

workers was completed last autumn in the small Baltic state of Lithuania, which has a population of only about 200,000 Jews. Within a period of six weeks 1,200 Jewish families applied to the Soviet Government to be sent to Biro-Bidjan, out of whom 340 were selected as suitable colonists and were sent. Six hundred more applicants from Belgium and thousands of other prospective candidates from practically every country in Europe had to be deferred until the spring, when foreign recruiting will be resumed. In a recent speech delivered at Minsk, M. Merzlin, who was then secretary of the Comzet (the Government Department for Settling Jews on the Land), stated that the Soviet Government is prepared to admit 12,000 Jews from other lands for settlement in Biro-Bidjan during 1932. This number does not include Jews from Poland, where enlistment has not yet been decided upon. Should a campaign similar to that in Lithuania be started in Poland, there would doubtless be found ten times 12,000 Jews ready to emigrate from there.

The system adopted by the Soviet Government in the settlement of the prospective Jewish republic in Biro-Bidjan is not the usual system of haphazard, individualistic capitalist immigration. Like Soviet industry and agriculture, Soviet immigration and colonization are strictly planned and directed by the state. The new Jewish settlers are engaged by the Soviet Government on the same principle as all other foreign workers are engaged for Russia, namely, on a contract to work for a definite length of time and at a fixed wage. The only important difference between these settlers and the other foreign workers who go to work in Russia is that these settlers become Soviet subjects as soon as they cross the Russian frontier. In other words, they are not to be visitors from

abroad who come to Russia to work for a time, but settlers and immigrants who come to stay in the new country and to link their fate with it for good or ill. The method is, in fact, not unlike the system of Zionist labor (*Halutzim*) immigration into Palestine, except that the Soviets play the parts of both the British administration and the Zionist organization in Palestine at one and the same time. But there is no collection of funds, no haggling with the Colonial Office over certificates, no land ordinances prohibiting the buying of land even at exorbitant prices, no quarrel with Arabs, no pogroms and no animosity on the part of the natives, no controversy about the percentage of Jewish workers on government works. In a word, the Jewish National Home in Soviet Russia is being built without all those grave problems and tragedies which have confronted Zionism since the Balfour Declaration.

The recently recruited Jewish settlers from Lithuania, reinforced by some 80 more volunteer families from South America, the United States, and Germany and 940 families from Russia, are already at work in Biro-Bidjan. The foundation has been laid of a new communal city, "Icar," named after the American organization which is chiefly responsible for the propagation of the Biro-Bidjan project outside the Soviet Union. Two hundred houses, a school for 2,500 children, a communal house, a labor club, and a library are already in process of erection, and one of the most interesting social experiments—unique even for Soviet Russia—is being launched. At the end of the Five-Year Plan in 1933, 40,000 to 50,000 Jews are expected to live in Biro-Bidjan, and in accordance with the original Kalinin promise the district is then to be declared a Jewish republic.

Housing and Common Sense*

By CLARENCE S. STEIN

THERE is a fairy story about housing that all Americans like to believe. It tells us that any American of sound character and industrious habits can provide himself with "the house of his heart's desire." The picture of that fairy-story dwelling is exhibited in various forms in those home journals and other magazines that carry advertisements of all the mechanical gadgets which constitute the glory of that house. It has all the pretension of a great mansion and the picturesque cuteness of a little cottage. It is always displayed in a spacious garden, free of surrounding buildings, yet it is served by all the conveniences of modern urban civilization.

Now the hard facts are quite different from the fairy story. It is only the man with plenty of money who can have his house planned and built to meet his needs and can place it so as to secure quiet and privacy. Private enterprise does supply homes for this very limited part of the population. Housing for the well-to-do is a good business, but housing for two-thirds of our citizens is nobody's business. The cost of habitation is so disproportionate to their incomes that most people cannot afford new houses. They are forced to live in dwellings left over from another and different age,

most of which are now far below American standards of decency and sanitation. And most of the houses built during the last ten years are no better than the old. They are little more than decorated wooden boxes crowded and shouldered by an army of other wooden boxes. They lack all the elementary needs of decent dwellings: sound construction, adequate sunlight, ventilation, privacy, and surroundings of natural green. They have no architectural sincerity; they are false and artificial settings for a moving-picture life. They ape the customs of a past age instead of meeting the needs of the present.

In spite of the unprecedented progress in all other great industries, the standard of house construction during the past decade has been lower than before the war. Progress there has been, but mainly in such mechanical accessories as bathroom, kitchen, and furnace fittings that are made and assembled in factories. The shell itself—that portion of the house that is put together by labor on the job—shows no technical progress. Problems of insulation against heat and cold and sound and of fire resistance have been generally left unsolved. Most of our houses are still made of wood in spite of the danger of fire and rapid deterioration. Compared with earlier periods, the construction has been slovenly—poor materials badly put together. A large part of it is

* The fifth of a series of articles on various important phases of our economic life. The sixth, "The Control of Big Business," by Walton H. Hamilton, will appear in the issue of May 25.—EDITOR THE NATION.

the slipshod work of ignorant or irresponsible jerry-builders.

The quality of housing—and in part its cost—is due to the fact that the building industry is organized on a retail basis. Mass production we have in and near our large cities, where the greater part of the houses are produced by wholesale. But the antiquated methods of the days when houses were built one by one for individual owners persist. As a result, housing is our one large industry that has been practically unaffected by the great decade of industrial standardization and mechanization.

Most of the houses built during the last ten years were badly placed because they were planned to fit deep narrow lots rather than the needs of growing human beings who require sunlight and air and the sight of natural green. They have been placed without any regard to the best use of the site or the preservation of open spaces. Similar houses have been arranged in endless lines, like soldiers on parade. Miles of identical, free-standing houses, with no individuality and no privacy. Traditional systems of land subdivision, which bear no relation to actual use, like the typical municipal regulations, lead to the building of monotonous rows, and make it practically impossible to group houses so as to secure beauty or to obtain the maximum advantages of vista and privacy.

In the motor age our municipalities have continued to repeat highway and street layouts patterned for the days of the buggy. All the requirements of living have changed, but the framework of our cities remains the same. In fact, they are extended endlessly according to obsolete and wasteful methods in spite of the apparent need of new types of city planning to meet the requirements of the use of the automobile and the growing demand for peaceful escape from the dangers, noises, and odors of traffic highways.

Vast areas of land have been taken out of productive use for farming long before they were needed for housing. They have been subdivided into small lots and marketed by super-sales methods that add vastly to the cost of the land to the ultimate owner. More lots have been sold in these last ten years than can be used for decades—perhaps a century. Much of the land will lie useless for long periods while the owners' costs are inflated by payments for interest on investments, taxes, and assessments for roads and public utilities. Vast lengths of this expensive municipal equipment—highways, sewers, water supplies, as well as gas mains, telephones, and electric wires—are but partially used as one building after another is erected. The houses that are built fit badly in their narrow lots. But the mold of the future development of this portion of the city has been fixed by street layouts and subdivisions that are in great part already obsolete. Under our present procedure the pattern can be changed, the mold broken, only at vast expense and much labor by repurchase of individual lots.

Subdivisions have been located in accordance with the whim of the speculator rather than as required by a sound economic development of the community or the region of which they form a part. As a result, there is a chaotic relation between the location of industry and the home of workers. Municipalities have been put to vast expense—or more often have borrowed on the future—for transportation systems to connect the two.

A large part of the housing has been recklessly financed. The lending institutions hold the key position in the house-

building industry. It is their loans that make construction possible. It is their final say which decides what houses shall be built. In short, they have been the real leaders in this chaotic industry. Loans have often been made without proper consideration of the quality of construction, the ability and integrity of the builder, the financial ability of the purchasers to meet all costs of upkeep, future assessments, and taxes, or the future character of the neighborhood as affecting the value of the house.

The causes of our past failures are not far to seek. Basically there are two. First, housing is carried on as speculation rather than investment. Second, housing is looked upon as purely a private affair rather than a public function. The American concept of building a house is a survival of the days when each man could provide his own home in his own way. In the pioneer days the individual could and did build his own home and supply its equipment on a purely individualistic basis. But with the development of the complications of modern urban life all this has changed. Much that we now consider essential to the house, such as good highways, sidewalks, water mains, sewers, telephones, gas and electricity, cannot be the individual's affair. It is a public matter, installed by the municipality or as a public utility. Parks, schools, transportation, and other facilities which make a neighborhood of houses desirable are also supplied at the expense of the city. The city's investment in housing is great. It cannot protect that investment under our present system of uncontrolled development of the city's growth for speculative gain.

The extravagant type of streets and utilities planned for the newer sections of our cities cannot be supported by those willing to occupy the cheap, free-standing houses with which these sections have been covered. Their cost must in part be borne by other parts of the city. The transportation lines and highways which feed these sections must also be subsidized. Meanwhile, streets, utilities, and the protection of the older blighted areas which have been in large part vacated in the outward growth of these same cities must also be carried at a loss. The uncontrolled growth of our urban regions is one of the factors that are leading all our big cities toward bankruptcy. It is its relation to their fiscal rather than to their social success or failure that will ultimately force our municipalities to accept housing as a public utility.

Although we think in terms of the pioneer—of the individual building his own house—the truth is that most dwellings are produced not for use but as speculation. This is the key to most of our housing difficulties. Houses are built to sell, and so it is mainly on the outward appearance rather than the essential structure that the builder's money is spent. He is not interested in supplying a need; he wants to make a profit. He would rather employ a clever salesman than a competent plumber, an honest carpenter, or an efficient architect. He puts very little real money into the operation. What he cannot borrow he owes to his subcontractors. He gets out as quickly as possible and moves on to speculate with the future development of some other section of the city.

Meanwhile, the house buyer who thought he had made an investment discovers he has gambled away his economic freedom. The fairy-story house he bought is only skin deep.

The ownership of a home which according to the propaganda was to have made him a better citizen has merely robbed him of his freedom of movement. The "Own your own home" campaigns have encouraged many to buy who never should have done so—and never would have done so if they really had understood what they were getting into. The enormous number of foreclosures of mortgages in 1931 illustrates this point. The purchaser has been chained to a house that was ill fitted to his needs in the beginning, and was so badly built and so badly placed that it will be worthless long before the mortgages have been paid and the building really belongs to him. Deterioration of house or obsolescence of neighborhood wipes out his life's savings and one-quarter of his earnings for the better part of his working years. If houses were built as an investment instead of a speculation they would be constructed so that their structural life would be safe during the period in which the investment was being paid off. The neighborhood would be planned, built, and restricted so as to protect their value.

The speculative basis of housing is responsible not only for deterioration of buildings and neighborhood, but also for most of the wasteful and useless processes which make houses too expensive for most families. These include the waste of pyramiding land costs by premature land subdivision and sales; the waste in high-pressure salesmanship; the waste of partially used public improvements; the waste of bad planning; and the waste of small-scale construction methods. But the waste that costs the buyer or the renter of house or apartment most is that which comes from exorbitant charges for the use of money. It is because housing is a speculative business rather than a sound investment that its financing is so expensive. The actual annual costs for the use of money are generally in excess of 9 per cent. If the rate of financing were cut one-third, from 9 per cent to 6 per cent, rents could be cut about one-fifth.

Now if housing were a good and a safe investment, there would be no reason why the charges for the use of money should be higher than the market rates. There is no safer investment than a soundly constructed house in a properly planned and organized neighborhood. It is good for thirty years or more, and rental charges could be reduced not only by decreased rate of interest, but also by decreased amortization charges. Money at 4½ per cent instead of 9 per cent would mean that a four-room apartment that rents for \$60 could be rented for \$42.

It is apparent that the way to decent housing and communities and to economic housing is the same. If we could forget the fairy stories about housing and would use a little common sense we would scrap most of our present housing methods and create new ones. We would accept as a basis for our program of the future:

1. Housing as an investment rather than a speculation.
2. Housing as a public service rather than an individual function.

Such a realistic program for the future would propose:

1. No more subdivisions of land before actual planning and building of homes.
2. No more planning or building of houses as single unrelated units within urban areas.
3. No more construction by irresponsible, unskilled, small-scale builders.

Now let me put a program for the future on a positive rather than a negative basis. In rough outline, it is this:

1. *Plan and build communities, not unrelated individual houses.* Plan every house as an integrated and related part of the whole town and more particularly of the neighborhood. The neighborhood should be the minimum unit of design. These communities should be created to meet the requirements of a new age—the age of the motor, and increased leisure. They should be built spaciouly around great parks. They should offer both the conveniences of this machine age and an escape from its nuisances and dangers.

2. *Build these neighborhood communities as a single operation or a series of related large-scale operations under the guidance of trained technicians working as an organized group.* Thus we can secure towns fitted not only to our modern needs but, what is quite as important, to our pocket-books.

3. *Relate the location of these communities to the most desirable economic and social development of the city and region.* We shall thus secure better environment for living and a saner relation of housing to work and recreation places. At the same time we shall vastly decrease the cost of housing and particularly the accessory governmental costs of roads, utilities, and transportation. We may even escape municipal bankruptcy.

4. *Reorganize the house-building industry as a modern and efficient large-scale industry.*

5. *Put land for housing purposes under government control.* Thus do away with premature land subdivision and turn land directly from productive farm use to the maximum productive use for housing. Every city should purchase surrounding rural land and hold it out of use for housing until it is really needed—forever, if possible. It should also—for the social good of its citizens and its own economic salvation—take over the vast rotting or blighted areas both in the older sections and in those newer regions in which the cancerous signs of blight are beginning to appear. This will require a new type of condemnation law that will give the government a chance to take land on a fair basis of actual value.

6. *Finance housing on an investment instead of a speculative basis.* Large-scale operation would simplify housing financing and help to safeguard investments. It spreads the risks instead of concentrating them as do individual loans. Its scale and the homogeneous character it gives a neighborhood preserve the values for a much longer time than does our present methods. Because the risk is decreased, loans on a larger percentage of value, longer periods of amortization, and a smaller return on money are possible. On the basis of a complete new set of substantial amounts of capital seeking permanent investment would be drawn into housing, for housing built according to the program outlined above would should attract

its securities would market as readily as the securities of the Port Authority if each house-building operation had behind it the supervision and the approval of governmental agencies, such as the New York State Housing Board. As a result, instead of housing one-third of our population in the haphazard, wasteful, and unsatisfactory method of the past, it would be possible to produce on a sound business basis decent housing for perhaps two-thirds of our urban population.

There will still remain a great many workers whose wages are too low to pay for new dwellings no matter how efficiently and economically they are produced. They must be housed not partially, as at present, but entirely, as a public service. In the past public-spirited citizens and foundations have attempted to care for the housing of the poor. Their work stands head and shoulders above most of the speculative developments. They have blazed the way in creating neighborhoods of permanent value as a result of unified planning, coordinated building, and sane regulations. Their investments have in most cases been safeguarded by the character of their work.

Housing for the lower income groups must become a direct governmental service—in my opinion a service far more important than the building of roads, utilities, transportation, even more important than schools. Why continue to dodge the problem? Inadequate incomes never will pay for adequate homes. We shall have decent communities for the vast mass of the population only when our cities—houses and all—are financed and built as public services. This means a vast amount of public credit for long terms and at low rates—rates as low as that at which the government can borrow, and even lower for the very poor. This does not necessarily mean an actual loss to the government. Certainly the loss to the city or State will not be so great as that which municipalities now suffer because of our present wasteful methods of city and housing development.

In the Driftway

A GENTLEMAN from Indiana—Mr. H. K. B., of South Bend, to be exact—writes to Heywood Brown of the *New York World-Telegram* for advice. Mr. B., it seems, wants to visit New York for the first time. He can stay there from Sunday noon to Thursday night; when his railroad fare and that of his wife are paid, they will have a hundred dollars left to see the town. How shall they do it? Mr. Brown, that inveterate and incurable New Yorker, tends to dodge the issue. He throws out a suggestion or two about the Statue of Liberty, the Empire State Building, and some speakeasy or other. He mentions the George Washington Bridge by moonlight at 3 a. m.: But in general he is vague and not very helpful. As a result, probably, of an impecunious childhood—which Mr. Brown never enjoyed—the Drifter has always been beguiled by mathematical problems of that sort. If Mr. and Mrs. H. K. B. ever see his advice, therefore, they may take it for what it is worth.

ONE hundred dollars, New York, and four and a half days: they make somehow an irresistible combination. Let us assume that Mr. B. from South Bend is a good bargainer; that he can go to one of the—almost—first-class hotels not far from the railroad station which will usher him into the metropolis and get a room and bath for two for \$4 a day. That will take up \$16 of his \$100. Let him allot \$24 for incidental expenses—taxis (for Mr. B., not for Mr. Brown!), the Empire State Building, rides on the bus, rides on the subway, ferry rides, and perhaps even a hansom cab from Central Park down Fifth Avenue to Washington Square

(it used to cost \$2.50, but maybe the price has been reduced in these depression days). This must also include newspapers and might even be squeezed to take in a couple of theater tickets at one of the cut-rate ticket agencies. Mr. B. will then have \$60 left. Let him set aside \$25. Of that we shall speak later. He must get his meals for four days out of the remaining \$35. It goes without saying that the B.'s will never eat at their hotel. For breakfast they had better depend on a quarter spent at the nearest drug-store; for lunch they should be almost equally economical. After all, in New York one dines momentarily! And since, by all reports, in South Bend the dinners are sumptuous and tempting to a degree, quantity or even quality of food is not so important as variety. New York is the place where one may dine à la nationalité. French, German, Japanese, Italian, Syrian, Armenian, kosher, Mexican, Russian, and heaven knows how many other kinds of dinner at all hours of the night should enlighten the B.'s on how the rest of the world eats. At a restaurant where food of some other nation than England or the United States is served, the prices are not likely to be so high; the wine, if there is wine, is not quite so dear; the music is often excellent and strange; the patrons supply as much entertainment as does the food.

THERE remains the mysterious \$25. This the B.'s may spend on Thursday night, and they may spend it in a way that is perhaps not peculiar to New York, but which is, shall we say, considered peculiar to New York in South Bend. They may dine at a speakeasy, and around midnight repair to a hotel to dance off the effects of their dinner. This frivolity will send them in high spirits to their train, and they will be fully prepared to answer in the negative the question of South Benders: "I hear New York is a swell place to visit, but I guess you wouldn't want to live there, would you?" The Drifter would hasten to assure the B.'s that many persons in New York would consider \$25 an insufficient sum with which to enter a speakeasy and expect to leave it alive. But it can be done. One must dine not too well and must drink not too many synthetic cocktails at a dollar apiece. But in the course of the evening one learns a good deal about one of the more celebrated phases of New York life. And if the B.'s pick out the right place, they might even run into Mr. Brown.

THE DRIFTER

Correspondence

Eggs: Six Cents a Dozen

TO THE EDITOR OF THE NATION:

Sir: Last winter I canceled my subscription to *The Nation*, and I have just received your letter urging me to renew. I would gladly do so if I were financially able to do so. I am a farmer owning 120 acres of land and am entirely out of debt. This is the first year since I bought the place in 1904 that I have not been able to pay my taxes when due. This is a grain, alfalfa, and fruit country, and I do not know a farmer in the country that has paid the first half of his taxes due March 1. There no doubt are some but none that I know. Banks will not loan even for taxes, and farming has not paid expenses for

three years. Apples last fall did not pay cost of picking, to say nothing of cost of growing them. Dairy cows don't pay cost of the food. Eggs down to six cents a dozen; some stores refuse to buy them. Glad to see one paper that will face facts and tell the truth. But I can't help you out.

Laxar, Colo., April 19

P. P. SLACK

Internationalism

TO THE EDITOR OF THE NATION:

SIR: The American press has apparently ignored a recent meeting of the League of Human Rights. The following statement by a French delegate, Mme Marcelle Capi, should not go unnoticed:

The German Krupp needed nickel and it was furnished by the French nickel syndicate; it was shipped from New Caledonia to Norway and then to Germany. Copper was handled similarly, with participation of the English firm, Vickers. Again, Krupp sold to Vickers a patented fuse, and the British fleet at Skagerrack used optical instruments supplied by German firms during the war. In their Novoski works, the Austrian Skoda Works manufactured cannons for Russia. French and British soldiers could die at the Dardanelles with the consolation that arms and munitions manufactured in their own countries brought them a hero's death, for Vickers had supplied the Turk plentifully. During the war, as the French deputy, Chouffet, reported in the Chamber, the Conference of Explosives Manufacturers of all warring countries worked harmoniously in Switzerland. For many months entire trainloads of chemicals were shipped from southern France to Switzerland, to be returned to France later in the form of phosgene gas for the killing of French soldiers. In January, 1915, 200,000 kilograms of cyanide were shipped from France to Germany. On the other hand, the barbed wire in which thousands of Germans died before Fort Douaumont was furnished one month before the attack by a German firm.

Indianapolis, April 10

H. STEIGLMANN

Progress in Education

TO THE EDITOR OF THE NATION:

SIR: Flounder as we may in the field of economics, have you noted what strides we are making in the technique of education? The latest is the invention by a genius of the University of Chicago of what we may call a soul-meter. The pupil whose soul is to be exposed reads a sentence thrown on the screen before him, and as he moves his eyes from left to right, an electrical contrivance records the movements—many short jerks for a slow, painful reader, one swift glide for a really bright boy. The child speaks, and electric lights flash and record the quality of his voice. But that is not all. The child glides on a strange belt and looks at a painting or listens to music, whereupon his innermost emotions are displayed before his own eyes and those of his teacher. In short, the human being is mentally vivisected. Is this not marvelous?

I have often visited a post-war school in Germany which grew rapidly from 250 children of workers to more than 1,200 from all classes of society; and I brought away with me an indelible impression of a development in just the opposite direction from that of the robot technique. In the Waldorf School all of the sixty and more teachers are expected to retain eyes, ears, minds, and even souls of their own. They are discouraged from leaning upon any contrivances of metal, activated by the subliminal forces of electricity, to discover the sly secrets

of a child's heart. It is their primary function to divine these secrets. They do not ask a machine to record the pulse-beat and breathing rhythm when a boy looks at a picture. On the contrary, they supply the child with water colors, and from his choice and use of shades in painting pictures for himself they discern the temperament of the evolving being. I have a feeling of confidence that this is really the way into the future, the road leading to the free individual man and woman, while the machine substitute for the teacher looks toward the extinction of personality.

New York, April 19

OLIN D. WANNAMAKER

Berkeley, California, Readers

TO THE EDITOR OF THE NATION:

SIR: Response from *Nation* readers to a letter printed last December resulted in the formation of a study group here. At our last meeting, incidentally, Miss Josephine Roche, of the Rocky Mountain Coal Company in Colorado, told us, and everyone on the University of California campus, of that unique experiment of hers in cooperative mining. We should like to widen our circle. There are no "dues" or obligations of any sort except an interest in honest study of economics. Full information may be obtained by writing the undersigned at 1109 Sterling Avenue.

Berkeley, Cal., April 9 THE WORKING COMMITTEE

For Ohio Readers of *The Nation*

TO THE EDITOR OF THE NATION:

SIR: Any readers of *The Nation* resident in Ohio who favor the Four-Year Presidential Program of the League for Independent Political Action, as published in *The Nation* of February 17, and who desire to cooperate in the formation of an active chapter of the League in Ohio, are asked to communicate with E. M. Davidore, 1812 Guarantee Title Building, Cleveland, Ohio.

Cleveland, March 24

WM. W. BIDDLE

Contributors to This Issue

LESLIE F. CROSS is a Milwaukee newspaperman who has contributed to various periodicals.

PAUL Y. ANDERSON is the national correspondent of the St. Louis *Post-Dispatch*.

WILLIAM ZUKERMAN is a London journalist and manager of the European bureau of the New York *Jewish Morning Journal*.

CLARENCE S. STEIN, a New York architect, was formerly chairman of the Commission of Housing and Regional Planning of New York State.

BABETTE DRUTSCH is the author of several volumes of verse, the latest of which is "Honey out of the Rock."

NATHANIEL PEPPER is the author of "The White Man's Dilemma" and "China: The Collapse of a Civilization."

CLIFTON FADIMAN is head of the editorial department of Simon and Schuster.

RAY C. B. BROWN was for many years managing editor of *Musical America*.

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Finance

"Steel" Pays No Dividend

OMISSION of the dividend on the common stock of the United States Steel Corporation, for the first time since 1915, is another reminder of the severity of the business depression. Last year the company reported a deficit of \$6,303,519 before inclusion of certain non-recurring income, and a final deficit, after payment of dividends, of \$49,945,567. In the first three months of this year it failed to cover its operating expenses by \$1,136,607 and revealed a deficit of \$13,218,549 after paying fixed charges and providing for depreciation and depletion reserves. Last September the annual dividend rate was reduced from \$7 to \$4 a share, and in the following January from \$4 to \$2; even this curtailed payment has now been omitted. There are 174,507 owners of the company's 8,687,435 common shares.

A change in the Steel Corporation's common dividend is always a matter of more than casual interest, for the company still stands, in spite of the rise of General Motors to unparalleled size, as the premier industrial organization of America. Its earnings are looked upon as barometric, and its financial policies are widely regarded as setting a standard of corporation practice. Those policies have been conservative. It was only in two years, during the height of the war-time prosperity, that the company paid out more than \$7 a share (\$11.75 extra in 1917 and \$11 extra in 1918). Refusing to yield to the mania for splitting its shares three, four, or five for one, as other concerns were doing, the company confined itself to paying a 40 per cent dividend in stock in 1927, when its shares were selling in the neighborhood of \$170; it was not until two years later that the market placed the fantastic valuation of \$261.75 a share on this increased amount of capital stock. The management in 1929 shrewdly accommodated the public, which had an insatiable craving for common stocks, by selling more than a million new shares at \$140 each and using the proceeds to retire bonded debt. The reduction in sinking-fund and interest requirements thereby effected stands the company in good stead today.

Yet in spite of these farseeing moves, United States Steel has not been able to maintain its common dividends. A stockholder at the recent annual meeting rose to protest the reduction which had taken place up to that time, and moved that the rate be moved back to \$7 as speedily as possible, presenting a combination of balance-sheet figures to prove that the company had \$1,200,000,000 of undistributed net profits, and that net income in 1931, before depreciation and depletion, totaled \$65,000,000—enough to pay \$4 in dividends on the common. The motion was promptly voted down; but the stockholder succeeded in bringing into the foreground the fact that the Steel Corporation's policy of reinvesting enormous amounts of its earnings in plant and equipment, even though this expansion does not result in enlargement of bonded debt or share capital, provides no bulwark against a depression such as now exists.

In the period from 1912 to 1925 the book value of Steel common rose from approximately \$140 to \$260 a share; from 1921 to 1930 the increase was only from \$261 to \$290. In the earlier period the average annual earnings a share were \$15.90, while in the latter they were \$8.39. Even during the 1912-25 period of larger earnings, dividend payments averaged only \$6.77. If the country's industrial activity falls to a slower tempo in the future, as seems likely, we may see a marked alteration in the Steel Corporation's policy of reinvesting heavily in plant; which will not necessarily mean smaller returns for the stockholder.

S. PALMER HARMAN

Mr Stein does not say that the government should buy all land. Obviously, he would have some land still remain in private possession. What does Mr Stein believe will happen to the value of privately owned land if any appreciable amount of land is bought and held out of sale by the government?

Also what does Mr Stein think will happen to land values when "over cities, houses and all are financed and built as public services"?

~~What does Mr Stein think will happen to the value of land if the government buys all the land of the country?~~

Clearly, he does not know that land values will be increased to the point where they will absorb all the benefits ~~to~~ his measure, ~~and~~ ~~the~~ ~~purpose~~ of his aim is the very increase of those land values.

Whatever his ultimate purpose, ~~and~~ his proposition cannot achieve the betterment of the condition of the "workers whose wages are too low to pay for new dwellings or adequate homes"

For a complete solution of this stated problem we refer the reader to the Report of a Special Committee of the American Institute of Architects made to its Convention in April 1920. Its title is "Taxation, as related to Architecture and the Practice of the Profession"

~~At the ...~~

In an article headed "Housing and Consumer Sense in the Nation" for May 11th 1932, Clarence S. Stein, a New York Architect and former Chairman of the Commission of Housing and Regional Planning of New York State, writes the following: "Why continue to hope the problem of inadequate incomes never will pay for adequate housing also this: 'There will still remain a great many workers whose wages are too low to pay for new dwellings no matter how efficiently and economically they are produced'."

It would seem that Mr. Stein being an architect and desiring "adequate homes for the great many workers whose wages are too low to pay for new dwellings" would seek to increase the wages of all workers so that they may be enabled to pay for new and adequate homes.

Instead we find this: "Put land for housing purposes under government control. Every far-sighted municipality should purchase surrounding rural lands and hold it out of use for housing until it is needed - for use of public and this: 'We shall have decent communities for the vast mass of the population only when our cities - towns and all - are financed and built as public services'."

As an architect there is much in the report that will be familiar to him. There are some things ~~that are familiar~~ (those as to taxation) that perhaps will be strange. We followed its careful study.

The question of interest of this work is not a new one. It is a question of the general principle of the law of interest. It is a question of the law of interest. It is a question of the law of interest.

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