

Subsidies for Groundhogs: A Fable

By W. D. Hoffman

And it came to pass that a Delegation of Good Citizens visited the Slums where many thousands of Workers dwelt under conditions of overcrowding, ugliness, filth, stench, poverty and disease. Horrified, the Delegation paused to make inquiry.

"But why do you dwell here in such misery?" asked the Questioner. "Your Hovel here by the stinking river is little more than a piano box, yet many thousands of Firms possess the facilities and would be overjoyed to build all of you nice modern Houses or Apartments."

And it chanced that the poor devil who dwelt in the Hovel with his large family and several of his unemployed relatives was also a Thinker.

"Because," answered the Thinker, "we are only Workers who receive Low Wages and often we are only part-time employed, hence we cannot pay Rent for Better Housing."

"But in this deplorable condition of overcrowding, Disease and Crime take a tremendous toll," insisted a Welfare Worker. "Councilman Vladeck of the City of New York has compiled Statistics showing infant mortality is twice as high in the Slum as elsewhere; tuberculosis three times as high, venereal disease eight times as high. Rather than stay in such a place it seems to me you would move into the Country."

The Thinker smiled. "Some of us have tried that, many times," he answered. "But the Farming Land is all taken, and those who work for established Farmers must live in tents or shacks even as bad as these. Besides, we are attached to the City, because the only Jobs we could get, even at Low Wages, are in the Factory or as underpaid Workers in stores, offices or along the waterfront." He shuddered at the pall of smoke from the Factory and the stench from the neighboring Tenement. "We do not live here out of choice, Good Citizens. We do not get Wages high enough to pay more Rent."

"The Slum is a blot on our Civilization. It must Go," declared the Welfare Worker.

"Yes," seconded the paunchy Legislator, one of the Delegation. "It is purely a Problem of Better Housing."

"Better Housing," echoed the others of the Delegation, in unison. "You have sounded the slogan, Honorable Legislator. Better Housing is the Solution. It must be Done."

"Very good," assented the Thinker, motioning his ill-clad, ill-fed children back from the doorway. "But how shall we pay for the Better Housing when it keeps us scratching day and night to pay for these miserable Quarters in the Slum?"

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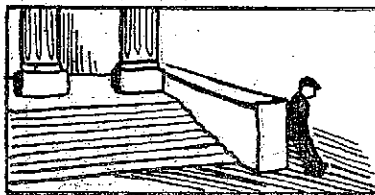
"A Way must be found," the Welfare Worker affirmed, determinedly. "Perhaps if you were more economical with your Wages—"

"You mean," interrupted the Thinker, "if we went to the Opera less or denied ourselves the Moving Picture Show we might be able to pay more Rent?" He seemed to be laughing at them; perhaps because he was a Thinker.

It chanced also that among the Delegation was a Real Estate Operator who represented many of the ground-owners of the Slum district. "Gentlemen," he said, "there is only one Solution. To quote Councilman Vladeck's report: 'U. S. Senator Robert F. Wagner was one of the first outstanding men in the United States to understand that neither Slum Clearance nor Rehousing of any kind for the low bracket families of our population is possible without a Subsidy.' That is the word, gentlemen—a Subsidy."

"A Subsidy!" echoed the Delegation.

"At last we are getting somewhere!" enthused the pompous Leg-



islator. "Indeed, the Wagner-Steagal Housing Bill is the Solution. Under this law, five hundred million dollars will be advanced by the federal government to municipalities for low-cost Housing within the next three years, as a starter. In addition, the Mayor of New York recommends an appropriation of \$500,000 additional to get the thing under way. Under these Subsidies the Slum Clearance Program can be started immediately."

"The Subsidy is the Answer, gentlemen," declared the Real Estate Operator. "Our Inquiry need go no further." His hand raised in a grand gesture. "Already we can vision a great Building Boom, with modern Apartments rising on the site of the Old Tenements, as the Vladeck report has it; with New York City alone spending each year \$31,500,000 on the basis of the Housing Bonds at 3 per cent; with this construction money employing 25,000 building workers the year around, exclusive of architects, technicians, clerks, supervisors, etc.; with the Building Trades and the entire Supply Industry enjoying an unprecedented Boom."

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The Slum Dweller who was a Thinker frowned thoughtfully. "This Subsidy, then, is a Gift?" he asked.

"From the Government, federal and municipal," assented the Legislator, beaming.

"These Vast Sums are to be raised by Taxes, I presume?" the Thinker went on. "Since Taxes always fall most heavily on the Ultimate Consumer, a majority of whom are poor also, then we are to be subsidized by other Poor like ourselves? And because these Poor will be more heavily burdened by the Subsidy than now, they in turn will be driven into Poorer Housing because of the additional burden of the Subsidy?"

"The Rich will pay a great part of the Taxes," defended the Legislator.

"And shift those Taxes to the Poor, as always," the Thinker reminded. "However, that is not the important point. Does the Subsidy so gener-

ously bestowed by the Government attack the Cause of the Slum?"

"The Cause?" asked the puzzled Legislator.

"Low Wages and High Rents are the Cause of Poor Housing. In the matter of Building Costs, for instance, would the Subsidy bring them down?"

"No, no!" the Real Estate Operator hastened to say. "Building demand would increase, hence prices would tend to rise, making more Prosperity."

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"But excessive Building Costs are one reason why we can't afford Better Housing," the Thinker reminded. "If part of that Subsidy money were used to break down Trade Agreements and Monopoly in the Building Industry, it might be a step—"

"That's out," snapped the Legislator.

The Thinker smiled wanly. "I understand. There is another reason why Building Costs are so high—Taxes. From raw materials to the finished product Taxes pile up from lumber yard, to mill to contractor, from ore chute to hardware. The Subsidy would not reduce such Taxes?"

"Taxes must be increased to pay the Subsidy," admitted the Real Estate Operator. "Otherwise you will never have Better Housing."

A hard glint flared deep in the Thinker's eye. "There is a final point that troubles me, gentlemen. The Slum, as you know, rests on Valuable Ground, due to nearness to the City Center and Population. In fact, most of the High Rent for our miserable Quarters comes from the Ground Charge, rather than from the Buildings. Since the People make this Ground valuable, and since the People pay this Subsidy, then surely part of this Vast Sum must be used to reduce this Ground Charge?"

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"Reduce it?" flared the Real Estate Operator. "Man, you certainly are ignorant of the Real Estate Business. Can't you see that the immediate effect of Better Housing in any community will be to raise the Value of the Land?"

"The People's Subsidy will do that?" asked the Thinker innocently.

"You mean that the effect of the Subsidy will be to raise Rents?"

"Certainly. But what's that to you, as a Slum Dweller, since the Government will help you pay it, by reducing carrying charges, interest and amortization?"

"And you, the Real Estate Operator representing the Ground Owners, will in the end get the Subsidy?"

"Gentlemen, I think the Delegation has finished its Inquiry," grunted the Real Estate Operator. "The man must be crazy."