

SLUM CLEARANCE: A REAL RACKET

Frederick W. Ehrlich, New Jersey State Housing Director, is quoted in the newspapers thus: "I have stated publicly that I will not tolerate sharp practice in the acquisition of property. Racketeering and land speculation will not be countenanced, even if we must adopt the sternest of measures. One thing is certain and that is that I will withhold or cancel my recommendations for Federal funds in any case where the transaction is surrounded by suspicious circumstances, let alone out and out dishonesty."

What are sharp practices in the acquisition of land? What stern methods can he apply to stop land speculation? What would be the suspicious circumstances that would impel him to cancel his recommendation?

Let us consider how the Federal Government and the State of New Jersey have arranged to eliminate slums.

In September 1937, Congress passed an act in which it declared it to be the policy of the United States to promote the general welfare of the nation by employing its funds and credit to assist the several states and their political subdivisions to alleviate present and recurring unemployment and to remedy the unsafe and unsanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for the families of low income, in rural and urban communities, that are injurious to the health, safety, and morals of the citizens of the nation.

To carry out the policy, the act provided for the incorporation of the United States Housing Authority, and authorized the issuance of bonds not to exceed five hundred million. The Authority was permitted to make loans to public housing agencies to assist in the development, acquisition or administration of low rent housing or slum clearance projects.

Last March the New Jersey legislature passed an act creating local housing authorities, and approximately twenty-one such agencies have been authorized. Three housing sites were approved in Newark, New Jersey. The Newark slum clearance project will entail an initial outlay

of fourteen million dollars. The cost of erecting and maintaining this housing unit is greater than the income to be received from the tenants, and contributions from the Federal and local housing authorities will cover the deficit. The taxes formerly imposed on the tracts acquired for the local authority will be discontinued, for the project will be tax exempt. The budget of the local municipality will have to be met by taxes on other property in the municipality, including labor products. Thus, government becomes a Robin Hood, taxing the many for the benefit of a special group.

The racketeering inherent in these housing projects — which Director Ehrlich rails against—starts with the pernicious principle of using the revenue collecting power of government to subsidize the underpaid. That their poverty is unwarranted does not mitigate the iniquity of the principle.

As for the more glaring racket of land speculation, the State Housing Director does not specify how he proposes to stop it. Is there any method other than collecting the full rental value of the land?

But neither the Act of Congress nor the Legislature of New Jersey has given him that authority. Buying land in contemplation of the fact that the local housing authority may wish to acquire that land may be sharp practice in morals, but not in law. And though the State Housing Director may proclaim against it he can do nothing.

Who will benefit from the low rent housing project? Will the one who labors and produces wealth receive that benefit? Will the one who owns the wealth that produces more wealth, the capitalist, benefit? No, it will be the one who owns the land, Mr. Ehrlich notwithstanding.

—GEORGE C. WINNE.