

"The Bigger the Lie..."

by URQUHART ADAMS

WHEN the Wheeling Steel Corporation raised the price of steel \$6 a ton there was no reaction from the White House except a bland statement that it probably didn't matter one way or the other. One thing however is almost certain—we're going to hear a lot about the wage-price spiral before too long. Economists, remembering the inflation in Germany after the World War are going to start warning us again about the danger to the economy and are going to point out every possible reason for inflation, except the right one.

Inflation helps the debtors in a country and hurts the creditors and the people on fixed incomes. The immediate cause of the phenomenon is the issuing of more money than there is wealth to sustain it, with a consequent depreciation of buying power in the day-to-day market and an appreciation of buying power for items delivered in the past and not yet paid for. It is a useful device to stimulate the economy whenever the debtors outnumber the creditors and the people of fixed income, as politicians well know.

But behind every immediate cause, an investigator can find a basic or fundamental cause, and such an investigator may well ask why it is that so many people get into debt that politicians, to win their votes, deflate the value of a country's currency. Unfortunately some knowledge of economic principle is required in order to understand the answer.

Assuming a stable economy, with stable prices of goods and incomes, people get used to certain standards of living that are in keeping with their

incomes. If they live beyond their incomes they are pulled up sharply and forced to limit their expenditures. But supposing that with new and improved methods of production and increased population land values rise and rents increase. Prices go up to pay the increased rentals and people find it more and more difficult to live within their incomes. Business falls off and merchants extend credit, hoping to be able to collect eventually and so stay in business. Installment buying, on a "buy now, pay later" basis, is offered to all and sundry, until people buy everything from a pound of butter to a Cadillac on credit. And all the time, on paper, land values keep rising. Since the value of land (its rental value) must be added to the cost of everything produced from land, competition between sellers cannot bring prices down to any appreciable extent. In an effort to keep from going too deeply in debt, the great mass of the people, who have only their wages or salaries to support them, ask for more money in the pay envelope. That gives the real beneficiaries of the swindle an opportunity to talk about wage-price spirals and if, because of a strike, they do put more money into the envelopes, they immediately increase prices again for a good deal more than is justified by the wage increase—remembering the old maxim so often referred to by Adolf Hitler, "the bigger the lie, the more readily it will be believed."

Instead of focusing solely on the wage-price spiral, we should be aware that inflation is caused by a rent-price spiral, helped by political chicanery.

This was brought out in Time maga-

They Couldn't Take it With Them

THE LAND LORDS by Eugene Rachlis and John E. Marqusee. Random House, 302 pages, \$5.95.

Reviewed by MURIEL FULLER

THIS book goes literally from A to Z with the story of America's landlords—John Jacob Astor to William Zeckendorf. Astor had two convictions about "the pastures of Manhattan," both of which proved to be right. New York was going to grow, and the only way it could grow was north. He bought what is now Times Square for \$25,000, plus another \$9,000 later. Profitable pastures!

In a lively and colorful style the authors tell of the early land merchants who followed Astor. An English musician touring this country in 1796 remarked, "Were I to characterize the United States it would be by the appellation of the land of speculations." This was not confined to Manhattan. The Van Sweringen brothers, Oris P. and Mantis J., established Shaker

Heights in Cleveland, the "most spectacular" of early American suburbs. The Shakers left in 1888, and where three real estate agencies failed to sell it, "the Vans" did.

Henry Morrison Flagler, a Yankee, continued in Florida where Ponce de Léon left off, and died worth a hundred million dollars. The one man in this book who worked for something other than personal gain is Abraham Kazan; he went after New York's slums. "In 1886 New York's slum landlords were slightly intimidated, but only temporarily. Henry George, the advocate of the single tax and the author of *Progress and Poverty*, became a candidate for mayor. His denunciation of landlords attracted huge crowds, and worried the politicians." Because of George's fight, years later Kazan succeeded with his Amalgamated Housing. Fred French, Harry Black, who built the Flatiron Building, the Levitts and Zeckendorf are all here. A valuable and highly entertaining book.

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zine (April 19), and the same issue had an item about the oil rich Murchisons of Texas, who are getting into the real estate business. Here is a sample—"an acre in New Orleans for which they paid \$300 now sells for \$21,600."

While the wages of labor, some

labor, so essential to the production of wealth, have gone up since the bad days of the Great Depression, perhaps five times, and in the case of very well organized labor, even more; the rent of land, equally essential, has increased, in this instance, and in many others, seventy-two times.

If the world is really getting smaller, why do they keep raising postal rates?

What we call real estate—the solid ground to build a house on—is the broad foundation on which nearly all the guilt of this world rests.

Hawthorne—*The House of the Seven Gables*