

"Know the Truth and the Truth shall make You Free"—St. John, 8, 32

THE BULLETIN

OF THE MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE

VOL. VII

(CHICAGO, JANUARY-MARCH, 1929)

No. 1

CHICAGO'S REASSESSMENT NEARING END REVOLT AGAINST THE INCOME TAX GROWS

But the Tax Muddle of the City and County Governments Grows More and More Critical as the Months Roll On

After one of the most turbulent periods in Chicago's financial history, during which time a dozen efforts were made to assessmate it, the second evaluation of all real estate in Chicago and Cook County for assessment purposes is on the road to completion. The bankers of the city, who hold some \$140,000,000 of tax anticipation warrants and whose interests are thus involved, have donated \$250,000 to pay the experts whose salaries cannot by law be paid. Over 1,000 men in both the land and building valuation departments are at work, and value maps showing the tentative front foot values of the whole city have been prepared and published in the newspapers, public meetings to discuss these values and listen to criticisms are being held—in short, the whole prodigious task is sailing along as smoothly as a rough and stormy sea will permit.

It is too early yet to prognosticate what the results are going to be but it is safe to say that it is going to intensify greatly the whole tax situation. The owners of land in the central business districts—the loop—are unquestionably going to benefit, while the owners of buildings in the same district are, as a whole, undoubtedly going to suffer. In the residential districts probably a fourth of the homeowners will have their assessments lowered, another fourth will have no change while the remaining half will have their assessments somewhat raised. That vacant land holdings will be slightly hit is a foregone conclusion. In the suburban towns and cities the values as a whole are distinctly going to be increased.

To the great bulk of tax ridden citizens who have been led to believe that their assessments are going to be reduced these facts are going to come like a dash of cold water in the face.

But this is only one of the disturbing factors. Owing to the delays in the work of revaluation the tax bills will go out this year from six to nine months late. In fact, no sooner will one bill be paid than another will be ready to be presented. Since tens of thousands of tax payers have from hand to mouth, and since the number of delinquencies this past year broke all records, the question arises what will occur when two tax bills, larger than before, are presented only a few months apart? The answer to that question is not pleasant to contemplate—except as it may result in forcing the people to see the necessity of throwing off all taxes from improvements and personal property.

MUNICIPAL MANAGEMENT — AND MISMANAGEMENT

According to Associated Press reports of January 17 there are five cities in Oklahoma in which no local taxes are levied because revenue from municipally owned water and light plants pay the cost of local government. These cities are Ponca, Blackwell, Alva, Nowata and Kaw City. This speaks well for the management of the utilities but very poorly for the economic sense of the city fathers. Were they good economists they would reduce utility charges to a cost basis and continue raising municipal revenue through taxation but place the entire burden on land values only.

The reported present policy of these cities puts the entire cost of municipal government on the shoulders of consumers of light and water who pay not in proportion to benefits received but in proportion to light and water consumed. This is obviously unfair. There is no reason why a man who consumes two gallons of water should pay more for the public school than one who consumes one or why a man who uses two electric lights should pay twice as much for police service as one who uses but one. Efficiency in management of public utilities increases value of nothing other than land. By exempting land owners from taxation these towns allow the local landowners to appropriate the entire financial benefits of governmental service. Non-landowners get no benefit whatever. They must pay in water and light rates for all the services they get and an increased price in rents to the land-faiths in addition. As a result of this mismanagement whatever attractive towns these five cities may possess as a result of public utility management is neutralized by fiscal mismanagement.

DENVER TO VOTE ON MODIFIED FORM OF SINGLE TAX

For the fourth time since 1915—thanks to the indefatigable Barney Haughey—Denver will be given a chance, on May 21, to vote for a modified form of the Single Tax. The first time was in 1915 when 22 per cent of the vote cast was affirmative. The last time was in 1924 when the affirmative vote rose to 28 per cent. A further advance is looked for this year and some sanguine souls believe that the vote is likely to exceed 51 per cent. If the present bill passes all personal property after 1930 will be exempt for municipal purposes and the tax rate on improvements will be reduced 10 per cent each year until such taxes are completely abolished.

Campaign of the M. & M. F. T. L. for Distinction Between "Earned" and "Unearned" Incomes Begins to Bear Fruit

Poor old income tax! Its supposedly solid foundation—the ability-to-pay principle—upon which it has severely stood for those many years, and successfully repulsed all the assaults that have been made upon it, seems about to be undermined.

Away back in the early months of 1923 the Manufacturers and Merchants Federal Tax League, as part of its work for fundamental tax reform, embarked upon a special effort to popularize one of its four bills in Congress (introduced by the late Oscar E. Keller of Minnesota) to make a distinction between "earned" and "unearned" income and to tax the former at a much lower rate than the latter.

The idea was that while such a distinction could not be made with any degree of perfection under the existing laws, nevertheless, it would be a good step in the right direction and would moreover cause the citizens to do some thinking and talking which they could not be induced to do in any other way.

It was a hard and weary tussle. Out of the 535 Senators and Representatives expressed, less than thirty at first, displayed any enthusiasm for making such a distinction. As the months went by, however, the idea took hold and sentiment among the legislators began to develop. By the fall of 1923 it had got so far that Secretary Milton Himes self openly endorsed the principle and—to and behold!—when the revenue act of 1924 was passed the principle was a part of the established law of the land!

As was to be expected, of course, the victory in the beginning, was not a large one. The new law provided that no "earned income" could exceed \$10,000 a year, and moreover, that the tax on such earned income should only be 25% less than on the unearned.

But large oaks from little acorns grow. So two years later Congress raised the earned income limit to \$20,000 and last year it was raised to \$30,000. But this is not all. A nation-wide movement has lately broken loose to secure a much greater distinction between the tax rate on earned income as compared with the tax rate on the unearned. Hearst's large string of newspapers, for instance, "have for weeks been devoting daily whole pages to the subject. As a result scores of political bodies—county boards, city councils and state legislatures—and hundreds of professional, labor, civic and commercial organizations, have now passed resolutions heartily endorsing the proposition. In addition, petitions, which when rolled into one, will contain the names of millions of citizens, are being circulated for presentation to Congress at its next session to give the tax on earned income a still larger exemption as compared with the unearned.

So far the target of the public has only been the federal income tax law. But there are strong reasons for believing that, as soon as the principle is more firmly established, there will be a demand for an overhauling of our various state income taxes along the same lines. Certain interests in Illinois, in fact, are worrying about this already. There is no income tax in Illinois as yet but a bill is now before the legislature to get one, and it is feared that the growing demand on Congress to put only a very light tax on earned income may be extended to the proposed Illinois income tax law. If this should be the case it would mean that the "downstaters"—the agricultural and laboring classes chiefly—would not be greatly affected and the "farmers" classes in Chicago and other cities who are enjoying unearned income would bear practically the whole load.

Whether or not this turns out to be the case remains to be seen. In any event a new thought has penetrated the minds of the people and the income tax—based as it is on the illogical ability-to-pay principle—is destined soon to encounter the hardest struggle of its existence.

AN OBJECT LESSON IN TAXATION FOR CONGRESSMEN

"For many years," writes Samuel Danziger of Burlington, "the town of Takoma Park, Maryland, bordering on the District of Columbia has assessed land at two-thirds of its value and improvements at one-third. Recently an advance was made in the right direction. Land assessments have been increased to three-fourths without any increase in improvement assessments. In the meantime the town has grown from an ordinary suburban development to a little city of 5000 people."

"Another widespread place on the Washington border is Capitol Heights. There all local taxes are laid on land values and the town is prospering."

With two such object lessons close at hand one would think that congressmen and senators, who insist on managing Washington's local affairs and deny the city home rule, would learn a few lessons in state-manship. But such is not the case. For all they know about Takoma Park and Capitol Heights might be in China. Perhaps if willing to by some constituents they might observe happenings under their noses.

All hail to those bold and fearless natures the heretics and the innovators of the day—who, arousing men out of their lazy sleep, sound in their ears the tocsin and the clarion.—Buckle.

THE BULLETIN

of the Manufacturers and Merchants
Federal Tax League
Published Quarterly in the Interest
of Lower Taxes on Industry

by the

Manufacturers and Merchants Federal
Tax League

Telephone Buckingham 7484
1846 Algeld St., Chicago, Ill.

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Entered as second-class matter April 14,
1927, at the post office at Chicago, Illinois,
under the Act of March 3, 1879.

Subscription price, \$1.00 per year.

Vol. VII, January-March, 1929, No. 1.

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THE EDINBURGH CONFERENCE

In the five day period between July 27 and August 2 there will be held in Edinburgh, Scotland, the Fourth International Conference to Promote Land Value Taxation and Free Trade. It is expected—and it no doubt will be—the largest and most significant gathering of its kind that has ever been held in Great Britain since Henry George himself visited that country. Delegates from a great number of nations have already announced their intention of being present and a particularly large delegation is expected to go from the United States.

Owing to the vast amount of work involved in preparing for an occasion of this kind, the Secretary, Mr. A. W. Madison (11, Tot Hill Street, London, S. W., England) would be glad to hear as quickly as possible from any of our readers who expected to be there. Those who cannot attend in person may enrol as a member by sending in a membership fee of \$5.00. We urge them to do so. A full record of the proceedings of the conference will, of course, be sent to all who so enrol. Write to Secretary Madison today.

IT IS TO LAUGH

Forty years ago textbooks on physics declared a heavier-than-air flying machine to be impossible. "Wings large enough to bear a man's weight would be too heavy to bear their own" is the way one of them put it. Today there are textbooks on economics declaring a scientific system of taxation impossible and that political economy has no remedy for poverty. The old physicists shut their eyes to the possibility of an engine lighter and less cumbersome than a steam engine. They had never seen plans for one. Modern economists shut their eyes to plans actually proposed and demonstrated in Progress and Poverty. What laughing stocks some of these "distinguished economists" are going to be!

EXTENDING PITTSBURGH'S GRADED TAX

A bill has been introduced into the Pennsylvania Legislature by Representative J. C. Marcus to extend the Pittsburgh Graded Tax plan on real estate to school taxes. That's good news! Referring to this bill the Pittsburgh Press in its issue of February 20, said:

"When the graded system for city taxes, which now provides that the rate on buildings shall be half the rate on land, was introduced, it was regarded as an experiment. That was sufficient justification, probably, for not having it cover school taxes.

"The graded system has been in effect for a good many years. It appears to have been adopted permanently by the city—at least there is no sign of any formidable effort to have it repealed.

"The chief argument for the graded tax is that it encourages building and is of special benefit to the average home owner, whose house usually is assessed at a much higher figure than the land on which it stands.

"If the graded system is advisable in relation to city taxes it would have the same value if applied to school taxes."

Let's hope that this excellent bill passes.

COULDN'T BE DONE

Somebody said that it couldn't be done.
But he with a chuckle replied
That "maybe it couldn't" but he would be one
Who wouldn't say so till he'd tried.
So he buckled right in with the trace of a grin
On his face. If he worried, he did it.
He started to sing as he tackled the thing
That couldn't be done, and he did it.

Somebody scoffed: "Oh, you'll never do that;
At least no one ever has done it."

But he took off his coat and he took off his hat,
And the first thing we knew he'd begun it,
With a lift of his chin and a bit of a grin,
Without any doubting or quitting it.
He started to sing as he tackled the thing
That couldn't be done, and he did it.

There's thousands to tell you it cannot be done,
There's thousands to prophesy failure;

There's thousands to point out to you one by one,
The danger that waits to assail you.

But just buckle in with a bit of a grin,
Just take off your coat and go to it;

Just start in to sing as you tackle the thing
That "cannot be done," and you'll do it.

EDGAR A. GUEST.

An income taxer is a philosopher who holds that a producer has no better right to his honestly earned income than the parasite who preys upon him. The same idea is built the general property tax and all tax systems founded on the ability-to-pay theory.

Some one has suggested that a subscription be taken to buy nine copies of the Constitution and nine copies of the Declaration of Independence to present to the nine justices of the Supreme Court who obviously need to become acquainted with these documents.

In mathematics an unknown quantity is usually designated as X. It would vastly improve politics and conditions generally if some statesman, by no means unknown, would be permanently designated as X.

LO! THE POOR INDIAN!

The Osage and Quapaw Indian tribes enjoy untold riches because the white man put them on land he did not want.

When the reservations were marked off, nobody dreamed that some day the hills given to the Osages would be dotted with oil derricks and the prairie set aside for the Quapaws would yield zinc and lead as well as hay.

Today the Osages are the richest people on earth, the "billionaires" or estates in the tribe exceeding \$100,000 each in value. Unlike the Quapaws, the Osages hold their wealth in common.

The land and zinc holdings of the Quapaws bring more than \$1,500,000 in royalties to 65 restricted members of the tribe, but marriage and inheritance have served to distribute the money generally among the other members.

It has meant something to be an Osage Indian with a large family born prior to 1907, when the tribal allotment of lands was made. Each Osage was given more than 700 acres that year. A man with a wife and five children had control of 3,500 acres of land and received \$24,000 quarterly until the eldest child became of age.

Distinction of having the largest Osage family was held by Clement de Noval. He controlled eleven headrights, including his own, his wife's and those of their nine children. This family has received as much as \$40,000 in one quarterly payment.—Chicago Daily News.

"EL HOMBRE"

From the turbulent nation of Mexico comes a letter from M. C. Rolland, editor of a new paper "El Hombre," which indicates that a revolution is going on down there in thought as well as in politics. The letter follows:

Mexico City, Feb. 12, 1929.
Dear Sir:

I have the pleasure of enclosing a copy of our paper, "El Hombre," which is entirely dedicated to study the Single Tax. This periodical is the official paper of the "Union Georgista" of the Federal district of Mexico.

It would be a source of great pleasure for us, to hold a correspondence with you and to have you help in advising and sending us all the literature that you can spare. All our efforts are bent toward studying a new economic reform for the Republic of Mexico, and your spiritual support would be most welcome.
M. C. ROLLAND.

We are certainly glad to see "El Hombre" and will take a delight in co-operating with the editors of this splendid looking paper in any way we can.—Editor.

PROPAGANDA IN TEXTS BARRED

OLYMPIA, Wash., March 5.—As an aftermath to the Federal Trade Commission's inquiry into utilities propaganda, the Washington State Senate today passed by a vote of 28 to 10, a bill forbidding the use of textbooks in schools "containing propaganda used in behalf of private interests."—Los Angeles Times, Mar. 2, 1929.

Income tax collections in March amounted to 265 million dollars, the largest total in any March since 1923. The United States treasury surplus for this fiscal year likely will exceed 350 million dollars, according to unofficial estimates.

Illinois is now to get a three cent gasoline tax while in other states the rates are being raised to four and five cents. How long, O Lord, how long!

"Give a man the secure possession of a bleak rock and he will turn it into a garden; give him a nine year's lease of a garden and he will convert it into a desert."—Arthur Young.

"The burden of municipal taxation should be so shifted as to put the weight of taxation upon the unearned rise in value of the land itself, rather than upon the improvements."—Theodore Roosevelt (Century Magazine, October, 1913).

ECONOMIC INVERSION

Production has grown faster than consumption.

That is the trouble with business in this country today—that is, aside from the increase in land values as a debit against industry and exchange.

But those in possession of land titles won't compromise on a sane tax system, so we'll just have to chase our tails in another direction. The automatic machine, for instance, does not consume as much as the labor it replaced—even the labor that produced the machine itself is not consumed enough to equal the difference.

There was a time in the demand of goods when the labor-saving machine didn't actually throw anybody out of work—the displaced men found jobs somewhere in the increased general demand for products and markets soon adjusted themselves.

But that time is now passed. There is not an over-production but simply an inability on the part of the public to buy.

While labor-saving machinery and the better order and system in business generally did save labor, yet it never did save any money!

The economy in money, was soon absorbed, even to a point of increase in cost, by the rise of land values!

A steam shovel with about three men operating it will do the work of about 30 men with picks, hand shovels and even with a few horses, mules and scrapers.

But the steam shovel, even though it consumes coal and oil, does not eat food, wear clothes, or demand housing to the extent of 60 men with hickories!

And the steam shovel does not save any money: for 30 years ago, when all excavating was done with hickories, it cost 70 cents a cubic yard and now that it is done with steam shovels it costs \$1.14 a cubic yard.

The direction in which we should now chase our tails is in the way of increased consumption in foreign trade.

There is just about one thing that is making prosperity in this country now and that's the automobile industry.

While we haven't reached the saturation point here at home, yet it is well to look around a bit!

There is a big market for American used cars in South and Central American countries which is now being supplied. Those people down there are rotten with money through livestock, certain grain crops and a few minerals. The duty on new cars is very high and on used cars, very low.

One of the more expensive makes of automobile with a trade-in value, here in Lorain, of about \$250, with about \$400 added to it in the way of repairs, new tires and duty, and transportation would sell in a South American city for about \$1,500.

Our cars here get out of style faster than they actually wear out. Some of this foreign-demand for used cars is now being supplied but in a very small way and by only a few individuals.

And this is just one item of production. The Germans know all about foreign trade everywhere and have for 25 years, but the trouble with us is that we try to force our Yankee shaves and styles and rush methods of salesmanship upon foreign merchants. Let a salesman come into Lorain with a style of shoes or clothing that our people never saw, and let him try to force them on the merchants up and down Broadway by fast work and he would be chased out of town!

And that's exactly what has happened to American manufacturers and their salesmen all over the world—David Gibson in the Lorain Journal.

BOTH AT LARGE

An escaped lunatic stopped and leaned over the fence of a garden wherein a man was busy trimming the path. The little enclosure was neatly kept and bright with flowers, bordering a strip of greensward.

The man who was working straightened up and wiped the perspiration from his face, glancing towards the fence.

"Good evening," nodded the lunatic. "What a pretty place you have."

"Yes, 'Tis rather nice."

"Lived here long?"

"About ten years."

"Take lots of time to keep a place looking nice."

"Yes, it does. I put in about all my spare time."

"Still, it's a satisfaction to have nice surroundings."

"Sure! When I came here the yard was full of weeds and rubbish."

"I suppose you bought the place very cheap, though?"

"Oh, it isn't my place."

"No? Just working here?"

"Why, of course, it's mine in a way, so long as I pay the rent."

"Oh, then it isn't your own house and garden?"

"No, they belong to Bagley, the banker. Lives up the road there in the big grounds."

"Oh, yes, I noticed them. My! but it must take him lots of time to trim his walks."

"He trim walks! I guess not. He pays three or four gardeners to do it."

"Then, of course, as this is his, he pays you for YOUR work?"

"Don't you believe it. I pay HIM for letting me live here."

"Then, of course, he lets you have it less than the folks who neglected it?"

"Ha! Ha! You're funny, aren't you? Why he charges MORE on account of the improved property."

"And won't the house and garden FEWER be yours?"

"Not likely. It's all I can do now to pay the rent."

The lunatic opened the gate, walked slyly up to the man, and whispered: "Say, how did YOU get away?"—Frederick Moxon in "Puck."

PROPAGANDA IN THE SCHOOLS

The real test whether or not large "vested interests" may use the public school system of the United States through which to carry on propaganda profitable to themselves but detrimental to the welfare of the whole people, may come soon by way of an open letter now being written by Emil O. Jorgensen, Secretary of the Education Protective Association of America to William J. Bogam, Superintendent of Public Schools in Chicago.

In this open letter to Suprt. Bogam, Mr. Jorgensen will set forth reasons why the "Elementary Principles of Economics" by Ely and Wicker—one of the approved textbooks used in Chicago as well as in some 1,800 high schools in other parts of the nation—is not a desirable or trustworthy text to be laid before boys and girls and that it ought for this reason to be promptly dropped from the public schools of the city.

Mr. Jorgensen will show (1) that the text is favoring certain interests and policies highly desired by the privately owned public utilities and the real estate boards; (2) that Dr. Ely himself in the early years of his teaching career was an outstanding opponent of these selfish measures and policies; and (3) that his change of front from an opponent to an advocate cannot, in view of the existing facts, be explained by any process of logic or reason, but can only be explained by the fact that the Ely Institute in Northwestern University is being financed in large part by the very interests that want these measures and policies—the public utility corporations and the real estate boards.

Mr. Jorgensen's letter—or pamphlet—will contain many quotations showing Dr. Ely's views, past and present, charts displaying the connections between the Ely Institute and the real estate and public utility corporations, numerous reports and resolutions by professional, civic and educational bodies condemning the Institute, as well as other information of real interest and value.

AN APPRECIATION OF HENRY GEORGE

That every pressure, both economic and political, will be brought to bear upon Superintendent Bogam not to strike the "Elementary Principles of Economics" off of the approved list of books, is a foregone conclusion. But it is also a foregone conclusion that an increasing number of public-spirited individuals and organizations will demand that this textbook be stricken off. The outcome will be watched with interest.

(The following Essay by the most famous of living American educators and philosophers, appears as an Introduction to "Significant Paragraphs from Henry George's Progress and Poverty," compiled by Prof. Harry Chamison Brown of the University of Missouri, and published by the Robert Schalkenbach Foundation.)

It was a happy thought of Professor Brown to select and arrange passages from Henry George's immortal work that give the gist of his contribution to political economy and social philosophy, while the pages which follow show that the task has been executed with a skill equal to the idea. The fact that Henry George has an ardent group of disciples who have a practical program for reform of taxation has tended to obscure from the recognition of students of social theory that his is one of the great names among the world's social philosophers. It would require less than the fingers of the two hands to enumerate those who from this day down rank with him. Were he a native of some European country, it is safe to assert that he would long ago have taken the place upon the roll of the world's thinkers which belongs to him, irrespective, moreover, of adherence to his practical plan. But for some reason we Americans are slow to perceive and celebrate intellectual claims in comparison with the merits of inventions, political leaders and great industrialists. In the case of the author of "Progress and Poverty" the failure has doubtless been accentuated in academic circles by the fact that Henry George thought, wrote, and worked outside of them. And by the world at large, in spite of the fact that no works on political economy have had the reputation and reading obtained by his writings, discussion of the practical merits of his plan of reform of taxation has actually tended to blur his outstanding position as a thinker. This has been the case because the enormous inertia of social habit and the force of tremendous vested interests have depopulated his intellectual claims in order to strengthen opposition to his practical measures.

I do not say these things in order to snub his place as a thinker in contrast with the merits of his proposals for a change in methods of distributing the burdens of taxation. To my mind the two things go together. His clear intellectual insight into social conditions, his passionate feeling for the penultimate ill from which humanity suffers, find their logical conclusion in his plan for liberating labor and capital from the shackles which now bind them. But I am especially concerned in connection with Professor Brown's clear and well-ordered summary, to point out the claims which his social theory has upon the attention of students. No man, no graduate of a higher educational institution, has a right to regard himself as an educated man in social thought unless he has some first-hand acquaintance with the theoretical contribution of this great American thinker.

This is not the time and place, nor is there need, to dwell upon the nature of his contribution. Henry George is as clear as he is eloquent. But I cannot refrain from pointing out one feature of his thought which is too often ignored—his emphasis upon ideal factors of life, upon what are sometimes called the imponderables. It is a poor version of his ideas which insists only upon the material effect of increase of population in producing the material or monetary increment in the value of land. One has only to read the third section of those extracts to note that Henry George puts even greater stress upon the fact that community life increases land value because it opens "a wider, fuller, and more varied life," so that the desire to share in the higher values which the community brings with it is a decisive factor in raising the rental value of land. And it is because the present system not only depresses the material status of the mass of the population, but especially because it renders one-sided and inequitable the people's share in these higher values that we find in "Progress and Poverty" the analysis of the scientist combined with the sympathies and aspirations of a great lover of mankind. There have been economists of great repute who in their pretension to be scientific have ignored the most significant elements in human nature. There have been others who were emotionally stirred by social ills and who proposed glowing schemes of betterment, but who passed lightly over facts. It is the thorough fusion of insight into actual facts and forces, with recognition of their bearing upon what makes human life worth living, that constitutes Henry George one of the world's great social philosophers.

WHAT'S HAPPENED TO GLENN FRANK?

Four months ago President Glenn Frank of the University of Wisconsin decided to go after those members of his faculty who, in return for favors and subsidies, were said to be carrying on propaganda in behalf of the corporations from whom these favors and subsidies were received. He asked for specific evidence in the matter and got it—names, dates and places.

Two or three weeks later, however, one of the faculty members under fire—Prof. Martin G. Glaeser of the Economics Department—whose subsidized textbook, "The Outlines of Public Utility Economics," is agreed on all sides to be a very desirable textbook from the standpoint of the private utilities," was called down to Washington to testify before the Federal Trade Commission. Some astonishing information was disclosed. The Chicago Herald-Examiner for example, reported Prof. Glaeser's testimony as follows:

WASHINGTON, D. C., Jan. 18.—Protests by National Electric Light Association officials were followed by deletion of a paragraph from the introduction to "Outlines of Public Utility Economics," M. G. Glaeser, its author testified before the Federal Trade Commission today. Glaeser is professor of economics at the University of Wisconsin.

The paragraph, written by Professor Richard T. Ely as editor of a textbook series, would have revealed that the utilities maintained a committee to promote production of "sound" texts on economics. The book was published before this fact was disclosed in the commission's investigation.

Glaeser testified that several utility men criticized his text while it was in preparation and after it was in proof.

Glaeser declared Professor Ely, who is director of the Institute for Research in Land Economics and Public Utilities at Northwestern University, wanted to have a special edition of the text published for sale to the light association, with the institute sharing the profits. Glaeser objected "strenuously," he said, and this was not done.

He declined to go with the institute when it was moved from Wisconsin to Northwestern in 1925 due to fear that its work "might be unduly influenced by private utility companies," according to his testimony. The institute receives \$25,000 a year for research from the light association.

One would naturally suppose after this that President Frank's ax would soon fall. For certainly no professor whose book has been financed by the monopoly-supported Ely Institute and the manuscript of which had been examined and censored by members of the National Electric Light Association before it was published—no professor, in other words, who has truckled to large privileged corporations like Prof. Glaeser has done—is a proper professor to be retained on the staff of a state university.

But a monkey wrench seems to have been thrown into the machinery somewhere. Not merely has President Frank failed to take any action either against Professor Glaeser or any other member of his faculty but he has closed up like a clam and all inquiries to find out why have themselves been answered by a thunderous silence.

THE TAXATION OF PUBLIC UTILITIES

(Jackson H. Kaulston in a letter to the California Tax Commission)

Our methods of taxation upon public utilities are not such as to reach the utilities at all but rather to increase the burden of the user of their product and in this wise to interfere with industry, something of which a government should never be guilty. We levy a tax upon the gross receipts of electric light and other companies and this tax enters into the price of their product and is therefore paid by the user. In this manner the utility in point of fact entirely escapes the payment of such money advanced by it. It is, however, entirely feasible to cause such a tax to be laid as will not be carried over to the consumer but will be paid by the company itself. Let us illustrate.

It has been recognized that public utilities are entitled to receive a net return upon their investment as high as 8%. We may assume that a public utility desiring to raise \$100,000 for the purpose of making extensions will obtain the money by borrowing \$50,000 at 5%, an additional \$25,000 by preferred stock at 6%, and the remaining \$25,000 directly from the common stockholders. The return which the corporation will be entitled to receive upon the whole capitalization will be \$8,000 per annum. Paying \$2500 per year upon its borrowings and \$1500 to its preferred stockholders, there will be left \$4000 or 16% as the return to the common stockholders. Thus the result of an allowance of 8% on the entire capital is to render assured a return of 16% to the owners of the corporation—the common stockholders. The fund, therefore, remaining in the hands of the public utilities is the difference between 8% upon its entire capital and the amount distributable to the common stockholder. This very large amount should fairly become the subject of taxation, arising as it does purely from privilege and not from industry in any shape. This transfer from the tax on gross receipts to a tax on privilege would inure very directly to the advantage of all the consumers of the products offered by public utilities.

If the problem before your commission is, as it well may be, that of finding a new source of revenue for the State, then permit us to point out that there is a means of revenue entirely open to which the State has a clear and indefeasible title and which should be utilized. It can be so utilized without infliction of any moral wrong upon anyone, because this fund is the creation quite exclusively of the State and its subordinate agencies. The revenue of which I speak would be obtained by the levying of a special tax upon increased land values shown by illustration a particular tract of land has been bought for \$1,000 and subsequently sold for \$2,000, the State might well take into itself the moderate amount of 8% of the profit, as has been suggested, for as stated the State and its subordinate agencies really create this profit and not the man to whom it today accrues.

The amount of money obtainable by the State from this source would, in a State growing as California does, be enormous and could in an appropriate manner be divided between the State or the county or municipality.

A TRAGEDY OF ERRORS

I dreamt a fire was spreading fast. Lives were in danger. Instant action had to be taken. A body of citizens flew to the rescue.

"We have different theories as to how fire is best extinguished," proclaimed one, "but let us sink them for the time being, and with united effort put out the flames."

"Agreed," cried the crowd, and unanimity appeared to be secured. But 'twas only for a moment.

Two or three active-minded individuals (Henry George men), promptly fixing a hose, called upon the others to throw in their aid to play water upon the flames.

Then the hubbub commenced.

"What do you want to do such a simple thing as that for?" shouted a body of men (Socialists), barring the way. "Don't you see you are men with one idea? Water is all very good to put out fire, but that remedy in itself is too simple. You do not go far enough. Now we have a complicated, elaborate scheme. If a certain combination of chemicals (Socialism) be used, the fire may perhaps be put out in half the time. Drop your lad of playing only water on the flames, and come and help us mix our preparation."

"Hurrah," shouted the crowd. "Now you water men, don't split up the ranks, let's be unanimous."

"But, friends," pleaded the men with the hose, "we all know that water will extinguish fire, but we are not all certain about the preparation just mentioned. Let us do what is simple and next to hand, and success is certain. If you won't help, for heaven's sake don't hinder."

"How dare you use the name of heaven!" cried a man, forcing his way through the throng. "It's an impious act, your trying to extinguish the fire at all. Should it be causing misery or death, is it not pre-ordained we shall always have these dispensations? If, however, it is to be put out, let it be by the direct intervention of Providence. Pray for it to rain."

"Just so," said a large part of the crowd.

"Anyway," shouted the men with the hose, "you all know that water will put out fire. Why then do you obstruct us?"

"Because you are so cocksure of your remedy. You think water will accomplish everything," was the answering cry. "Drop that hose, and don't split up the ranks."

The fire, meanwhile, was nearing, and the crowd was getting singed by the flames.

"Asbestos!" suddenly cried a man (a Protectionist), as if inspired.

"Drop the hose! Drop everything," shouted the crowd. "Hurrah for asbestos! Asbestos is a sure protection against fire. Don't try and put the fire out. Let us clothe ourselves in asbestos and thus be protected!"

The hose and its bearers were trodden underfoot in the excitement, and amidst tremendous cheering, asbestos was secured sufficient to clothe about seven per cent of the crowd.

"We are being burnt," shrieked the remainder.

"Not at all," cried the few protected ones; "don't you see that our being protected really protects you?"

"I suppose that's right," murmured a man as he fell dead from the heat.

"But even we," complained one in asbestos, "are suffering terribly through the dead who are lying around us."

"Not so," replied his neighbor, "we simply need more asbestos. More Protection!" He, too, fell forward, dead.

"More Protection! More Protection!" moaned the mass of dying beings.

The anguish of the situation was terrible, and—[awoke.

"If they had only aided those men with the water! Oh! why will men not rely on natural means?" I murmured, as I turned again to sleep.

E. T. Hodgkiss (Melbourne).

No single taxer wants to put a tax on legislators in proportion to the foolish bills they introduce even though it would take some such measure to convince many of them that a tax on industry discourages it.

REACHING FOR THE SCHOOLS

"Exposure of the efforts of the Hoover Trust to control the school should be extended to the Ely Institute of Land Economics," which with the locking of public utilities, real estate boards and other privileged corporations is introducing textbooks favorable to these interests into the public schools. Professor R. T. Ely, once considered a progressive and who was the author of textbooks fair to that view, is head of the Institute and is having his books rewritten to please the interests better. These rewritten books, when substituted for the old editions give the students a different impression from what the original presented.

"The Institute originally had headquarters with the University of Wisconsin until its activities were exposed. This was done by Earl G. Jorgensen, secretary of the Education Protective Association of America. In a series of articles in the monthly bulletin of which he is editor Mr. Jorgensen drew the attention of the regents of the University to the use made of the prestige given by an unofficial connection with their institution. As a result Professor Ely found it advisable to move his establishment to the more friendly atmosphere of Northwestern University at Evanston, Illinois. Since then the American Federation of Teachers has investigated the Ely Institute and taken action against it declaring that under the guise of research it is introducing propaganda in the schools.

In the meantime from headquarters in Chicago Mr. Jorgensen and his associates are continuing their fight to have the Institute's textbooks barred from the schools. No less than 2260 high schools and colleges now use them. This fight should be supported by every friend of impartial, unsubsidized education. American Economic League, Baltimore, Md.