

Why Are Rents High?

PRESIDENT COOLIDGE is rightly reluctant to have the government interfere with business as it is usually done; but he has let it be known that he is of the opinion that Congress will have to do something about rents in Washington. In the first place, the high rents have to be paid by government employes out of their salaries. Inasmuch as the employes have to live, the government must pay them salaries high enough for them to live upon; hence, high rents must in the end call for higher salaries from the government.

It is astonishing that he does not see the very just and simple remedy which stares every observer in the face. Rents are high in Washington because houses are scarce in proportion to the population. Houses are scarce because vacant lots are plenty. There are plenty of vacant lots to house a population of ten times that of the District of Columbia—if they were not vacant. The remedy for the rent crisis is more vacant houses and fewer vacant lots.

The president and his secretary of the treasury have said so much about tax-exemption that one would expect one of them to hit upon the real remedy. They complain that money is "driven" into investment in tax-exempt securities so that business which must borrow on ordinary notes and bonds cannot get money it needs on the proper terms.

They might apply this principle to the housing shortage. The remedy is to make houses tax-exempt and to tax vacant lots more heavily. Then money would rush—or be "driven"—into house-building and out of vacant lot holding. Rents would fall. Vacant lots would decrease; vacant houses would increase. And it would not be necessary for the government to bother about any new rent law. Natural law would operate in the right direction.—HERBERT QUICK (Syndictaed.)

Why Fine the Virtuous

LEGISLATORS, taking advantage of the anguish usually attending pecuniary loss, have created an elaborate system of penalties in the form of money exactions imposed upon violators of the law. Unfortunately, having thus found it convenient to obtain money simply by taking it, and failing to discriminate between the social nuisance and the social enemy on the one hand and the social benefactor on the other, these same legislators have created another elaborate system of penalties imposed upon the best citizens for such activities as building homes and factories, engaging in business, and employing their fellow citizens. With this difference: If a man gets drunk and disorderly, he is fined once; if he builds a house, he is fined (taxed) every year, unless he repents and tears down the house.

One reason why criminals and the most useful citizens are all dealt with by the same method is that our lawmakers don't know what else to do, being all at sea on the subject of taxation, and having no fundamentals or guiding principles, except, like the bandit, to get where the getting is good. Another reason is that we have never outlived the traditions of a time when governments acknowledged no ethical obligations, and followed no ideals save irresponsible brute force.

As legislators have never yet discovered that the state (the community) has a form of property and income peculiarly and legitimately its own, they naturally conclude that the state, like the beggar and the robber, must live off everybody else's income—the incomes of private citizens and corporations—and that the repressing and damaging consequences are unavoidable.

Land is a continuity and a perpetuity, and acquires primarily an annual value (a continuous flow) which economists have termed "economic rent" or ground rent. Because efficient use is promoted by private title and possession, and because the state has permitted the greater part of economic rent to accrue in private hands and become capitalized in the selling price of land, we have become accustomed to regarding land as private property. But no form of property, especially landed property, is absolute and unqualified. For the landowner to assume the right to appropriate economic rent is to assume a lordship over his fellow citizens that makes a mockery of our boasted democratic equality. The right to "life, liberty and the pursuit of happiness" is a sham if the equal right to the use of the earth is denied, and the assertion of a superior right in favor of a few tends to destroy social stability by arraying the disinherited against the entire fabric of government.

It is true that in building the bridge we have destroyed \$4,000,000 of ratables, but the Jersey half of the value of the bridge (say \$15,000,000) which we have gained will all go into land values, as there is nowhere else for it to go. Our leading citizens are already industriously selling the bridge, and they will continue to sell it with other community-made land values until the community takes its own. Meanwhile we graft on paperhangers and barbers.

But occupation tax strikes everybody in the face whose presence and activities are of any value to the community. Such a tax has a plutocratic tendency, because it favors the strong as against the weak. It plays into the hands of men who have made their pile and established their business on a firm foundation, for in a measure it shields such men, who themselves are well able to pay the tax, from the potential competition of the little fellows who are struggling to gain a foothold and who need every dollar and more. This tax is built on the idea that the fellow on the top rung of the ladder should kick everybody off between him and the ground. It is a small-calibre legislation, favored alike by councilmanic and by commission