

# Insatiable Desires

**L**ABOR answered the question of what it wants with the statement by Samuel Gompers, "More! I want more!" U.S. officials want more taxes to spend on slums and welfare and the underdeveloped nations. Everyone wants a higher price on what he sells and lower prices on what he buys. But administration economists and bankers are determined to use the money tools to slow inflation to 2 or 3 percent.

How do individuals protect themselves from this inflation? They try investing in stocks, land, buildings, mines or technologies. Even so, only a few beat insidious inflation. Labor unions are demanding such an increase in wage rates that prices must rise and many companies will liquidate. Borrowing has become as expensive as it was forty years ago. Businesses find that even at the highest interest rates of the century, capital in the form of labor-aiding machinery and controls, is cheaper than labor.

How can the poor and middle class afford the rents in New York and other cities? Will they move to the suburbs and endure long hours of commuting or will they demand rent control and thus halt new apartment

construction? Emergency rent control came into effect to protect residents of New York in 1943 and remained in effect. Other controls disappeared as soon as the war was over. New construction of apartments was uncontrolled after 1947, as was office rent.

Now offices are proliferating at tremendous rent increases (old buildings have gone from \$1 a foot in 1932 to \$10 a foot in Wall Street). Apartment building lags, and the blame is laid to zoning along with union resistance to efficient construction methods.

Two basic causes for the lag are commonly ignored: the tax on improvements and the inadequate tax on the value of locations. Professor Mason Gaffney of the University of Wisconsin—Milwaukee says a 3 percent tax on improvements equals a 53 percent sales tax on construction financed over the life of the building. Every improvement in a slum area encourages owners of nearby locations to raise the asking price for locations on which to do further improving.

The biggest step to real city improvement would be to exempt all improvements and at the same time raise the tax on locations. This would be a giant deterrent to inflation.

Lancaster M. Greene

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The Henry George News, published monthly by the Henry George School of Social Science, 50 E. 69th Street, New York, N. Y. 10021, supports the following principle:

The community, by its presence and activity, gives rental value to land, therefore the rent of land belongs to the community and not to the landowners. Labor and capital, by their combined efforts, produce the goods of the community—known as wealth. This wealth belongs to the producers. Justice requires that the government, representing the community, collect the rent of land for the community purposes and abolish the taxation of wealth.

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