

## HOW TO MAKE SLUMS AND CREATE BARBARIANS

That slums, or deteriorating areas in the Nation's cities, are breeding places for vice and crime seems to be generally acknowledged. That the spreading slums of America's expanding metropolitan areas also may be the breeding grounds for the vandals that in time will destroy our civilization is a disquieting thought, and it is an idea by no means so fantastic that one is justified in dismissing it lightly.

Many well-intentioned people, within and without government, are determined that slums must be eradicated from the American scene. However, their response to the problem is similar to that which one might apply to cope with a natural disaster such as a hurricane or an earthquake: They rush to do something. The obvious thing to do is to destroy slum structures and build other structures, as though that procedure must certainly solve the problem. Apparently, the recognition that slums are being created faster than they can be destroyed never occurs to such good-hearted but ill-informed citizens. They never stop to ask in a particular instance, How does it happen that this slum exists?

We are convinced that slums are not natural disasters; slums are not like hurricanes or earthquakes. They are not unavoidable. Slums are man-made; therefore, they present a problem that must be treated in an altogether different way from that used in coping with the effects of a natural disaster.

When a hurricane or earthquake destroys part of a city, the urgent desirability of immediately clearing the wreckage and rebuilding is obvious. But when a slowly spreading slum has become a blighted area of major proportions, the first response should be to seek the answer to the question: How did this happen? When this question has been answered accurately, not only can the particular slum probably be removed at minimum cost, but also the development of other slums can be prevented.

### HOW DO WE CREATE SLUMS?

In order to clarify what might otherwise be obscure, we invite readers to assume that they have become the elected managers of their respective cities. You are the city manager of Yourtown and have almost dictatorial power during your term of office.

First, reminding you that this is fantasy, we shall assume that you have the most evil intentions and that among your boon companions is a friendly devil who is amazingly astute, as devils presumably are. Below are some discussions between you and your devil friend held during the nightly excursions you and he have made around your city in search of more and better ways of achieving evil results.

"My friend," you said, "this is indeed a beautiful, in fact far too lovely, city. Since it was rebuilt after the great fire you kindled so successfully a few years ago, it has more and better buildings than before. Can you not think of a more permanent way of creating a little hell on earth than by merely burning a city? True, the effects of that conflagration were striking, but you will have to admit that they haven't lasted very long."

"Indeed," replied the devil, "I have been giving the matter serious consideration: I have a plan that will bring a more lasting hell to the midst of our city. The effects will not be apparent all at once, but there will be far more devastation than from any fire. Moreover, a disaster such as fire or flood tends to cultivate the bonds of human sympathy among men, and make them considerate of and helpful to their fellows; but my scheme will divide our fellow citizens in such a manner that those in the hell we shall devise will, in the course of time, become virtual barbarians prepared to tear down all that our other citizens can build. In short, we even can breed the new barbarians that perhaps in the end will destroy present civilization if we follow my plan."

"You make it all seem so easy. What is this plan?" you asked eagerly.

"Here it is," said the devil, "and I shall describe it one step at a time so that you can reflect on its simplicity and effectiveness. All truly great ideas are essentially simple, you know."

"We now are in one of the residential parts of the city, but it is an older section that was not burned a few years ago. The houses are somewhat crowded, but they once were occupied by some of the leading citizens. Do you notice that an occasional building could stand repainting?"

"Yes, of course, but what of that?" you replied.

"Simply this. You arrange with the tax assessors to raise the assessment and therefore the taxes on any building in the city that is repainted, or remodeled, or improved in any way. Moreover, caution them to assess at full value, or more nearly full value, any new building that is constructed. You know that the power to tax is the power to destroy, or in this instance to inhibit. If this procedure is followed assiduously, and your tax rate is high enough, you soon will observe the following results:

1. Throughout the older sections of the city, buildings at first will not be painted and maintained; then some will become dilapidated; and then virtually none will be improved or replaced.

2. Into this area will move the poorer families of the city. They will gravitate to this locality, not because most of them prefer to live in a slum, not because their taste has become so depraved that they could not enjoy life elsewhere, at least not at first. They will come to live in this area because our clever taxing method will prevent, or at least limit, the remodeling or new construction of housing that these families can afford.

3. Then, given another decade or two, as children are brought up in these depressing surroundings, our city will first have increasing problems of juvenile delinquency; then the former juvenile delinquents will become competent criminals and racketeers. Everyone can see that we need only enough of these individuals to overturn civilization itself."

### ENCOURAGING LAND SPECULATION

But you were not convinced that the friendly devil's plan was as excellent as he supposed. You asked, "Is that all there is to your masterpiece of evil calculation? I confess it has some interesting and perhaps effective features, but is that all?"

"By no means," friend devil replied. "In addition to taxing all improvements heavily, you must reduce the taxes on land values, especially on land values in the slum areas. As the original buildings deteriorate and the neighborhood becomes a slum, encourage the landlords to apply for

reductions in their taxes. Instruct the city assessor to disregard actual selling prices of land in the slum area and assume that the assessed value of the land should decrease as the buildings on it deteriorate. Thus you will reduce the cost of holding such land and thereby encourage the slumlords to hold their properties for speculation on the future growth of the city. You will combine the maximum of discouragement to improvement with the minimum of discouragement to land speculation. Even when buildings are condemned and closed as firetraps or are in danger of collapsing, they will not be replaced. The tax remaining will be so small that the owner will not be forced to sell to someone who might build. The owner, unless he is pressed for funds (and professional slumlords usually are not), will simply wait until the further growth of the city makes it practicable for someone to pay a price that will yield a tremendous profit. How large such gains may be can be seen by reference to the prices being paid today for land held by slumlords in areas to be redeveloped."

### EXPEDITING SLUM-MAKING

"I am nearly convinced that you have a useful scheme that will serve our evil purposes well," you said. "However, if you really put your mind to it, could you think of some improvements in it; perhaps ways of extending slum areas more widely or bringing the anticipated results more quickly?"

"Well," replied the devil, "I do know of a subtle modification of this scheme that has produced gratifying results. In parts of England, the principles I have mentioned have been carried to their logical extensions. When a property becomes so dilapidated that it is no longer used, or even when the slumlord simply chooses not to rent it, taxes are canceled altogether. Thus there is nothing to prevent the speculator from holding property off the market indefinitely. It is most encouraging to slumlords not to have that nagging annual payment, however small it might be. My friends abroad tell me that England has some of the most impressive slums anywhere to be found. Vast areas of London and the industrial midlands are such hells on earth that they put the subterranean master of our profession to shame. Think of it, he is the monarch of all that perpetual fire and brimstone, yet he contrives only a brief sizzle as another soul enters his dominion, whereas the tax system and slumlords in England have developed a hell that lasts for a man's whole lifetime, corrupts his children, and damns his earthly hopes. That is an achievement worthy of emulation by all who would foster evil wholesale instead of piddling around in the retail business of tempting individual

souls to their destruction.”

“Then why not try the same scheme here?” you asked.

Friend devil replied with some dignity, “I think you know me well enough to realize that neither lack of boldness nor any fondness for humankind has impelled me to suggest no more than I have. We must remember that you will be coming up for re-election in a few years. Anything that the public is accustomed to is accepted as right and just. Already your city is applying my scheme in substantial part; you need only tighten up a bit here and there, urge the assessors to seek more vigilantly for all improvements such as modern bathrooms in existing tenements, etc. If you were to introduce a completely new idea such as that applied in England, you might encounter resistance, because all new ideas are suspect, as you know.”

### APPLYING AN OPPOSITE PLAN

But you still were not completely satisfied; consequently, you questioned further: “Good friend devil, or rather friend devil (I do not mean to insult you), I see that you are right, and I begin to understand how it happens that nearly all cities in the United States have their steadily growing slums. The scheme as you outline it is indeed convincing; but I wonder, do you have any further proof of its soundness than the obvious results of experience with it to date?”

“Yes,” the devil replied, “I can offer the most convincing proof. In many cities of the world the opposite of my scheme has been applied. All improvements in those cities are exempt from taxation, and only the land values are taxed for all community expenditures. The results have been as follows:

1. Such cities have no slums worthy of the name.
2. Even the poorer citizens have no difficulty in renting adequate housing.
3. New construction is greatly encouraged; in fact, those cities, in Australia for example, seem to enjoy a never-ending progression of building and remodeling.
4. Industries come to those cities, because companies are taxed only on the value of the land they occupy (this value, of course, largely reflects the services provided by a city) rather than on their plants, equipment, and subsequent increases of those facilities.
5. Surprisingly enough, in many such cities where the landlords were the only citizens entitled to vote on land-value taxation, they voted for it. Although their taxes as owners of land were increased, the great benefit to the community of

this method of taxation so increased the demand for land in the community that land values also rose.

“There is the proof that my scheme is sound,” the devil insisted. “Apply it, and we get the slum hells we want; reverse it, and the slums are eliminated in a few short years at no cost to the community. What more proof do you need? Just keep the system we now have and accentuate its most effective features as I have suggested. Then you can rest assured that slum hells will keep spreading more rapidly than redevelopment programs can remove them.”

### CREATING MORE BARBARIANS

“The arguments you have offered and the all too obvious developments in most cities of the world offer convincing support for your basic theory, friend devil,” you said. “I am particularly interested in your reference to the influence of slums on the human beings who are born and brought up in them. That in the long run almost any person in those circumstances might become a barbarian willing to join in destroying our civilization seems clear. However, such indoctrination surely is a slow process, and many, far too many, escape from their slum environment. They see all around them opportunities to better themselves. Even if they have never read the stories of Horatio Alger, whose poor boys always found the stepping stones to wealth and power, they have seen for themselves in past decades that many of the nearly destitute immigrants who crowded American slums several decades ago have achieved success.

“Few of those immigrants who came about the turn of the century are slum dwellers today. Haven’t the slums in many instances been the incentive for climbing the economic ladder, cultivating useful work habits, and thus, through self-discipline, succeeding. Oppositely, haven’t easier surroundings lulled many to neglect the development of their latent abilities. In short, are slums alone as efficient a means of creating barbarians as you can devise?”

“You have put your finger on what used to be a weak point in my suggestion,” the devil replied. “However, in recent decades I have found improved means of creating barbarians. You may think I am somewhat immodest in claiming the new method as my own. Actually, the new method was devised by people of good will eager to prevent exploitation of their fellow men, aided by labor unions serving their selfish interests, and by politicians seeking votes. You remember the proverb, ‘The road to Hell is paved with good intentions.’ This is part of my, or at least my

master's, grand design. Through the application of that principle we already are achieving unprecedented success in creating barbarians."

"Friend devil, you speak in generalities. Precisely how do you propose to apply the principle that unwisely guided good intentions are the paving stones of earthly hells?"

"You misunderstand me. I am not speaking of proposals for future action. I am referring to laws already in effect. Your laws, both state and Federal, prohibiting employment of relatively unskilled people are especially effective."

"Surely you are joking; laws prohibiting employment would never be accepted by the people of the United States. I never heard of such a law in all my life."

"Now," the devil replied, "you are being naive. Such laws are not entitled 'Measures to Prohibit Gainful Employment,' nor do they begin with a whereas clause pointing out that they are intended to prevent people from obtaining jobs. The laws that actually prohibit such employment are under more euphonious titles such as 'Fair Labor Standards Act,' or 'A Law to Establish Minimum Wages'; and their whereas clauses may refer to the desirability of giving every person a 'living wage,' although a youth living at home and seeking his on-the-job training for life has need for much less income than does an adult living alone or another adult with family responsibilities."

The devil continued, "Economic studies have shown that the percentage of youths unemployed increases as higher minimum wages are established. In effect, the law says to every youth, 'You shall have no job unless the results of your labor are worth more to some employer than \$3.35 per hour.' Such effective prohibition against gainful employment for many provides

just the opportunity we desire. You know that all of us devils are skilled in finding work, our work, for idle hands. This is our specialty. Just give us such opportunities and we create barbarians. Proof that our efforts are successful already is apparent in the burned and looted areas of many cities.

"Slums always have been depressing places, but as long as there was hope for a way out, as long as no one was denied the opportunity to reach the first step on the ladder to success, only a small minority became barbarians. Today the situation is different for millions who are denied the basic opportunity, a job in which to learn useful work habits with the further upward steps of the ladder clearly in view. Now millions have no basis for hope. Denied the chance to earn the attractive products of a seemingly affluent society, frustration becomes the desperation of those who believe that they have nothing to lose and possibly some loot to gain if they join the modern barbarians. Given enough such men, no civilized society can survive.

"The barbarians who finally sacked Rome as that civilization declined and fell came from without. Much more efficient in destroying Western civilization will be the barbarians within. At the rate slums are being made and barbarians are being created today, we who expect to reap the hellish harvest of social revolution apparently have not long to wait. We shall have hell on earth on a scale never heretofore witnessed by the human race. Stupidity plus misguided good intentions will accomplish our work, leaving to us only the enjoyment of it.

"And now," said the devil, "you must excuse me. I must not shirk my task of providing work for idle hands."

---

## ECONOMIC EDUCATION BULLETIN

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH  
Great Barrington, Massachusetts 01230

Second class postage paid at  
Great Barrington, Massachusetts

### How To Make Slums and Create Barbarians

*Economic Education Bulletin* (ISSN 0424-2769) (USPS 167-360) is published once a month at Great Barrington, Massachusetts, by American Institute for Economic Research, a scientific and educational organization with no stockholders, chartered under Chapter 180 of the General Laws of Massachusetts. Second class postage paid at Great Barrington, Massachusetts. Printed in the United States of America. Subscription: \$10 per year.