

THE BULLETIN

OF THE MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE

“Take Taxes Off Industry!”

6974

VOL. IV.

CHICAGO, JULY 1925.

No. 5.

CAPITOL FROWNS ON SPECIAL SESSION

Renewed talk of a special session of congress for the purpose of getting an early start upon tax revision has failed to make an impression on administration officials. Both Secretary Mellon and President Coolidge, as well as other leading officials in Washington are opposed to the calling of a special session unless the gravest sort of an emergency arises.

VALUES “AIR RIGHTS” OVER \$200,000,000

Air is getting expensive in Chicago—especially in places. The Illinois Central Railroad, for instance, owns 66 acres north of Randolph Street which will be cleared and “roofed over” in 1930. After cutting through streets and alleys some 2,000,000 square feet of this “roof” or about 47 acres will be directly available for building purposes.

The Illinois Central, of course, will not sell this space but merely lease it out to others who wish to build upon it. For these “air rights” however a pretty substantial sum will have to be paid. Mr. Markham, the president of the Illinois Central Railroad values the “air rights” alone at about \$100 per square foot or a total of \$200,000,000 for the whole roof. This is at the rate of \$4,360,000 per acre. Or translated into terms of farm land values the rights to the air alone on these forty-seven acres of railroad property, according to Mr. Markham’s estimate, would buy up all the farm land in the three states of Nevada, Rhode Island and Delaware with enough left over to purchase eleven large counties in the state of Texas.

PRICE OF WESTERN FARM LANDS ON RISE

After a 2,500 mile circle into the farming regions of the west, Arthur Evans, special reporter for the Chicago Tribune, advises that farm lands are steadily advancing in price. “Recovery,” he says, “has been complete from the sag of the lean years and now there is a marked tendency upwards. Last year’s prosperity started it off, and this year’s fat crops and good prices are keeping it up. In Illinois bankers from Decatur to Canton say land is back to a good level, neither inflated nor deflated. Kansas lands are well up, and some bankers look for an upward swing in western Kansas in the next year or so. Farm lands in Nebraska have brought good prices. In Iowa five quarter sections were rented this week for the next three years at an annual rental on each of \$1,500. Extensive buyers in North Dakota say they bought acres two years ago at prices at least 25 per cent below what the land commands today.”

Business Men Tackle the Tax Problem

The “Nation’s Business”—official organ of the United States Chamber of Commerce—has recently printed some tax articles upon which it is to be congratulated. These articles are more negative in their character than affirmative—pointing out the evils of our present tax methods rather than the remedy—but they are articles that are exceptional both in interest and value nevertheless.

One of the most important of these articles is by Mr. Jacob Pfeiffer, President of the Miller Rubber Company of Akron, Ohio. In this article, which appeared in the June issue, Mr. Pfeiffer says that his concern is paying twenty-three different kinds of taxes. This, in his opinion, is entirely too much. We quite agree. Moreover, it is a situation he believes, that, unless corrected, is fraught with grave danger to industry and enterprise. We quite agree again. He urges therefore the formation of a Taxpayer’s Union to study the effects of taxation and to find a way out of this very serious difficulty. Good for him!

What Mr. Pfeiffer apparently has not yet learned however, is that the best way—in fact, the only way—to deal with the twenty-three or more different taxes he justly complains of is to abolish them.

Another thing that Mr. Pfeiffer has evidently not yet discovered is that nature herself has provided humanity with a fund amply sufficient to meet the ordinary needs of government. This fund is called ground rent, or what is termed in political economy the “unearned increment of land values.” It is a fund that arises, not as a result of individual activity, but as a result of the increase of population, the development of industry and the growth of the community as a whole. It is therefore a socially-created fund and properly belongs to all society.

The practical as well as the sound and just thing to do then is to remove the burdensome taxes that now hamper business, industry and enterprise—get rid of them completely!—and to raise the public revenue from the value of the bare land only. Of course, we do not advocate making this change over night, but to make it gradually. We would recommend for local purposes something like the present Pittsburgh “Graded Tax Law” to begin with and for national purposes we recommend, of course, the Keller bills. Since Mr. Pfeiffer apparently has not devoted any thought to these particular proposals we earnestly suggest, when he gets his Taxpayer’s Union under way, that he turn his undivided attention to them. He’ll find his answer there.

ARTICLE XII

Prof. Richard T. Ely Exposed!

(This is the twelfth of a series of articles by Mr. Jorgensen showing how a gigantic, nation-wide scheme, backed by special interests, engineered by Prof. Ely of Northwestern University and masquerading under the guise of “research,” has been set on foot to lead the people, not TOWARDS the right solution of our economic problems, but AWAY from it.)

By EMTIL O. JORGENSEN
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29—That a Large Percentage of Tenant Farmers Is Not To Be DEPLORED But To Be DESIRED

But our story is not yet ended. We now come to an angle in the discussion where Prof. Ely displays his true colors.

Fearing lest his “incompetence” charge and his “stepping-stone to ownership” theory might not prove wholly successful in diverting public attention from the real cause of, and correct solution for, farm tenancy, he boldly adopts another new course

of the fitness of things has not been warped by false systems of education, is as cowardly and contemptible as Judas Iscariot’s betrayal of Christ for thirty pieces of silver, or as treasonable to economic liberty as Benedict Arnold’s attempt to turn the American forces over to the British army!

Prof. Ely naively informs us now that the ideal system of agriculture for the United States is not, as the American people have long supposed, a system in which every farmer will have his own farm, but a system in which there will be on the one side a generous proportion of tenants, and on the other, plenty of room for the exercise of landlordism and land speculation!

Farm tenancy, Prof. Ely declares, is really not something to be deplored, but, unless carried to extreme of course, something to be desired. Its evils, he holds, have been grossly exaggerated while its numerous advantages have been kept in the dark. A low percentage of tenant-operated farms, he goes on to say, does not necessarily signify a superior system of agriculture, as on the con-

(Continued on Page 2)

⁶⁶“The evils of tenancy have been grossly exaggerated. . . .” “Outlines of Land Economics, Vol. III, p. 61.

⁶⁷“English agriculture proves that we can have good agriculture with a system of tenant farming.”—“Outlines of Land Economics,” Vol. III, p. 61.

⁶⁸“The fact that certain states or sections have a low percentage of tenant-

WILL MANUFACTURERS DEMAND FREE TRADE?

Free trade arguments have been conspicuously missing from the newspapers in recent years. Nevertheless events are irresistibly shaping themselves for a healthy return of these arguments in the not distant future. And when they return there will be this difference: Instead of being put forth, as in the past, by radicals, theorists and college professors they will be put forth by hard-headed business men.

Maybe this sounds like a pipe-dream. If so a careful perusal of the excellent article by Mr. John F. Fennelly in “Commerce and Finance” of August 5th, will be well worth while. Says Mr. Fennelly:

“The writer’s contention is that free trade for the United States (if not free trade, at least a sweeping revision of the tariff downward) is a distinct probability within the next few years because the large business interests will demand it. There are three main factors to support this conclusion:

“The first is the dramatic change in our international trade position which has occurred in the past decade. In place of being one of the foremost debtor nations we are now the leading creditor nation in the world.

“The second is the fact that our so-called comparative advantage in exports is passing rapidly from agriculture to manufactures.

“The third, not so pertinent to the discussion as the other two, but still of some importance, is the fact that the revenue function of the tariff is no longer of any particular significance.”

Taking up each of these factors in the order named Mr. Fennelly concludes that “It is not beyond the realm of possibility that the Republican Party itself should adopt a national policy of tariff reduction within the next few years. It has already stolen the thunder of the Democratic Party as an advocate of states’ right and it would be no more strange to see a complete change of attitude on the tariff.”

INCOME TAX LISTS OPEN IN SEPTEMBER

All income tax lists are to be thrown open for public inspection on September 1, announces the internal revenue bureau. For the first thirty days the lists will be available to the public during the entire day. After that they will be open only during certain hours on certain days of each week.

59 MILLIONS A YEAR IN A HIDDEN TAX

In 1923, writes James L. Madden in the “Nation’s Business” for July, “the policyholders in the United States paid more than \$59,000,000 in these hidden—to the policyholder at least—unknown—indirect taxes. That added cost for insurance would pay for nearly \$6,000,000,000 worth of fire insurance for a year.”

THE BULLETIN

of the Manufacturers and Merchants
Federal Tax LeaguePublished Monthly, except August,
in the Interest of Lower Taxes on
Industryby the
Manufacturers and Merchants Federal
Tax LeagueTelephone Buckingham 7134
1346 Altgeld St., Chicago, Ill.

Editor, Emil O. Jorgensen.

Entered as second-class matter April 9,
1925, at the post office at Chicago, Illinois,
under the Act of March 3, 1879.

Subscription price, \$1.00 per year.

Vol. IV. July 1925. No. 5.

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PROF. RICHARD T. ELY EXPOSED!—Continued

trary, it is rather an indication of poor agricultural conditions,⁶⁹ that the tenant state is really a state of rapid accumulation of wealth for the farmer⁷⁰—so rapid in fact that many farmers would rather be tenants than owners,⁷¹ and do indeed continue to remain tenants after they have bought land of their own,⁷² and that therefore, instead of attempting to eliminate tenancy, it would be desirable for our various states to conduct experiments in order to discover what kind of tenancy for the farmers is the best.⁷³

Thus the most ideal arrangement for agriculture in America is, in the opinion of Prof Ely, not an arrangement where all, or as many as possible, of the farms are owned by those who till the soil, but an arrangement where a large share of tenancy may be found on the one side and abundant opportunities for landlords and land speculators may be found on the other side. That there need be no doubt about it here ("Outlines of Land Economics," Vol. III, pp. 51, 57, 58, 59) is the professor's own language:

"It has often been suggested that tenant farming ought to be eliminated entirely, that the ideal system of tenure is owner operation with not a single farmer tilling a rented farm.

"In an ideal system of landownership there will surely be a limited place for ownership of land by those who love the land and yet are not able to live on it. . . . There are also widows and others, who have inherited land and who may want to hold the land temporarily or even permanently but are not in a position to operate it as owners. We must have a place for them in a system of land ownership. . . . In an ideal system, also, we shall have companies analogous to the City and Suburban Homes Company of New York, already mentioned, which will purchase and sell land in order to help men acquire landownership.

"In an ideal system of landownership, then, we will have a place for farm tenancy. . . . In the ideal system there will be (1) a group of permanent tenants; (2) a constantly shifting group consisting of those who are on the road to ownership. As some become owners others are starting at the foot of the ladder. Just what per cent of the total number of farmers will be tenants is difficult to say. It will depend upon the kind of people and on various economic conditions. However, considering the life cycle and the ease of retirement of farmers it may be suggested that the normal percentage of tenancy would be about thirty."

With such a thought it would, of course, be a sheer waste of time to argue. It is a thought that has, in the sphere of economic science, no more legitimate or proper place than the thought that in an ideal community there will be a place for highway robbers, or that in an ideal society some men will be masters and others slaves.

In an ideal system of rural land ownership there cannot be, as Prof. Ely supposes, a generous place for landlords and tenants; there can be, for these, **no place at all**. Every farmer, in an ideal system, will have his own farm and enjoy his own home. Perhaps no country in the world will ever fully reach this ideal state, America along with the rest. But this has nothing to do with the course to be pursued. It is the sacred duty of every citizen to work towards that ideal and not away from it. When Prof. Ely therefore deliberately abandons as his ideal a state of freedom and independence for all farmers and instead holds up as ideal a state of landlordism and tenancy, he demonstrates by that very act that his intellect has become depraved, his moral perceptions perverted, and that he is no longer a fit person to be associated with any university!

Prof. Ely says that the evils of tenancy have been "grossly exaggerated." The truth is that the evils have been very much underestimated. Farm tenancy produces excessive poverty; it breeds ignorance; it stimulates robbery of the soil; it causes waste; it demoralizes the social life. The farm tenancy man who does not own his own farm but who must rent from another is worse off than a stranger in a foreign land; he is like a dog without a home. His chief occupation is to shift from one place to another. The census of 1910 shows that tenants move more than four times as often as those who farm their own land, while more recent census figures disclose the fact that from 600,000 to 800,000 tenant farmers in the United States now change their locations every year.⁷⁴

How can this have anything but the most disastrous effect upon the rural community as a whole? The man who is constantly loaded down with a burden of rent and interest and who does not know where he will be the next spring is seriously handicapped—handicapped individually as well as socially. Such a man has no chance to read or study or to reflect upon the problems of his occupation. He

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operated farms does not signify that they have the superior system of land tenure. ("Outlines of Land Economics," Vol. III, p. 51.)

69. It is probably also true that the very low percentage of tenancy in certain other sections is an indication of poor agricultural conditions. ("Outlines of Land Economics," Vol. III, p. 59.)

70. Farm management studios show that the tenant state is one of high productivity and rapid accumulation of wealth, especially when the small amount of capital with which the tenant operates is considered. ("Outlines of Land Economics," Vol. III, p. 54.)

71. Tenancy must therefore be regarded as a goal for some farmers. ("Outlines of Land Economics," Vol. III, p. 54.)

72. In fact, the tenant state offers such great possibilities of prosperity that many farmers prefer to remain tenants even after they have invested money in land which they lease to others. ("Outlines of Land Economics," Vol. III, p. 54.)

73. In fact, it is suggested as desirable that our various states should acquire land, where they do not now own it, and should establish model systems of tenancy, conducting various experiments to discover the best kinds of tenancy. ("Outlines of Land Economics," Vol. III, pp. 55, 56.)

74. It is estimated that in the United States 27 per cent of the tenant farms and 6 per cent of the farms operated by owners changed occupants in 1922. ("Yearbook of the Department of Agriculture, 1923, p. 539.)

NEWS NOTES

THE LECTURES OF MR. DUNCAN

During the past three months Mr. George H. Duncan of Jaffrey, N. H., as field lecturer for the Henry George Lecture Association, 538 S. Dearborn St., Chicago, has filled twenty engagements in five states, including Ontario, Canada. In these twenty engagements he has spoken directly to over a thousand and people, besides an unknown number who may have been "listening in" over the radio.

The outstanding feature of the speaker's experience thus far is the intense interest manifested in the subject of taxation particularly by business men, to whom the pressure has been brought home vividly within the last few years.

Mr. Duncan has three different topics—"Rational Taxation," "The Business of Taxation," and "Our Natural Heritage, the Earth,"—adapted to the character of the gatherings addressed, but all coming to the same conclusion, i. e., that all community revenues should be raised by a tax on land values.

TAXING PERSONAL PROPERTY

"In 1919, Cuyahoga County, Ohio, 'wrote off' over \$6,000,000 personal property taxes as 'uncollectible.' Since 1919, more than \$5,000,000 of such taxes are reported as 'uncollected'; making a total of nearly \$11,500,000 lost to the collectors of taxes in a dozen years. The Bureau of Municipal Research of Cleveland does not see the obvious lesson, that the taxation of such property is unscientific, and, therefore, should be abandoned. The Bureau suggests the permanent employment of another office assistant for the county treasurer; two or more collectors to do the field work; and a full-time deputy with a legal training to prosecute suits for collection. It also suggests the keeping of what is called 'a cumulative record of all past delinquencies,' but how many new clerks would be needed for this work is not stated. The Bureau also asks for a new law on the subject from the Legislature. And to think that Bureau of Research is headed by a college graduate. Perhaps he was a pupil under Prof. Ely or Prof. Seligman!"

Howard M. Holmes.

ASSESSMENT OF LAND

The scientific assessment of land and improvements for purposes of taxation is going right ahead. Over fifty large cities in the United States have now adopted the Somers System of Valuation, the last one being in the city of Johnstown, N. Y. In Johnstown the expense of establishing the system is being borne by voluntary contributions from the manufacturers of the city, who feel that more equity will result from a scientific assessment.

THE BUSINESS OF GOVERNMENT

"The more complex and extravagant government becomes, the more it gets to be a power distinct from and independent of the people. . . . Anything that tends to make government simple and inexpensive tends to put it under control of the people and to bring questions of real importance to the front."
—Henry George, "Progress and Poverty," Book VI, Chap. I.

ILLINOIS PROPOSES TO LICENSE COOKS

Well, we need the revenue, So why not add the cook to the stew? The butcher, the baker, the candle-stick maker, Are licensed on payment to do their stuff.

To butcher and to bake and candle-sticks make, Are permitted on payment—of the license blarf.

So why not add the cook to the stew, For the sake of a little more revenue? —A. F.

PROF. RICHARD T. ELY EXPOSED! — Continued

cannot take the time to educate either himself or his children and would not possess the means if he did have the time. The result of course is ignorance and improgressiveness. Why wonder therefore that the tenant farmer "mines" the soil instead of tilling it; that his orchards and vineyards are the nurseries for pestiferous weeds whose seeds blow over the territory round about; that his fields are the hatching grounds for destructive insects whose ravages are often felt for miles on every side; and that his barns and live-stock pens are the breeding places of disease which frequently sweeps, like a fire, through the whole neighborhood. But this is not the worst of it. Lacking opportunity and hidden with debt the tenant farmer cannot, like his free-owning neighbor, store his products when the harvest is over and wait for a favorable chance to sell them, but, to the demoralization of the whole agricultural industry, must dump those products at once in a glutted market and take whatever price he can get!

The evils of farm tenancy "exaggerated!" On the contrary they have been grossly understated. The tenant farmer in America not only destroys himself through his own poverty, but because of his poverty drags down—socially and economically—the whole community in which he lives!

Prof. Ely next says that the despicable features of independent farm ownership have been over-emphasized. He holds that a low percentage of tenancy is frequently "an indication of poor agricultural conditions,"⁷² and cites England, with its high percentage of tenancy, as an example of the good farming conditions that may be had under a general system of landlordism.⁷³

Mighty strange doctrine this to set forth in a nation whose citizens have more than once sacrificed upon the altar of liberty their blood and treasure that the principles of freedom might live!

But all this aside. It is indeed quite true, as Prof. Ely says, that a superior agriculture may sometimes be found in sections where the percentage of tenancy is high, than in sections where the percentage of tenancy is low. But so far as this proving that the higher the tenancy the better the agriculture, it does nothing of the kind. It only proves that a good agriculture may sometimes be had, not because of a large amount of farm tenancy, but in spite of it. As a matter of fact many more instances of good agriculture can be found throughout the world where the percentage of tenancy is small than where it is large. Had Prof. Ely therefore been half as anxious to point out to the people a superior system of agriculture as to point out to them the "advantages" of a sweeping system of landlordism, he could have found plenty of illustrations suitable for his purpose.

Compare, for instance, the two countries, Denmark and England—two countries that in most respects are practically alike. In Denmark the standard of agriculture as a whole, is certainly higher than it is in England. England's agriculture, so far as production itself is concerned, is most excellent, as is well known, but the fame of Denmark's agriculture is international.

Moreover the general condition of the rural population is far better in Denmark than it is in England. In England one section of the workers—the farm laborers—are but little better off than serfs. They are a permanently submerged class, who perform the hardest tasks at the very lowest wages, and who, because of the difficulty of climbing even the first rungs of the "agricultural ladder" expect to live and die as farm laborers.⁷⁴ In Denmark, on the other hand, there is no such submerged class of farm laborers. The rungs on the agricultural ladder are incomparably easier to climb and each worker has a vastly better chance than he has in England of hitting himself from laborer to full farm owner.

Economically as well as socially, therefore, the country whose agriculture Prof. Ely should logically have cited to the American people as an example worth studying should have been Denmark and not England. But this, from his point of view, would distinctly not do, for in Denmark the amount of farm tenancy is only one-fifth as much as it is in the United States, while in England it is over twice as much. In Denmark the percentage of farm tenancy for the nation as a whole is only eight; in England the percentage is ninety!

It may then be laid down as a rule that wherever a good agriculture is found coupled with a high percentage of tenancy, the agriculture happens to be good, not because of the high percentage of tenancy but in spite of it. From which it naturally follows that if those sections of the United States that now have a small amount of tenancy increased, they, were to have that amount of tenancy increased, the conditions of agriculture in those sections would not grow better.

Prof. Ely suggests, on the contrary, they would grow worse. That this would be the inevitable result hardly needs to be demonstrated.

Laid as we suppose, however, that the United States were to adopt the tax program that Prof. Ely recommends. Let us suppose that taxes on land values were substantially lowered while taxes on business, industry and consumption were correspondingly raised. Land prices, would, of course, soar to new heights, crushing land speculators, and

monopoly groups but making it harder for men to buy ground of their own; the indirect tax load would press with added severity upon all building materials, machinery, clothing and "store" goods of every kind would cost the rural population more than today—in brief, farm earnings would fall and all expenses would rise.

Needless to say, under such a regime, the percentage of farm tenancy throughout the nation would soon increase. States now having less than the "thirty per cent" of tenancy allowed by Prof. Ely, would, in another generation or so, come well up to their "normal" point, while those states now having more than thirty per cent would come well up to the percentage of tenancy prevailing in England!

With such an increase in farm tenancy what would be the effect upon agriculture? Would the movement, as Prof. Ely supposes, be upward? On the contrary, it would be abruptly downward. With vastly fewer farms tilled by those who own them and vastly more farms tilled by those who do not own them, the extent of shirking would not lessen but multiply. The disastrous moving about of the tenants from one place to another would increase. The soil, as a consequence, would be depleted of its fertility faster than ever before. Community interests would degenerate. Ignorance would deepen. Schools would disintegrate; churches decay. Economically, socially and politically the whole agricultural fabric of the nation would decline, just as it once declined in the civilizations of the past—in Egypt, in Rome, in Spain and on the forgotten plains of Mesopotamia!

That this would be the natural result may be more clearly seen if we consider the reverse proposal. Let us suppose, then, that instead of the tax plan of Prof. Ely, the tax plan of Henry George were adopted. Let us suppose that all taxes on improvements, personal property and the fruits of industry were abolished and the public revenue raised from the value of the naked ground only. Land speculation would, of course, be destroyed; the price of the earth would greatly fall; and new farmers would find it an easy matter to secure land of their own. Moreover the local revenue burden on each land user in the rural districts would be, on the average, considerably lower than it is now, while the heavy industrial and consumption taxes shifted to consumers in the price of all city-made goods would be eliminated entirely. Building materials, farm implements, food, clothing, household goods and commodities of every kind would consequently be much cheaper than today's—in a word, the earnings of the farmers would increase while all their expenses would fall.

Clearly under such conditions the amount of farm tenancy in the United States would soon diminish. That it would be eliminated entirely, even in time, may be too much to expect but with the natural desire among rural inhabitants for farms of their own as strong as it is, the percentage of tenancy throughout the nation would undoubtedly soon approach the vanishing point.

Now, with such a decline in farm tenancy what would be the effect upon agriculture? Would it ascend or descend? Unquestionably it would ascend. With landlordism eventually abolished and all—or practically all—farms in the hands of those who tilled them, the excessive sifting about of the rural population would cease. Stability of tenure would take the place of the "nomadism" that now prevails. Thus the soil would be conserved instead of robbed of its fertility. Educational opportunities would naturally be improved. Freed from the circumstances of poverty that now hold them down, farmers would be able to send their children to school and to church, and would themselves have a better chance to read, to study and to co-operate with their neighbors. Intelligence and not ignorance would spread. Effective "teamwork" in producing, in marketing, in buying and selling, would logically follow. More important still individual hopes would revive, ambitions grow and aspirations rise. Thus the whole economic, social and political life of the agricultural communities would in time lift itself up—lift itself up to a plane higher than civilization has ever before known!

But, of course, to any such improvement in the state of agriculture Prof. Ely is decidedly opposed. What he and his cohorts want are not higher taxes on the fruits of capital and labor but heavier taxes, not fewer opportunities for land speculation but more opportunities, not lower land prices but higher land prices. That such conditions make it possible for one class to live like parasites upon another class—why, this precisely is his "ideal!" Prof. Ely is no advocate of the principle upon which our nation was founded, that "all men are created equal," or that one infant that comes squalling into the world has as much right to use the earth without paying tribute as another infant!

To him the parading out and the auctioning off of the earth to the highest bidders and the consequent payment of ground rent by one person to another for the privilege of living upon it, is exactly as it should be! He sets monopoly above industry and holds the unearned profits of "vested interests" even more sacred than human life itself! Hence the institution of landlordism and tenancy is, to him, not an institution to be eliminated and abolished, but an institution to be perpetuated and extended!

If these anti-social notions and false ideals were to get no farther than Prof. Ely himself and those with whom he came in immediate contact, no particular harm would be done. But such is not the case. Prof. Ely is now assembling the machinery for passing them on to the public on a scale and in a manner that eclipses anything ever before at-

⁷²See footnotes 68 and 69.

⁷³See footnote 67.

⁷⁴Dr. E. E. Miller, the editor of the "Southern Agronomist," and a man who has made a personal study of the agricultural situation in England, says in his issue of May 1, 1925:

"England has worked out what is probably the best system of farm tenancy the world knows, so far as the welfare of the tenant himself is concerned. But there is in England a third agricultural class which we do not have, and which I trust we shall never have—the permanently submerged class of farm laborers, who do most of the arduous work of the farms and who, as a

class, expect to live and die farm laborers."

⁷⁵This of course follows from the fact that a tax upon land values cannot be shifted. See Topic 14 of this chapter.

PROF. RICHARD I. ELY EXPOSED! — Continued

tempted in modern times. His plan is to feed these notions and ideals out to the people in small doses through the recognized channels of education—through books, pamphlets, government documents, classrooms, the lecture platform, libraries, newspaper columns, magazine articles and the like—but to have them so cleverly disguised and sanctified by authority that there will be no question about their general acceptance. And the success he is now having in doing this very thing is startling to say the least!

One of Prof. Ely's first acts, for instance, in forming his "research" Institute was to place upon its Board of Trustees his old friend and colleague, Dr. Henry C. Taylor. Who is Dr. Henry C. Taylor? Dr. Taylor is Chief of the Bureau of Agricultural Economics in the United States Department of Agriculture at Washington, D. C. It is under Dr. Taylor's direction that the most important agricultural facts of the nation are gathered, interpreted and disseminated and hence in having Dr. Taylor on his Board of Trustees Prof. Ely would naturally have a much better chance to reach the sources of government information and thereby bend the economic thought of the country in the direction that he and his supporters want it to go.⁵⁰

And that Prof. Ely has already managed to pollute the Department of Agriculture with his wrong interpretations and his false ideals is plainly to be seen. In the Department's Yearbook for 1923, for example, there is a very extensive article (92 pages) entitled "Farm Ownership and Tenancy"—an article which has now been put in pamphlet form and freely distributed throughout the nation.

This article was prepared by the Bureau of Agricultural Economics under Dr. Taylor and bears the authorship of five men—L. C. Gray, Charles L. Stewart, Howard A. Turner, J. T. Sanders and W. J. Spillman. It contains much information of value, many useful charts and illustrations but its omissions are glaring, its analysis weak and oftentimes laughably absurd, its interpretations fallacious and the spirit of Prof. Ely distinctly runs through it. It devotes the longest space to the most inconsequential matters while giving little or no space at all to the great factors that lie at the very heart of the farm tenancy problem. Page after page is given over to the exploitation of the "agricultural ladder," showing how farmers successfully work themselves up from tenants to full farm owners but not a single paragraph is devoted to explaining how or why more farmers slide from the status of full farm owners back to the status of tenants! Many references are made to "inefficiency" as being the cause of tenancy but not a word is said about the unseemly burden of taxes constantly shifted upon the tenant or the tribute annually exacted from him in the shape of ground rent and monopoly profits. No opportunity is taken to demonstrate how the rising price of land tends to carry the earth beyond the reach of those who wish to use it, but not one opportunity is lost in telling that in its relation to farm tenancy the price of land has been given "exaggerated importance," and that anyway "it would be unfortunate to make the road to farm ownership so easy that farm ownership could be achieved by those who are unready." Finally, five measures are submitted for solving the farm tenancy problem not one of which can, in the long run, have the slightest effect in accomplishing its purpose, while on the other hand, not a shadow of a suggestion is anywhere made about transferring taxes from improvements and personal property to land values—the only measure that can possibly and permanently do any good! In short, this document prepared and distributed by the Bureau of Agricultural Economics under Dr. Taylor is admirably calculated to do all that Prof. Ely desires—to confuse the whole farm issue, to minimize the evils of landlordism and maximize the benefits of tenancy, and by thus removing all anxiety that may be felt, draw public attention definitely away from the real cause of, and true remedy for, the basic ills of agriculture.

But the long arm of Prof. Ely has, through Dr. Taylor, reached even further than the Department of Agriculture; it has now penetrated very clearly the Bureau of the Census.

In 1924 the Census Bureau published its already widely distributed Monograph No. IV—a monograph entitled "Farm Tenancy in the United States," containing 247 pages and the authors of which are E. A. Goldenweiser and Leon E. Truesdell, special agents for the Census Department.

In this extensive monograph we find, as in the publication put out by the Bureau of Agricultural Economics, much information of genuine interest and real value, but the monograph contains likewise the same fatal omission of

⁵⁰How convenient Dr. Taylor is to Prof. Ely in establishing the machinery to distribute his ideas may be quite readily gathered, for instance, from the following account of the formation of the "Midwest Agricultural Economics Research Council" taken from the "Institute News," of June, 1923:

"Formation of the Midwest Agricultural Economics Research Council to stimulate and coordinate studies on economic problems in the Middle West, is now being worked out by a committee of four research experts chosen at a conference held recently by the American Farm Bureau Federation, in Chicago.

"Dr. B. H. Hibbard, of the Institute, who attended the Conference, is a member of the organization committee which is composed of the following: H. W. Moorhouse, director, Farm Bureau research division, chairman; George E. Stephens, Illinois Chamber of Commerce; W. A. Schoenfeld, U. S. Bureau of Agricultural Economics.

"The council will be advisory only. It is intended, through the council to correlate research work being done, to prevent needless duplication and expense, and to collect and disseminate information regarding research work completed or under way.

"Dr. E. C. Taylor secretary of board of trustees of the Institute and Dr. George S. Wehrwein, dean of the Institute also attended the research conference in Chicago."

facts, the same defective analysis and the same fallacious interpretations. Moreover, it is permeated through and through with the same spirit.

The monograph deals at the greatest length with matters of little significance but generally fails to dwell at all on matters of the utmost importance. It goes to the longest trouble to show how farmers climb up the agricultural ladder but utterly neglects to explain how or why still more farmers are forced to climb down the ladder. One cannot avoid the impression in this document that it is only a matter of time before most tenants will rise to the state of full farm owners when the truth is that it is only a matter of time before most farm owners fall to the state of tenants. It says there has been no alarming increase in tenancy throughout the United States as a whole and that the proportion of independent farmers is not materially diminished; whereas, according to the Census Bureau's own figures, the facts are just the contrary: in the forty years between 1880 and 1920 the percentage of rented farms rose from 25.6 to 38.1 while the percentage of farms free from mortgage fell, at the same time, from 55.3 to 52.5! The authors of the monograph also belittle the evils and dangers of tenancy while exalting the advantages of landlordism, using England as an illustration.⁵¹ What is equally significant they make no appeal for an attempt to eliminate tenancy or to build up an agriculture based upon a system of independent farm ownership; on the contrary their outstanding appeal is for a leasing system whose only effect can be to roof more firmly upon American soil a permanent state of landlordism.⁵² Finally, they call upon the people of the nation for a new point of view and a new attitude towards farm tenancy.⁵³

That these unsound interpretations, false conclusions and dangerous ideas are traceable, not so much to the authors themselves as to Prof. Ely operating through Dr. Taylor's Bureau of Agricultural Economics, is plainly revealed in a footnote made by the authors at the end of their introductory chapter. The footnote reads as follows:

"In connection with the use of material from the Department of Agriculture, the writers wish especially to acknowledge their indebtedness to O. E. Baker of the Bureau of Agricultural Economics, who placed at their disposal manuscript materials and many graphs and maps, and to W. J. Spillman in collaboration with whom several of the interpretations here presented were first developed."

There has, of course, not been sufficient time as yet for the above publications to make any substantial impression on the public mind. Nevertheless their effects may already be seen cropping out. Resistance to the ideas they convey is plainly weakening, while acquiescence in them is clearly becoming more general.

If an illustration of this be desired take the recent article by Prof. F. A. Buechel, Head of the Agricultural Administration in the Agricultural College of Texas. This article is entitled "Relations of Landlords to Farm Tenants" and appears in Prof. Ely's own magazine "The Journal of Land and Public Utility Economics," for July, 1923. In this article Prof. Buechel, whose various references to the government publications above mentioned show that he has drawn his chief inspiration from them, frankly says:⁵⁴

"Instead of looking upon tenancy as something abnormal—an evil to be eradicated at the earliest possible moment—we should regard it as a necessary institution in the agricultural industry."

Such, then, is how Prof. Ely is worming his way into the places of power and poisoning the well-springs of knowledge. Such is how he is invading the sanctity of free institutions, prostituting the departments of the government as well as schools, colleges and universities and slowly but irresistibly guiding the public mind, not towards the correct solution of our economic problems but away from it!

(To be continued.)

⁵¹"Outside of the South, where the cropping system of tenancy largely prevails, especially among the colored farm operators, there is no indication of the existence of any large body of farmers whose permanent status is that of tenants. On the contrary the evidence seems to prove conclusively that tenancy is generally a convenient way of approach to full ownership. It is in fact a part of the agricultural ladder."—Census Monograph IV, 1924, p. 10.

⁵²"The general conclusions from the consideration of the age and tenure figures are that a reasonable proportion of tenancy is a normal and healthy condition of agriculture in a country that has reached the state of development where land is not over-abundant; that there is no evidence of an alarming increase in tenancy; that the American farmer in a great majority of cases still spends the latter part of his life as an independent owner; and that the proportion who so finish out their lives is not materially diminishing."—Census Monograph IV, p. 114.

⁵³See Topic 28, tables IV and V in this chapter.

⁵⁴In fact, it is quite possible to develop a good system of agriculture without placing the ownership of land in the hands of those who cultivate it. One of the best systems of general farming in the world has been developed in England, where 90 per cent of the land is operated by tenants and most of the remainder by hired managers, leaving only a very small fraction operated directly by the owners."—Census Monograph IV, 1924, p. 14.

⁵⁵"From the point of view of the farm, the main shortcomings of tenancy may be charged against the shortness or uncertainty of tenure of the typical American farm tenant—against tenancy under the present form of leasing rather than against any essential feature of tenancy as such. . . . To work out that form of lease which will be conducive to the best results is one of the most important problems confronting American agriculture."—Census Monograph IV, 1924, p. 135.

⁵⁶And with this changing situation—for the change is still going on—comes the need, growing more and more urgent for a new attitude towards farm tenancy."—Census Monograph IV, 1924, Conclusion Chapter.

⁵⁷"Journal of Land and Public Utility Economics," July, 1923, p. 337.