



REPORT

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EDITORIAL Sending Back the Free Lunch

Last month we gave advice to our readers on how to join the tax revolt. This month we challenge you on a more personal subject, one which requires no knowledge of tax laws and no appetite for a public battle. We call on all of our members to join the Benefitters' Revolution: stop receiving government benefits you can refuse.

HALT advisor Dr. Hans Sennholz said it best in his book *Age of Inflation*: "To spearhead a rebirth of our free society, let us rededicate ourselves to a

new covenant of redemption which is a simple restatement of public morality. In the setting of our age of economic redistribution and social conflict it may be stated as follows:

No matter how the transfer state may victimize me, I shall seek no transfer payments, nor accept any.

I shall seek no government grants, loans, or other redistributive favors, nor accept any . . ."

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FEATURE

The Silent Bomb

by Walter Block

IF GOVERNMENTS are serious about solving the housing crisis, they will make the removal of rent control one of their highest priorities.

Since tenants outnumber landlords, and are usually convinced rent controls are in their best interests, it may prove "politically impossible" to act in such a statesmanlike manner. But do it they must, otherwise today's politicians will reside over the ruination of the Canadian rental housing market.

Like any law that freezes prices, or causes them to rise at lower rates than otherwise, rent control is a market signal. What it indicates to the entrepreneur is that no new rental housing units should be constructed.

While it's true new rental units are specifically exempted from coverage by all provincial rent enactments, investors are too cautious (perhaps too smart) to put their faith in rental housing — believing that they may

well eventually be hit, despite the present exemptions.

A question I often ask rent control advocates is: "Suppose you inherited \$1 million or won it in a lottery; would you invest it in an apartment building, at a time when tenants are clamoring for more and stricter rent controls? Would you advise your elderly parents to place their hard-earned cash in this highly risky field?"

Other factors

Some analysts have attempted to account for the shortage of residential rental construction and the near-zero vacancy rates in many parts of Canada not in terms of rent control, but as a result of other factors.

Alternative explanations include high interest rates, increased costs of construction (labor and materials) and immigration and population growth. But there are grave difficulties in each attempt.

Other things equal, an increase in the interest rate leads to a decline in

all long-term capital investments. But why then have high interest rates not punched as serious a hole in the construction of office buildings, factories, warehouses and commercial space? While vacancy rates for residential rentals in Vancouver hovered at zero levels in October, 1979 (latest figures available), empty space in office towers amounted to about 8.9%. A similar analysis can be applied to rampaging building costs: they harm all building, but commercial nonrent-controlled construction seems, curiously, almost exempt.

Immigration and population gains can be the occasion for temporary reductions in vacancy rates, but markets can usually be relied upon to adjust over the long haul.

Any lengthy shortage of housing is an indication of special problems. It is no accident that the average residential vacancy rate in Vancouver was 1.03% in the seven years after the

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EDITORIAL (continued)

This simple but eloquent covenant of redemption states the ideals of the Benefitters' Revolution. It demands that you stop taking government money, even if it was yours to begin with. A truly peaceful revolution, it allows you to stand firm on your convictions without fear of going to jail or being harassed by irate bureaucrats.

Nothing could be simpler. Just say "No, thank you": "No, thank you" to baby bonus cheques that you don't need; "No, thank you" to U.I.C. cheques that you can do without; "No, thank you" to government training or income supplement grants; "No, thank you" to every something-for-nothing government favor that comes your way.

It is only by starting to refuse the multitude of government handouts offered us that we can break through the vicious taxes/spending cycle. And we can do it individually without having to wait for the bandwagon to form. You can start your own revolution today, and will feel a lot better for it.

Welfare is for those who need it. Do you need it? Give yourself a means test. If you pass it, start looking at the places in your life where you have been accepting government money. Then take yourself off the welfare rolls. It's easy. Try it. You'll like it. H.A.L.T.

by Richard Bolstler

FEATURE (continued)

imposition of rent control in 1972, while it was 2.75% over a similar period before this legislation was enacted. This was a 62.5% reduction. Nor can this be explained away by population growth: the number of people in British Columbia grew by only 2.1% per year after rent control vs 3.1% before.

Nor do existing rental units fare very well under controls. Even with the best will in the world, the landlord cannot afford to pay his skyrocketing fuel, labor and materials bills, to say nothing of refinancing his mortgage at today's ruinous rates out of rent rises he may legally charge. And under rent control, he no longer has the best will in the world; the incentive to supply tenant services he had under free-market conditions is reduced.

His allowable rent rises are now arbitrarily set by outside political forces. They no longer depend, as they do in other fields of endeavor, on the standards he maintains. The result

is often improper maintenance, poor repairs and painting, grudging provision of services and a gradual slide into housing deterioration. The sitting tenant is "protected" by rent control, but he receives no real bargain. The enjoyment he can derive out of his dwelling space tends to be reduced to a level commensurate with his controlled rent.

Why is it so difficult to educate tenants and other members of the public about the economics of rent control?

One would have thought this to be an easy task, given the unanimity of opinion on this subject on the part of professional economists. (This agreement cuts across the usual debates, and ranges from Nobel prize-winners Milton Friedman and Friedrich Hayek on the "right" to their fellow prize winner Gunnar Myrdal, an important architect of the Swedish Labor Party's welfare state: "Rent control has in certain Western countries constituted, maybe, the worst example of poor planning by governments lacking courage and vision" to socialist economist Assar Lindbeck: "In many cases rent control appears to be the most efficient technique presently known to destroy a city — except for bombing.")

But the popularity of rent control is such that right now, it affects virtually all Canadian communities (only Alberta seems to have made a clear decision in favor of dismantling controls).

The average voter either has not heard the economist on rent controls, or will not listen.

Although this can only be speculative, one reason may be because of the sheer durability and immovability of the large residential structure. No one in his right mind advocates a price control on carrots in order to ensure a lower priced supply; everyone realizes that the farmer would switch production to other vegetables leading to a shortage of carrots. Likewise, when governments have attempted to place ceilings on the incomes of doctors, they have been faced with a brain drain to other freer countries. While the farmer can easily change to a new product, and labor is mobile at moderate cost, people see it as exceedingly difficult, if not impossible, to move a big apartment dwelling into a non-controlled locale. The average

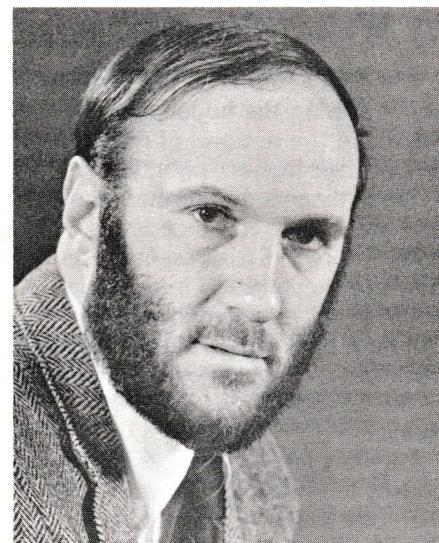
man may think he can have the "benefits" of rent control without the attendant destruction.

Mirage

But this is a mirage. When the market signals a lower need for apartments by holding down rents, entrepreneurs will take every step at their disposal to comply. They will attempt to convert rental units to condominiums, to build single detached units — which have never been controlled — for rental purposes. They will allow the slide of the rental housing stock into deterioration if it cannot otherwise be made into a paying proposition.

These phenomena, however, are rarely seen by noneconomists as the result of rent control. They occur years after enactment, and are often interpreted as the results of other social forces.

Voters and politicians should not confuse appearances and reality. They must come to realize that however immobile residential buildings seem to be, economic law grinds on inexorably. As concludes the Fraser Institute study, *Rent Control: Myths & Realities*, based on the experience of six countries over the past 50 years, "The lesson of the essays for legislators, is, if you have the best interest of tenants in mind, don't control rents and, if you already have control, then decontrol as quickly as possible." H.A.L.T.



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The HALT Report is produced monthly by H.A.L.T., 909 Thurlow Street, Vancouver.
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HALT ACROSS CANADA

Vancouver

In early April, HALT Vancouver began its campaign to influence City Council to privatize its garbage collection. A letter was sent to Mayor Harcourt, city aldermen, private disposal firms and union leaders outlining potential options for that process, and providing concrete examples where those options are presently operating.

Rick Bolstler, in meeting personally with aldermen, has identified an openness to the concept of privatization — a reversal of Council's position in June 19800 when Len Remple of Haul-Away Disposal Ltd. proposed to contract out Vancouver garbage collection. Private firms have also indicated keen interest in the opportunity to provide competitive service.

The next major step will be to present a brief to City Hall detailing HALT's plans for a free market alternative to the present method of garbage collection, calling on the City to study and approve these plans.

Edmonton

HALT Edmonton has set its public education wheels in motion: monthly copper courses were started in April, and so far, four coppers are pounding their neighbourhood pavements. Regular public meetings are scheduled the last Monday of each month. Bruce Vaughan's first pre-meeting announcement caught the media's eye: he was interviewed and taped by 4 local radio and tv stations. The April 27th meeting attracted about 20 concerned supporters. Bill Buckler presented HALT's underlying philosophy; Bruce explained how HALT-A-BLOCK works and encouraged everyone's participation. Reporters from The Edmonton Journal and a local tv station carried the message back to the public.

Calgary

HALT Calgary is attempting to shed some light on what is so far a very one-sided story on the City's plans for an LRT system. Their plan of attack will be directed toward two points: whether the citizens of Calgary actually believe there is a public demand for this system; and, if so, to establish a method to provide that service without

requiring taxpayer dollars to cover any deficits. HALT's solution is to set up a private corporation that would offer shares to the public.

Among the important terms of the proposal are: shareholders would be able to deduct all money invested in the shares from their taxable incomes; all profits accruing to the corporation would be exempt from any taxation; lands needed by the corporation which are government-owned would be leased or sold to the corporation for a token amount. This proposal was forwarded to the Mayor of Calgary, and should appear on City Hall's agenda before the end of April. Copies were also sent to the local media.

The Chapter has also held its first public meeting, at which Mike Little, Bill Buckler and Norm Lalonde presented HALT's objectives and progress, and introduced the LRT proposal. Reaction included serious coverage by CBC-TV, a 30-minute interview for Little and Lalonde on the "Hello Calgary" tv show, and CFAC radio coverage.

Halifax

David Morgan has been active on HALT's behalf out in Halifax. He was invited on the air on 2 occasions by CHNS radio to discuss HALT's philosophy and to publicize the Taxpayers' Survey.

David is also currently undertaking an appeal against local property assessors, taking the stance that an arbitrary dollar value was assigned to his property without his consent.

Head Office

Some of life's brightest moments are those that are unsought and unexpected. An example has been the response to an aside in April's article on Heather Engstrom — HALT's General Manager. The story mentioned that Heather and husband Rick Bolstler refuse to accept the family allowance bonus for their son Michael.

Vancouver Province reporter Bruce McLean found this item more interesting than the main features, and decided to follow it up. As a result, a picture of Heather and Michael and a story of the boycott appeared in The Province. This article was carried by CP wire services across the country, and picked up by papers in

Edmonton, Kingston and Montreal.

The story was also of interest to BCTV News which filmed a news interview with Heather; to CKNW's Barry Clark, who had Heather appear on his talk show; and to Radio Canada-Yellowknife, where the Station Manager had been returning his family allowance cheques for years.

The response to all of the above was so favorable that HALT has launched a self-generating project to encourage other parents to join the boycott. Brochures calling on other fed-up parents to send a letter to the Minister of Health and Welfare asking to be taken off the welfare rolls are being circulated. (See enclosure with this HALT Report.) Boycotters will be encouraged to tell HALT that they have done so, and to subscribe to the HALT Report in order to follow progress on the boycott Canada-wide. Anyone wishing more brochures to pass on to friends may order them from HALT head office.

The second HALT "Chapter Organizer's Seminar" was held April 10-12. All 6 participants found the program informative and responded with enthusiasm. However, none was prepared at this time to move ahead to the level of Chapter Organizer.

A new worker will be assisting Paul Geddes, Office Manager at head office this summer. Libby Bolstler joins our staff while on recess from university. Libby brings to the job extensive management skills and several years of office experience. HALT

Events

Public meetings will be held monthly in cities where there is an active HALT chapter. At that time, a competent spokesman will discuss HALT objectives and methods, its projects and progress. Everyone is welcome. A question and answer period will be part of the meeting format.

Edmonton: the last Monday of each month. Phone Bruce Vaughan at 462-0698 for further information.

Vancouver: the last Monday of each month, 7:30 p.m. at The Scottish Auditorium, 1605 West 12th Avenue. If you have any questions, phone 688-2308.

Copper Courses (1 hour training sessions for block reps) are held regularly. Call the above numbers for scheduled times.

REBELS IN ACTION

We tip our hats in admiration for anyone who has the courage and perseverance to resist the encroachment of unbridled bureaucracy. But when that stance is taken by a 57-year-old widow defending her home from expropriation, we are particularly

HALT Board Welcomes Robert Poole

Our readers will be well-acquainted with the name of Robert W. Poole, Jr. whose "Fiscal Watchdog" articles have appeared since HALT Report's inception. We are now pleased to have Bob join our Board of Advisors, bringing with him a laudatory set of skills and accomplishments.



Robert W. Poole, Jr.

Bob is president of the Reason Foundation, a non-profit educational organization centered on the ideas and institutions of a free society; he is editor-in-chief of its monthly magazine on current affairs, *REASON*. He has considerable other writing experience to his credit: he is currently editing *Instead of Regulation*, a book on alternatives to U.S. federal regulatory agencies; he published a handbook for the National Taxpayers Union in 1976 titled *Cut Local Taxes — Without Reducing Essential Services*; he wrote a full-length book, *Cutting Back City Hall* in 1980. His "Fiscal Watchdog" column appears monthly in over 160 newspapers in the U.S.A., and other articles on public policy questions have been incorporated into such periodicals as *The Freeman*, *The*

inspired. Such has been the plight of Lillian Mann in her dealings with the City of Burnaby. City Council voted to take the land for use as a parking lot adjacent to a library/recreation centre, after Mrs. Mann lost her appeal in the B.C. courts to nullify the expropriation order. Undaunted by this disappointment, Mrs. Mann brought the matter to the attention of the Minister for Municipal Affairs, who suggested that changes in the expropriation procedure may be called for and has initiated an investigation into the matter. A motion to rescind the expropriation order was served by Alderman Don Brown at a Burnaby council meeting, and council voted to delay action pending the outcome of the ministerial investigation. After three years of battling a faceless foe, Mrs. Mann remains steadfast, determined and optimistic.

In the wake of Petro-Canada's announced takeover of Montreal-based Petrofina Canada, Pierre Nadeau, president of Petrofina Canada, has vowed he will not work for the state-owned corporation. The

confirmed free enterpriser resented the move by Petro-Canada and remains vociferously critical of the national energy policy that prompted the takeover.

"The more you make, the more they take" is an expression one hears throughout the land — even in the professional sports arenas. Guy Lafleur of the NHL Montreal Canadiens has recently voiced his resentment of the high taxes levied against his earnings on the ice. Seeing 70% of his income being consumed by federal and provincial taxes has Mr. Lafleur casting an envious eye to hockey players south of the border who never pay more than 50% and who enjoy numerous exemptions.

"It seems government is doing everything to discourage us . . ." mused Lafleur. HALT

With this issue, HALT Report begins a regular feature under the "Rebels" caption. It will include capsule descriptions of the activities of people who have made a public protest against the encroachment of government.

Do you know of someone who has taken a rebel's stand? Contributions are welcome.

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Futurist, Inquiry, Reason, and Reader's Digest.

Bob also serves as chairman of the Local Government Center in Santa Barbara, a research institute specializing in cost-cutting innovations in public service delivery. His nine years' experience consulting with local governments in seven American states has proven invaluable in that contest.

Bob holds two engineering degrees from M.I.T. and undertook graduate

studies in management science at N.Y.U. He is a member of the Operations Research Society of America, the American Association for the Advancement of Science, and the World Future Society; he is also on the National Policy Advisory Board of the Association for Rational Environmental Alternatives.

Glad to have your help, Bob; HALT will continue to benefit from your expertise. HALT