

Grace

This is a marked copy
with deletions proposed by
John J. Rowe for use in
Monthly Bulletin of
5th 3rd Union Trust
Cincinnati

Public Housing

PAUL L. POIROT

EDITOR'S NOTE

Dr. Paul L. Poirot, author of *The Pension Idea, Property Rights and Human Rights, Bargaining*, and other articles is a Foundation staff member.

Published January, 1954

Copyright 1954, by Paul L. Poirot. Permission to reprint granted without special request. • Printed in U.S.A.



THE FOUNDATION FOR
ECONOMIC EDUCATION, INC.
IRVINGTON-ON-HUDSON, NEW YORK

PUBLIC HOUSING



“We must have better housing for those Americans who are now forced to live in slums and substandard dwellings.”

SO SAID a presidential candidate. And so believe a great number of the rank and file citizens of the United States. There really seems to be no question as to the desirability of adequate housing. But there are questions as to what kind of housing is adequate. There are questions as to who is being *forced* to live in slums and substandard dwellings; who is applying the force. And perhaps the most important questions of all have to do with the methods of achieving better housing. Who is to determine what is better or best? Who is to provide and who is to occupy such better housing?

The presidential candidate probably was not referring to his own personal need when he called for better housing. It is probable, however, that at least one purpose of his statement was to establish his eligibility for occupancy of a house which has been recently repaired at a cost to American taxpayers of \$5,832,000. Of course, the White House is not a housing project in the usual sense of the term; but the methods of providing the dwelling and of selecting the occupant are strikingly similar to those used

for public housing projects. In either case, the political method is used for determining the need and assessing the burden of the costs involved.

A Housing Shortage

ALTHOUGH the foregoing campaign statement did not say so, many persons believe that a housing shortage exists in the United States at the present time. They say that there are not enough dwellings to satisfy the demand. They say it isn't right that some American families should be deprived of better housing, especially when they appear willing to pay for it. They say that *private builders aren't doing the job*, that the competitive system isn't functioning properly. Many persons believe that the government ought to do something about such a situation.

A seeming corrective for any shortage is to produce more of the things which are scarce—in this instance, produce more houses. And that's precisely what a great many citizens believe the government of the United States ought to do: carry on and enlarge its public housing program. Other persons will argue that the job should be done by the state governments. And still others believe that the cities and communities ought to do the job through their own local governments. If the hours of

earnest and vigorous debate as to which of these branches of government ought to do the job had been spent in home construction, this housing shortage would be much less acute than it is. And the sad part of all such debate is that it blinds the participants to the true nature of the problem.

The problem is that there are not enough dwellings to satisfy the demand *at prevailing prices*. And the fact is that someone has been interfering with prices—the means by which the market equates the demand for housing against the available supply of houses.

Price Fixing

SOMEONE has been trying to set too low a price for housing, thus causing too much demand. Theoretically, such interference could originate with individual owners of houses, apartments, and other dwellings. Suppose an apartment house builder were to open a new project, for some reason offering all of his well-built and highly desirable apartments at a monthly rental of \$10, including utilities. In most communities such a ridiculously low rental rate would bring forth far more applications from tenants than could be satisfied. The apartment house owner would have created a housing “shortage” simply by building housing and offering it for rental at less than the prevailing

market price. Or suppose that some owner decides to sell his home for a figure well below what the prevailing market price might be. This, too, might lead to a so-called housing shortage, for there would be a tremendous demand for such a bargain.

Actually, these are pretty radical suppositions. Private builders and home owners usually do not cut their own throats in any such fashion. The owner of a home or an apartment usually asks as much rent or as high a selling price as he believes the market might allow. However, as a producer of housing, he is competing with many other producers. The greater the supply of houses relative to the demand for them, the keener is the competition between producers. Such competition tends to lower the market level of rents and the market value of dwellings, which enables consumers to buy more and perhaps better housing for their money than before.

Government Interference

SOMETIMES the government—federal, state, or local—interferes with the price signals in the housing market. Not the private builder, but the government, steps in and says that rents shall not exceed \$10 a month, or whatever other figure they deem to be fair. The consequence of such indirect housing subsidy, of

course, is that those tenants who are most fortunate will expand into living quarters more spacious than they would consider necessary at the competitive market price. Most tenants who can find two rooms for the price of one will occupy the two rooms instead of one.

The tendency of rent control to aggravate the housing shortage seems to have been recognized even by the government. With one hand, the government holds the price of housing below its competitive level; with another hand, it forces the diversion of productive efforts from other uses into home construction. For instance, the government offers mortgage money at lower than the market rate of interest, thus applying a little pressure on lenders to the advantage of borrowers. The government also offers mortgage insurance or guarantees the payment of mortgages which otherwise would be too shaky to seem attractive to private investors. As a final resort, the government may offer the mortgage in the form of tax-privileged or even tax-exempt government bonds to attract investors toward the "opportunity." So the government has various ways of applying its powers of taxation so as to interfere with the housing market. By emphasizing rent control, it is possible to create as serious a housing shortage as anyone could desire!

Of course, the government doesn't deliberately set out to create a housing shortage when

it indulges in rent control and various easy home-purchase subsidies. The object is to help the needy, the returning veterans, the families of defense workers, the "underpaid public servants," all those who are thought to be worthy and deserving. And it is not a popular thing to question such humanitarian motives. However, it is necessary to raise some questions because the means employed are defeating the objective. The housing shortage persists because of what is being done by the government in its effort to correct it. And the victims who suffer most are the very ones who were supposed to be the beneficiaries of this intervention—the persons who were presumed to be unable to meet their own need for housing. Even an artificially created shortage hits first and hardest against those least able to afford the scarce item.

The government is trying to prohibit competitive bargaining as the determinant of the price for housing. In other words, the government has been trying to force people to do what they would not do voluntarily. In one sense, it may be said that the housing shortage is merely a measure of popular resistance to the idea of substituting the force of government for the voluntary market method of bringing supply and demand toward a balance. Shortages and surpluses do not develop or, at least, do not continue for long when prices are free

to fluctuate according to the choices of buyers and sellers.

Measuring the Shortage

THE CURRENT HOUSING "shortage" is not a thing that can be measured merely by comparing the number of families or the number of people with the number of dwellings or the number of rooms. The 1950 census reports an average of 3.5 persons per occupied dwelling unit in the United States, compared with 3.7 persons at the end of World War II, 3.8 persons in 1940, and 4.8 persons in 1900. The total number of dwelling units in 1950 was 23 per cent greater than in 1940, whereas the same period saw a population increase of less than 15 per cent. These figures certainly indicate that most of the so-called housing shortage stems from disruption of the market mechanism rather than from a decline in dwelling facilities.

Such a comparison of persons per dwelling, of course, tells nothing specific about the condition of the dwellings or the happiness or health of the residents. It has been charged that some Americans are now forced to live in slums and substandard dwellings. And it undoubtedly is true that some Americans are living in homes which other Americans would classify as uninhabitable.

But it is equally true that some Americans eat and drink food and beverages which other Americans consider unfit for human consumption. Some farm operators till soil so unproductive that other farm operators would classify it as unfit for farming. Some persons dress in a manner seen by others to be inadequate or positively indecent. Even the manner in which some Americans worship God is frowned upon by others. Who is to determine which ones of us are living in substandard fashion? And then what?

Forced To Be Independent

ASIDE from the occupants of prisons and other places of detention, how many American citizens actually are being forced to live in any particular place? Just what is the nature of this so-called force over those who dwell in the "slums"? Am I being forced to live in my own modest home just because there are others living not too far away in homes which are castles by comparison? Is it force which limits any man's possession to that which he can produce or obtain in exchange for his own efforts and property? Is it force which constrains nearly every human being to somewhat less than full satisfaction of every conceivable desire? Actually, these are the restraints of self-control exercised voluntarily by individuals who respect

the rights of one another to private ownership and control of property.

Among individuals who respect the right of every person to the product of his own efforts, it is expected that some persons may accumulate more property than others, not through resort to force, but simply as the result of superior productivity and personal thrift, both being a part of one's capacity to serve others. In a competitive society, property accrues naturally to those best able to use it in service to others. If men are to be allowed to live according to the fruits of their individual efforts, it follows that they must be allowed to live according to their different scales of values—not forced to work and act and live alike.

There may be those who will say that any person who eats an apple is forcing all other persons to do without that apple. And perhaps there are some who then go on to conclude that the eating of a single apple forces all others to do without apples. At least this seems to be the logic of persons who say that people are being forced to occupy slums and substandard dwellings. They imply that such force is exercised by those who occupy more stately mansions. Their idea seems to be that force occurs or has been exercised whenever there develops the least deviation from a condition of absolute equality of material possessions. By such "reasoning," they conclude that it is a proper func-

tion of government to provide a standardized dwelling unit for every citizen. Any individual who might attempt to disturb this dream of social equality by improving his own unit would have to be taxed back into line!

Partially Equal

THE FOREGOING illustration will be challenged by the majority of social levelers as going beyond their objectives. They will say that their goal is not absolute equality—that only the lower 5 per cent or 10 per cent or one-third of the population really deserves to be equalized upward. A favorite stunt of politicians who want to be known as defenders of private enterprise is to argue that, of course, we don't need 100,000 units of public housing a year—we only need 80,000 units! But this kind of a breaking point leaves no stopping place in principle. If all the people are to be taxed to build the new homes which some of the people cannot afford, this very tax will drive others down into the eligible "substandard class." There will always be a lowest 5 per cent, until absolute equality is reached. And the disrupted market place will not be allowed to indicate by way of price changes just who wants what.

If 5 per cent of the productive efforts of individuals are diverted, through the taxing powers of government, to the building of hous-

ing which a free market would not justify, then it must follow that something other than housing will not be made available for consumption. The subsidized housing may be provided by curbing the output of fine cars and television sets and fur coats. Or, the housing may come at the expense of workshoes, clothes, food, medical care, and other nonluxury items. This much is certain: Whatever other values may be claimed for it, it is not logical to claim that taxation is a device for improving or even sustaining the productive activities of individuals. The taxpayer, the recipient of the subsidy, and the supervising middleman are all invited by the compulsory leveling process to be less productive than they could be. This curtails the total supply of things which can be consumed. Such compulsory exchange for the purpose of equalizing—unlike the market process of voluntary exchange for mutual gain—inevitably drives the over-all level of living below that of which free men are capable.

The Unseen Individuals

THERE IS indeed a sharp contrast between the poor housing conditions of the “slums” and the more exclusive homes of the “heights.” And, not infrequently, it is out of the picture windows of the more fashionable homes that the “slums” are seen to be “community eyesores,

blotches upon the character of American humanity, dens of iniquity, breeders of ignorance, disease and poverty"—areas justifying public intervention and clearance.

Seldom seen from the picture windows on the "heights" are the details of humanity in the so-called blighted areas. Unseen is the fact that in these "slum areas" are individuals who are living as they feel they can afford to live. Perhaps their homes are substandard by the measurements of outsiders. Yet there is much to indicate that some persons live in the "slums" by choice rather than necessity. It is conceivable that these occupants consider other things more important than improved housing, so far as their own spending is concerned. Streets filled with parked automobiles and roof-tops jammed with television aerials suggest that possibility. And if a man wants to spread his earnings by a formula somewhat different from the average for the community, is that necessarily wrong? If the majority, by way of government, is to prescribe the kind of a house in which a poor man is to live, then to the same degree will the majority prescribe how the wealthy and even the citizens of ordinary means are to live. If it is a new house for each family today, will it not be an adequate diet on every table, or a new car in every garage, tomorrow? And, of course, all of these things would be quite wonderful, except for the fact

that the government cannot thus provide one single item of goods or services to these persons except by taking it away from someone else who has worked to produce it.

Unforeseen Consequences

THERE IS no denying that an architect's drawing of the bright and cheerful new homes of a proposed housing project is more beautiful than a photograph of the "slums." "And it won't cost the community a cent," they usually say. Such clever devices influence opinion in favor of the project, for these are the things which can be seen.

There is another side of this picture, however, an unpleasant side which the picture-painters prefer to keep toward the wall. It depicts the taxpayers of the "favored" community and of the entire nation whose property will be taken to finance such housing projects. The money thus taken might have hired some extra household help for an overburdened mother. Or it might have brought the doctor in time, when Johnny developed pneumonia. It might have been invested in the tools and facilities which provide jobs. It might have provided real employment opportunities for those who are to be put "on relief" instead. These are some of the things which are unseen, things which cause "slum" conditions to

expand until they become universal, all developing as the unforeseen consequences of a public housing project.

Secondhand Houses

IN SOME RESPECTS, a "slum" is like a used-car lot. A "slum area" offers a supply of second-hand housing of the kind which satisfies a need until such time as a person can afford and wants a better home.

For purposes of illustration, let us assume that a more or less typical house may be suitable for occupancy over a period of 80 years from the time it is new. Assume further that the builder or original purchaser lives in the house for 20 years, and then sells it. He might reasonably expect to sell a 20-year-old house for about 75 per cent of the replacement cost of a new building. If the next resident occupies the house for 20 years, he might then sell it for roughly half the replacement cost. And a 60-year-old house might sell for about one-third of the replacement cost.¹

In other words, if a family can afford only so much for housing—say \$10,000, or the carrying costs on that amount—then one alternative would be a new home of small size. An-

¹ Roy Wenzlick and Co., *Appraisal Bulletin*, Vol. XXII, No. 2, January 21, 1953, and *As I See*, Vol. XXII, No. 11, March 17, 1950.

other alternative would be a used house with relatively more living space. It seems reasonable to let each family decide how best to balance newness against cubic content in their own choice of a home.

The point is that a typical dwelling does house a succession of different families during the life of the dwelling. And as a rule, it costs less to buy living quarters in a used house than in a new one. This explains why so many of us go through our lives always living in secondhand houses. And this is no cause for shame.

We do the same with automobiles. A Federal Reserve Board study reveals that in 1951, five out of eight purchasers of passenger cars bought secondhand vehicles. About a fourth of all cars in use today are more than ten years old. Those who want a car, but feel that they cannot afford a new one, patronize the used-car markets. As a consequence of this market method of distribution, nearly two-thirds of all families in the United States do own automobiles. And of the remaining families, many do not own cars simply because they do not want them.²

Socialized "Charity"

LET US ASSUME, however, that 5 per cent of all families in America are car-less because they

² *Automobile Facts and Figures*, 1952, pp. 14, 37.

believe that they cannot afford to buy even a used car. Now, suppose it is politically determined that the government shall provide "adequate" automobiles—new ones, of course—for about 2.5 million car-less families. This would mean putting some 400,000 more men to work producing these extra cars. But the meaning goes deeper; this act of the government would, in effect, pull one of every 150 working persons in the country out of his present job. That much of our current output of goods and services would be withheld from the market in which the most urgent wants of consumers are now being satisfied through voluntary exchange. That would be the unseen cost of providing 2.5 million shiny new cars for families who either could not or would not make the effort to pay for them.

It is possible to produce automobiles under governmental direction and control. In fact, if the government were to divert enough resources and manpower to that job, perhaps the government could even provide more cars than private industry now produces. That might be one way of getting more cars for more people. But does anyone believe that this same method of forced production is a useful method of increasing the *total* supply of *all* the various things people might want? Is that a method of getting more cars and more of everything else at the same time?

Though the long chapters of history offer one illustration after another of the failure of the coercive method, still there are those who think it should be tried again. In fact, that was the argument for the first of the major public housing projects in the United States. We were going to spend ourselves out of depression into prosperity by employing persons to build houses. Of course, housing was a drug on the market, like so many other goods and services in those lean years of the early Thirties. Private landlords, in many instances, couldn't collect rent enough to pay the taxes. Yet the government was collecting taxes to build more housing which wasn't wanted. And the object then was to reduce unemployment—implement the spending power of the improvident by seizing the spending power of the thrifty. Whatever can be said of the "Arthurdales" and the "Greenhills" and other early public housing experiments as a means of creating employment, it cannot be said truthfully that they were a useful addition to the total of the things for which any person would voluntarily spend his money.

Unwanted Production

FORCING the taxpayers of a nation to build unwanted housing does not differ in principle from compulsory war mobilization. In case of

all-out war, the government usually takes charge of the production of war materials. This is not because the government can produce these things more efficiently than could private industry; the reverse is true. The reason is that private industry does not deliberately undertake to supply people with things which are unwanted. If the government didn't compel the production of war materials, the people might keep right on producing whatever it is they want most.

Now, undoubtedly there have been times in the history of most nations when some of the people—perhaps the great majority of them—did want to produce war materials, particularly for defensive purposes. In that event, the competitive market would offer no hindrance to those who want to work full time and overtime for defense. This would by all odds be the most efficient method of providing as much national defense as the majority really wants. However, if a government is committed in a war effort which seems unreasonable to the citizenry, then it is necessary for the government to either compel mobilization or confess its unrepresentative character. The government finds itself in this same kind of a squeeze when it has promised to deliver new housing which individuals would not build voluntarily.

People being what they are, the most efficient method of increasing the total supply of

the things they really want is to allow every person to produce what pleases him, and then let him trade it, if he can, for anything which might please him more.

If people really want houses, let new ones be built or bought by those most able and anxious to build or buy. This is the most rapid and economical method of providing the total supply of adequate housing which free people want. There is no other way to make "adequate" housing available to the poorest among us without at the same time cutting back the supply of other things which we, as free people, would consider more important. To build new houses for families who couldn't possibly afford them, and who wouldn't try to pay for them as a matter of personal choice, is the kind of thing which has to be done by force—by the government—if it's to be done at all. There isn't any other way to get people to produce what they don't want.

Community Deterioration

MOST INDIVIDUALS in America will not voluntarily open their own homes for use as public housing projects. A man will rush downtown every workday morning to open his place of business to the public; yet he wants a certain amount of privacy in his own home. All of us know of residential areas which are zoned

against business use—the presumed objective being privacy, exclusion of the public, restriction of noise and traffic.

Judging from the petitions of protest from nearby residents whenever a Housing Authority announces consideration of a site for a public housing project, it appears that many home owners don't even want to live close to such a project. Now, this seems to be a strange reaction from people who are supposed to believe that public housing is a fine thing for their community! But the fact is that the erection of a public housing project tends to drive down the market values of nearby homes. It is as though a new and continuing tax burden is being imposed upon the property which adjoins a public housing project.

In fact, that may be precisely the situation. Suddenly the community "needs" additional water, sewage, road, school, police, and other facilities of a public service nature. The project which necessitates this increased cost of local government is not arranged to bear its share of the burden of these services. The difference turns out to be a levy against other property in the community, a continuing burden which capitalizes itself into a reduction in the market value of such adjacent property. Yet people will vote—or wire their Congressman to vote—to do this to their fellow citizens in other communities.

Creating Slums by Force

WHEN SUCH a thing happens to any community, the tendency will be for the present residents to look elsewhere for homes. Homes and grounds which had been tended with pride will begin to show signs of neglect. The community will deteriorate by reason of the added burden of government which is imposed upon it. This is the manner in which new slums are created—by force. What the government takes from an individual as taxes is no longer available to that individual for use as he might please toward the care and improvement of his own home and his own family.

It is true, of course, that a new housing project might afford a growing volume of trade to merchants and others who serve a community in a business sense. Local salesmen of building materials and workmen in construction industries may look upon the project as a source of new revenue. But except for those tradesmen who hold some grant of special privilege, such as the powers of exclusion of a closed or union shop and various other monopolies, the possibility of new customers will attract competing owners and operators of business enterprises into the community. And what might have seemed to a businessman to be a good idea when he was plugging for a public housing project for his community may turn out to be the cause

of his own downfall as the deterioration of the community follows its natural course.

Any individual who would live beyond his means, voting himself into a home which he cannot afford, is not a desirable neighbor for those who adhere to the concepts of private ownership and control of property. A person who will swallow his self-respect in order to live in subsidized housing may be expected to evade his other obligations and responsibilities in a similar manner.

High-Cost Public Housing

PUBLIC HOUSING is sometimes thoughtlessly, or maybe willfully, described as "low-cost government housing." Though it may be low-rent housing to the subsidized tenant, it is not low-cost by any acceptable method of accounting.

The late Senator Taft said: "I have not any doubt that as a general thing it probably is more expensive and usually does cost the government more to build than a private person."³ And he might well have added that the costs to the government are always assessed in one way or another as taxes to be paid by private persons.

³ U. S. Congress, Senate, *Housing and Urban Redevelopment*, Hearings before Subcommittee on Housing and Urban Redevelopment, 79th Congress, 1st Session, p. 2100.

Senator Taft's conclusions probably were influenced by page after page of sworn testimony before Congressional committees, comparing the record of private and public construction costs. For instance, "the average construction cost of new privately financed nonfarm dwelling units started in the United States in the first 9 months of 1948 was \$7,640, whereas the average publicly financed unit cost was \$9,350."⁴ A Senate subcommittee study of public housing in Washington, D. C., revealed that private enterprise can build at a cost of from 25 per cent to 40 per cent less than the public housers.⁵

It stands to reason that private builders, who must bear the cost and responsibility of their own mistakes, would be more efficient than those who plan and then keep changing their plans at the taxpayer's risk and expense. It is not that private industry doesn't perform the actual construction job on a public project; the difference is that they do the job under the added handicap of governmental rules and regulations, with the added overhead of gov-

⁴ U. S. Congress, House of Representatives, *Housing Act of 1949*, Hearings before Committee on Banking and Currency, 81st Congress, 1st Session, p. 458.

⁵ *Public vs. Private Housing*, National Industrial Conference Board, March, 1945; also *The Answer to Public Housing*, Home Builders Assoc. of Metropolitan Washington, Washington, D. C., 1945, p. 8.

ernmental supervisors and inspectors of supervisors. Among the rules laid down by the government is one which discriminates in favor of unionized laborers, a well-known method of boosting the costs of housing construction.

Some Hidden Costs

NOT ALL of the high cost of "low-rent government housing" is revealed by a direct comparison of construction costs for public versus private housing projects. The public housing calls for continuing subsidy, not only by way of federally collected tax funds, but also by way of the added burden of local taxes upon the property owners of the community in which the partially tax-exempt housing project is located.

Some citizens of Los Angeles recently took the trouble to look into the total costs which might be involved in a proposed 10,000-unit public housing program in their community. The cost of construction was to have been \$11,000 a unit. Their conclusion was that "the taxpayers would be much better off . . . to build 10,000 houses costing \$11,000 each and give them away than to build and subsidize the 10,000-unit public housing program."⁶

⁶ *Rose Hills Report*, Monterey Woods Improvement Association, 4400 Sinova Street, Los Angeles, California, January, 1953, p. 11.

Comparative Costs

IT MUST be recognized that any attempt to compare the costs of public versus private housing can never be more than an estimate. When the government goes into business, it does not abide by the rules of exchange and accounting which are observed by ordinary citizens. In the first place, government housing projects are seldom located according to the market demand for housing. Public housing projects often spring up on land which private citizens would reject as a site for a new home. And once the site has been determined, the government is not bound by ordinary methods of acquiring title from present owners. The "just compensation" to an owner is seldom the same as the price which might have been determined by competitive bargaining between willing buyers and willing sellers.

The payment which the government may offer in lieu of local property taxes is not calculated according to the usual tax formula. The rate of interest which the government allows on funds invested in such a project is not necessarily related to the going market rate. And, finally, it can never be known just what part of the expense of central planning and supervision is properly chargeable to any particular local housing project.

The Government Monopoly

IN OTHER WORDS, the government—which so concerns itself with the maintenance of “fair” competition in the world of business and trade—conducts its own operations in a monopolistic fashion. It does not compete for a man’s services or for his savings; it levies a tax and allows no alternative. The government is not guided by the market method of price determination; it sets prices or exchange rates quite arbitrarily. The government is not subject to the profit and loss method of measuring success or failure; if it operates at a deficit, the taxpayer is held responsible and must pay for the government’s failure. As long as those who want new homes are in the majority over those who realize that they will be forced to pay for them, the government probably will carry on its socialized housing operations. And the dollars-and-cents costs of such interference with the freedom of individuals can never be measured precisely. The market would provide the only means of such measurement, but the government does not allow the market to function.

Out of the market place the government draws the materials and services which go into the construction of such things as public housing projects. But unlike the private builder of homes, the government does not put back into the market enough to entice anyone to make

the trade voluntarily. Anyone who really believes that it might be profitable or useful or desirable to replace the "slums" with new dwellings need not be forced by the government to undertake the task. Nor should the risk of failure be saddled upon those who honestly doubt the wisdom of such an undertaking. To do so is compulsory socialization at the expense of every individual who might otherwise claim an inalienable right to his own life and to his own private property.

Social Gains

DESPITE the long record of facts exposing the economic waste involved in public housing, there are those who still insist that it must be done in order to clear the "slums." It is said that the children of the "slums" are dirty, undernourished, diseased, untutored, disrespectful of law, and generally unfit for the duties and responsibilities of citizenship. But even if this be true, it does not justify the conclusion that society would necessarily be improved if those children and their parents were transferred into subsidized and supervised housing projects.

A "free" house isn't going to stop some parents from bringing into this world more children than they can possibly rear to maturity in as genteel and ample a manner as other parents

might like to prescribe. There is no assurance that a subsidized roof will impart to the tenant a more desirable character than might otherwise have leaked in upon him through a roof provided by his own efforts.

The owner-occupant of a house and lot may love flowers, a beautiful lawn, and a freshly-painted dwelling. But few love those long hours of evening and weekend hard labor so much that they would continue to maintain one home in a decent state of repair if another in perfect condition were available for the asking. The pride of ownership must soon pass away in a society which follows the downward path of compulsory equalization.

When a self-respecting individual who can afford to live in a used home, however humble, is led or pushed by the hand of public aid into a new home which obviously is beyond his means, just how does one measure the change in the value of the new ward of the government to the society in which he lives? And what kind of an attitude toward the personal and social problems of life is to be expected from the children who come out of such socialized homes? "Better," we are told, "than the attitudes of those who strive to find their ways out of poverty by their own efforts!" But any observant person may find within his own experience reasonable basis for doubting that assumption.

Some of the proponents of public housing like to cite statistics as to the incidence of juvenile delinquency in "slum" areas, and then leave the inference that public housing projects would materially reduce such criminal tendencies. But when the Los Angeles Chief of Police was asked to make a statistical study of this matter in 1951, he found the incidence of crime in public housing projects to be nearly twice as heavy as in the "slums" and 17 times as heavy as in a nearby privately-owned low-rent housing project.⁷

Who Says We Must?

IT IS NOT because of the behavior of self-respecting and property-respecting individuals that anyone is being forced to live in "slums" and substandard dwellings in this country. The people of the United States have delegated to government a monopoly of the use of force. That delegated authority has been exercised in such forms as rent control, credit control, health control, zoning restrictions, tax policies, special privileges to organized members of the construction industry, and in numerous other ways which forcefully interfere with the capacity of individuals to adequately house themselves. Now we are being told that we ought to feel a sense of personal responsibility for the

⁷ Rose Hills Report, *op. cit.*, pp. 14-15.

housing problems which the government has managed to create. We *must* have better housing! And this strange theory proceeds with the implication that if the individual isn't able to provide and subsidize a few hundred thousand new homes for others, then he *must* keep on delegating to government the responsibility for solving these problems which are the product of governmental interference with our lives. To accept that theory is to bow to tyranny without even struggling.

Limited Government

THE IDEA of limited government is that there is somewhere a stopping point to the inevitable governmental grasp for authority. In other words, there are certain things which ought to remain matters of individual responsibility. And if providing his own housing isn't such a personal responsibility, then on what grounds does any of us claim a right to be different and enjoy the privacy of his own home—his own property? If I advocate seizure of your property for what I claim to be in the common interest, why should I believe that you would still be interested in defending my property—or even my life? There is much dread that the individualism of competitive enterprise may lead to anarchy. But there is a worse form of anarchy—the anarchy of compulsory democratic

collectivism by which the majority rides rough shod over the last vestiges of individuality.

As Judge Van Orsdel has cautioned:

“It should be remembered that of the three fundamental principles which underlie government, and for which government exists, the protection of life, liberty and property, the chief of these is property, not that any amount of property is more valuable than the life or liberty of the citizen, but the history of civilization proves that, when the citizen is deprived of the free use and enjoyment of his property, anarchy and revolution follow, and life and liberty are without protection.”⁸

There is no reason for any conscientious citizen to believe that the government of the United States gave him life or granted him liberty. Nor is it reasonable of him to believe that the government ought to give him a house or any other right to property, thereby denying the similar rights of all others. That an individual may possess the power to seize or to tear down the house of his neighbor does not mean that he has a right to do it. Such powers of criminal violence are relinquished by those who pledge allegiance to the government of the United States. That is the price of membership in any peaceful society. The authorized function of our government is to restrain those who might attempt to deal coercively with one another. The government was designed to be the defender, not the equalizer, of life and property.

If a human being is ingenious and industri-

⁸ 284 Federal Reports, 622.

ous enough, he can create a house and claim it as his own. If he is careless enough to let the government do it for him, he will live in the kind of walled enclosure which compulsory state socialism affords—public housing for those who serve political masters.

Single Copy Free

8 copies	\$1.00
25 copies	2.50
50 copies	4.75
100 copies	9.00

Other prices on request.

The Foundation for Economic Education, while non-profit and nonpolitical, is nonetheless an educational champion of private ownership, the profit and loss system, and limited government. Its studies in economics, political science, and related subjects are available to all. It is responsible to no outside person or group. It is supported only by gifts and the sale of its publications. Additional information on request.



**THE FOUNDATION FOR
ECONOMIC EDUCATION, INC.**
IRVINGTON-ON-HUDSON, NEW YORK