obvious fact that the first problem to be solved is the land question.

The Lockwood Committee appointed by the New York Legislature to deal with the housing situation in New York deserves much credit for its foresight and courage in recommending the Tax Exemption Law, which, *because of the high tax rate and full value assessment of real estate in New York City*, is working admirably there. But no sound economist will dispute the fact that it is the burden on real estate, especially unimproved real estate, that is making it possible for the Tax Exemption Law to be as effective as it is. If we had a low rate and underassessment of vacant property, as so many cities have, the Tax Exemption Law would merely result in a land boom.

Indeed, in some areas in New York, it seems to be having that effect at present. Nevertheless, the Lockwood Committee is entitled to more public recognition than it has received.

But as usual there is a fly in the ointment, and that fly bears the name of Samuel Untermyer. Mr. Untermyer is a very able and successful man and endowed with a quality of mind which enables him to gauge to a nicety the cowardice of his antagonists. Such a quality is almost as valuable as a high order of courage. He has made a great deal of money and raised a most creditable crop of enemies in the practice of his profession. With the ordinary type of man, this condition usually results in a fatal inertia. But Mr. Untermyer is no ordinary man. He is ambitious. He desires a place among the men who serve the nation. He would set his light upon a hill. The road to this goal lies through public service, but it must be spectacular public service. Hence he has attacked combine after combine engaged in extorting high prices for labor and building materials and they have fallen before his onslaught like so many houses of cards. Heavy fines have been imposed and some offenders sent to jail. The fact that we are living under a social order which makes combinations among producers as inevitable as among laborers or professional men never seems to have dawned upon Mr. Untermyer. That such combinations will continue to exist in fact does not perturb him. He has extracted as much glory out of

their prosecution as he could get out of their actual suppression.

Now he appears with a scheme which dwarfs all his previous bids for public applause. People have been saying "all this investigation is very well and we have had the satisfaction of seeing many citizens heretofore deemed respectable, branded as criminals, but where do we come in? Rents are as high as ever and rising wherever a vacancy is created. Landlords are just as obdurate as ever." So Mr. Untermyer launches a project which by its specious stupendousness elicits the praise of even his critics. The project is that the Metropolitan Life Insurance Co. shall invest one hundred millions in the construction of cheap tenements to be rented for not more than \$8.00 per room per month. All hats go up in the air. Surely, here is the millenium. Contractors rush in offering to do the work at cost, but an analysis of what is meant by cost will show that the offering may not be so generous as it sounds. Mechanics are to reduce wages on the job, with the understanding that they are to have first choice of flats when the work is done. The Insurance Co. is to limit its interest on the money invested. In other words, the whole project is to be developed in an artificial economic atmosphere.

Now let us examine for a moment the normal reactions of the scheme. Not many will stop to consider that if it is carried out in full it will not add more than 1½% to the housing supply of New York. Speculative builders who now have plans under way will stop—at least long enough to consider where this promised new supply will leave them. Plans have been filed for dwellings to cost \$6,000,000. in the aggregate, every week since March 1, 1921. The tendency of Mr. Untermyer's plan will be to check this movement. If the Metropolitan Life Insurance Co. were to lend this money in the usual manner to intending builders it would result in the investment of \$170,000,000. instead of \$100,000,000. It will seriously interfere with the ability of the private builder to get loans. The private builder cannot hope to have his work done for cost, which will make him still more fearful of competition of the Untermyer project.

And when the whole job is done, a rental of \$8.00 per room may be either too high or too low. It will probably be lower than similar accommodations can be had elsewhere. Here will come the task of choosing the families to be accommodated.

As we said at the outset, we shall hail with joy any increase in the house supply of New York but the Untermyer path is beset with difficulties and may in the long run do more harm than good. The old proverb that "the road to hell is paved with good intentions" is never better exemplified than in those quasi-socialistic schemes which seek to substitute mere human intelligence (and we underline the word "*mere*"), for the operation of natural law. If we taxed only land values in New York and exempted all improvements, old and new, we would need no artificial stimulants to get us over a crisis that would never have arisen.

Even to Single Taxers a word may be necessary as to the appropriateness of the title of this article, for some of them may not have seen the cartoon which portrayed Punch riding an ass and holding in front of him a long stick on the end of which was a carrot. The carrot was suspended an inch or two in front of the utmost reach of the donkey's lips. The hungry animal was galloping at a rate much faster than he could have been driven to with the utmost whipping. And Punch was a merciful man who merely wanted to reach the Capital in the most expeditious manner possible.

The Irish Situation

WE reprint elsewhere correspondence between the Diplomatic Mission of the Irish Republic to the Argentine and the *Revista del Impuesto Unico*, which our readers may find of interest. There is but one sentence in the letter of N. Gonzalez Revilla to which we deem it necessary to refer. He says "The doctrines of Henry George were known and rejected in Ireland." Presumably Mr. Revilla speaks for the Special Envoy whose secretary he is, but whether he speaks for another or for himself he is egregiously mistaken.

We enjoy the acquaintance of a New York Single Taxer, an Irishman by birth, who is profoundly interested in the cause and who visited Ireland six times between 1890 and 1914. He traveled all over Ireland and tried earnestly to find some among his fellow countrymen who understood the Single Tax, whether accepting or rejecting it. He only found a handful. One member of Parliament from a Dublin constituency, was an outspoken believer. Even Davitt, to whom reference is often made, was a Land Nationalizer and not a Single Taxer. We venture to believe that the Special Envoy to the Argentine would find some difficulty in making the distinction. Bishop Nulty did in his famous pastoral clearly preach fundamental principles and James Fintan Lalor, one of the forerunners of Henry George, did foreshadow some of the great truths of "Progress and Poverty." But outside of these isolated cases which produced no local effect whatever, there has been no Single Tax movement in Ireland, no group, however small, has urged it upon the people, so that, by no possible distortion of facts can they be said to have rejected doctrines of which they have never heard. Though we wish it were otherwise, we fear that Irish Special Envoys are not to be taken more seriously when it comes to economic philosophies that are our own budding diplomats.

More important than any questions as to whether the Irish people did or did not reject the Single Tax, is the reasonable expectation which may be entertained as to the policy of the Irish Free State government. The outlook is not encouraging. The idealists are with DeValera. Arthur Griffith, who is regarded as Ireland's leading statesman, makes no disguise of protectionist sympathies. In his "Resurrection of Hungary" he frankly avows discipline

of Liszt, the German economist who built up the German tariff system, and speaks admiringly of our own Carey.

As for the land policy of the new government we must anticipate that it will be intensely conservative so far as rural land is concerned. At least a majority of Irish farmers are now peasant proprietors of holdings for which they are paying under Land Act agreements. Would any policy which could even be twisted into a semblance of attacking their vested interests stand a chance of success? There are, however, two directions in which the new government may possibly proceed along sound economic lines and carry the people with them. The Land Purchase Act in general only related to agricultural land. Hence the town tenants have remained tenants-at-will. The ownership of the towns remains to a great extent in the hands of the old landlord groups. It is possible that a measure giving municipal authorities the power to impose taxes on land values for local purposes may be enacted, unless Griffith is compelled in order to carry on his government to give guarantees to the powerful groups which own city and town sites.

A burning question in the rural sections has been the demand for breaking the large grazing ranches, many of which, strange as it may seem, exist in Ireland. At various times during the past four centuries the British government drove the Irish from their home areas to the barren lands of the West and gave large tracts made up from the consolidation of the vacated farms to British settlers. Thus were these ranches formed. The farmers compelled to eke out a poverty-stricken existence on stony fields have resented the devotion of the rich pasture lands to cattle raising and they want to come back. Perhaps the new Irish Parliament will be wise enough to see that the way to accomplish this end without being obliged to resort to ruinous measures of compensation is to apply some kind of a land value tax.

There can be little doubt that there will be a strong demand for paternalistic action. Within a day or two, announcement has been made of a grant of \$5,000,000. for housing, undeterred by the fact that in England the great Lloyd George housing has gone completely on the rocks. The feeling that Irish hardships in the past have been due to failure of the British government to foster schemes of local improvement is deep rooted. Now that the people are to have a government that is in part at least their own, there will probably be an effort to work it overtime. As a cynical friend remarked recently in answer to the inquiry "What is a Free State, anyway?" "It is a State which is free to set up its own form of despotism."

"I do not wish to have taxes at all. I wish the common expenses reduced to a minimum and paid by the social increment of values."—VICTOR HUGO, "Ninety-Three," Book 7, Chap. 5.