

THE BULLETIN

OF THE MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE

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KELLER BILLS TO BE INTRODUCED AGAIN

Among the various revenue measures to be introduced into Congress in December are those known as the Keller bills. These bills have for their object the lightening of the tax burden on business and industry to an extent approximating \$1,000,000,000 and the raising of the same amount of revenue by a one per cent tax on the privilege of holding lands and natural resources exceeding \$10,000 in value.

The outstanding feature of these bills is that they will not, like the common run of revenue bills introduced into the national legislature, shift the tax burden from one point of industry to another, but will lift it off of industry entirely. In other words they will take the load from where it unjustly is and place it where it properly belongs.

Last year a portion of Congressmen Keller's program—that of differentiating between earned and unearned incomes—was made into law but in the fight that occurred over the Mellon plan the main bills were sidetracked. It is believed that in the coming Congress there will be more success in getting them through.

STATE TAXES IN TEN YEARS ARE DOUBLED

The total revenue receipts of the forty-eight states for 1923 were \$1,247,304,821, or \$11.38 per capita according to figures recently disclosed by the Census Bureau. This was \$396,540,983 more than the total payments of the year exclusive of the payments for permanent improvements, but \$63,027,972 less than the total payments, including those for permanent improvements. The per capita revenues were \$40.71 in 1922 and \$9.68 in 1912.

The net indebtedness (funded and floating debt less sinking fund assets) of the state governments amounted to \$953,584,105 or \$8.72 per capita. The per capita net debt in 1922 was \$8.12 and in 1918, \$4.86.

MORE MILLION DOLLAR INCOMES FOR YEAR 1923

Million dollar incomes showed an increase in 1923, according to statistics of income taxes for that year just made public by the internal revenue bureau.

Seventy-four persons reported net incomes in excess of \$1,000,000 for the year, the largest total since the days of huge profits during the war. There were 67 in 1922 and only 21 in 1921, when business conditions were unsatisfactory. The 74 had an aggregate net income of \$152,071,881, and paid a total tax of \$35,788,475.

Bogus "Research" Institute Will Move to Northwestern University

Last month we stated in these columns that Prof. Richard T. Ely's so-called "Institute for Research in Land Economics and Public Utilities" might soon move its headquarters from Wisconsin University in Madison to Northwestern University in Evanston, Illinois.

We are now able to say definitely that on July 1 the change of location will take place. Prof. Ely denies that the removal of his Institute from Madison is the result of hostility on the part of the University authorities in Wisconsin notwithstanding all rumors to the contrary. In any event Prof. Ely will enter Northwestern University with a feeling of much greater safety against disturbance from within and interference from without, and with a harder determination than ever to build up an organization that will effectively mold public opinion in the disastrous direction that he and a few others want it to go.

There will be no alteration in the organization of the Institute by its change of residence. "It will," says the professor, "be affiliated with Northwestern University as it was with the University of Wisconsin but will continue as a separate corporation, with its own staff, its own budget, its own funds and governed by its own Board of Trustees."

At the same time, however, the Institute's scope will be broadened and its activities increased. "Its permanent staff," Prof. Ely goes on to say, "will be increased by several men, and its research staff will be augmented by the appointment of a number of graduate students to new research scholarships and Fellowships. Additions will also be made to the statistical and clerical staff, and a research librarian will be appointed to administer the Institute's rapidly expanding reference library."

Meanwhile, too, Prof. Ely is forming, as an adjunct to his Institute, what he calls the "National Advisory Research Council," a Council "which will have headquarters in different places," and in which will be included a large number of carefully selected university professors. "Extra special preparations for publicity" are expected to be made in showing any criticism or overhauling any opposition that may come thereby.

(Continued on next page)

ARTICLE XI

Prof. Richard T. Ely Exposed!

This is the eleventh of a series of articles by Mr. Jorgensen showing how a gigantic, nation-wide scheme, financed by special interests, engineered by Professor Ely of Wisconsin 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 ENIL O. JORGENSEN
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24.—That the Singletax Means, not INDIVIDUALISM, but SOCIALISM and COMMUNISM

Prof. Ely likes to talk about his integrity. He reminds us frequently of his "fearlessness" in digging out economic facts, of his "impartiality" and of the "absolute impartiality" with which he conducts his researches. Sometimes in reciting his passionate "love of truth" he almost bubbles over. Speaking, for instance, before the annual meeting of the "American Railway Development Association," held in St. Louis, in 1923, he said:

"We who belong to the staff of the Institute for Research in Land Economics and Public Utilities have a love for truth as such, and this love of truth we share with all men who are engaged in scientific pursuits. This is our first and all-including objective."

A noble "objective" it is! But how far Prof. Ely has missed his objective we have, to a considerable extent, already seen. We have, however, not seen it all. Let us now take a new perspective and observe how very distantly the professor's boasted "love of truth" is removed from the actual facts.

When Henry George first published in 1879 his book "Progress and Poverty," he gave to the world what increasing numbers of men sincerely believe to be the most important contribution to economic literature made since the dawn of the "Christian era. Whether or not such is the case need not be discussed. The cold fact remains that George's book has, since it was first printed, been translated into every civilized language on the face of the earth, not excepting the Hungarian, the Russian and the Chinese. It has enjoyed a circulation many times larger than that of any other work or works of its kind; and is today, to a more powerful extent than ever before, remodeling men's thoughts and shaping legislation in every continent on the globe. These facts alone, apart from all other considerations, indicate quite conclusively that there is a central truth in George's philosophy that is not to be found in the writings of any other economist, either dead or alive.

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STAND UP FOR TRUTH, SAYS N. E. A. PRESIDENT

If all teachers would follow the pleading of Jesse L. Newton, President of the National Educational Association, many of the dangers that now threaten the nation would soon disappear. Addressing the Association at its recent annual convention in Indianapolis, President Newton said:

"Teachers must stand firmly for the teaching of the truth and the truth bears the impact of no particular social, economic or religious group. In controversial questions we must demand that both sides be presented."

The years ahead, he said, will be filled with many controversies. "Therefore the best service the schools can give is to foster the search for truth, and to teach our boys and girls to think for themselves."

TAX LAND VALUES SAYS OHIO PAPER

"How many more kinds of taxes," asks the Cleveland Citizen, "are going to be piled upon the people by the speckled statesmen who are employed as public servants?"

How much higher will the bread be won't before the patient voters become aroused and kick the politicians into obscurity where they belong?

When oil, when will our citizens begin to think and act like intelligent humans?

An Akron manufacturer announces that his company is paying 23 kinds of taxes in a year, and that in a year the tax bill was \$24 for every \$100 of payroll expense.

Of course, most of his taxes are imposed and are eventually recovered in higher prices, but higher prices are paid by the consumers, and they also tend to reduce sales and the number of jobs.

Even when a company has a monopoly that permits of fixing prices regardless of apparent competition, there is always a strong incentive to recover the tax at the expense of service to the public, in the number of men employed, to reduce wages and to speed up production.

In our opinion, a single tax on land values—that is, the values that have been added to the land by all the people of a community by reason of their collective labors—should be substituted for the present chaotic and unjust system.

For example: A subway in New York City cost \$43,000,000. Adjacent land values were increased thereby \$80,500,000. Yet all the people were taxed to pay for it. Why didn't the land owners, who were enriched, pay the costs?

It is the inequality of taxation that makes it so burdensome to those engaged in productive industry, while the land monopolists and speculators wax fat.

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FOCUS 'RESEARCH' INSTITUTE WILL MOVE TO NORTHWESTERN UNIVERSITY—Cont.

"So far," Prof. Ely informs us, "this Council includes: Professor B. H. Hubbard, University of Wisconsin; Dean Edmund E. Day, College of Commerce, University of Michigan; Professor Frank A. Fetter, Princeton University; Dean Ralph E. Helmuth, Northwestern University School of Commerce; Professor C. O. Ruggles, University of Ohio; Professor E. R. A. Seligman, Columbia University; and Professor John D. Black, University of Minnesota."

Nor is Prof. Ely losing sight of the money end of it. No reports of the financial status of the Institute have been made public by him since its formation four years ago but his hope is that before long, he will have a permanent endowment of \$2,000,000 or sufficient to yield an income of \$250,000 a year.

As a further step towards the accomplishment of his purpose Prof. Ely has now added to his Board of Trustees two new members—former Governor Frank O. Lowden of Illinois and Nathan W. MacChesney, General Counsel for the National Association of Real Estate Boards—two new members who will not only do much to clothe his organization with the garments of respectability but who will also be able to bring the Institute into closer touch with the "powers-that-be."

As might be expected the announcement that the Institute would be removed from Wisconsin University to Northwestern was given the widest publicity and was hailed by a portion of the press at least as an event of "world importance." Said the Philadelphia Public Ledger of June 22:

Chicago, June 21.—When a college professor finds a new job, the event is seldom of importance as news. It is particularly unimportant as business news. Yet the announcement of yesterday that Dr. Richard T. Ely had quit Wisconsin University and gone to Northwestern not only makes a great loss for the North-western school and a great gain for the Chicago institution, but it is an economic event of world importance.

Few if any will dispute the assertion that Dr. Ely is the foremost authority of the day in the field of land economics. Already his work has made a deep impression on our social and economic history. He is 71 years of age, yet vigorous and sturdy. Granted another ten years, it is not improbable that the world will note him longer than any economist who has preceded him.

Dr. Ely brings to Northwestern University the complete organization and personnel of the Institute for Research in Land Economics and Public Utilities, which he founded at the University of Wisconsin and which has brought scholars in economics and sociology from around the world to work and study at Madison. The Institute, in affiliation with Northwestern University, will be enlarged and its scope expanded.

It is a supreme effort this, that Prof. Ely is making to swing the public mind in the direction that he and his cohorts want it to go—an effort extraordinary for its boldness, marvelous for its cunning and unparalleled in its sheer immensity. Moreover, it is an effort that now looks dangerously much as though it may succeed.

PROF. RICHARD T. ELY EXPOSED!—Continued

Now it is the function of schools, colleges and universities to disseminate knowledge. It is their mission to spread light and not darkness, to increase intelligence and not ignorance, and to throw the rays of understanding upon all subjects. It is not merely their mission to do this; it is their sacred duty. For schools, colleges and universities are the creatures of the people. They are the sources from which most exact true information, the institutions in which the greatest trust and confidence are lodged by those who seek to learn.

It may, therefore, fairly be expected to teachers and text-book writers that they should explain fully and honestly the theory that George gave to the world. Particularly should Prof. Richard T. Ely, the director of the "Institute for Research in Land Economics," in the great state University of Wisconsin, and a man whose avowed intention is to explore the seas of economic knowledge on a scale never before paralleled—particularly should he, regardless of his own opinions or personal feelings, present the Henry George theory to the people in an unprejudiced, exhaustive and impartial manner.

But has Prof. Ely done this? Has he been faithful to the public trust reposed in him? Has he taken the theory of Henry George and presented it to his vast audience in an unprejudiced, expansive and impartial manner? No, he has not!

Prof. Ely has not once endeavored to elucidate the Henry George doctrine in an understandable way or to treat it in an impartial and disinterested fashion; on the contrary he has employed all the resources at his command to discredit that doctrine and to arouse public hostility and prejudice against it!

In his first three books "The Outlines of Land Economics," "three books written to guide his Institute in its future work, and upon which forty-seven more books are to be based—in these three books not a single chapter, not a single page, not even a single paragraph is devoted in explanation of the far-reaching theory that George proposed. Scores of references are given in these three books to writers who are known to be opposed to George's theory, but not a solitary reference is given to the works of Henry George himself, or to the numerous authors of ability who have followed him.

That this is a clear-cut attempt on the part of Prof. Ely to keep the public in darkness about the singletax is conclusively proved by the next two books of his land economics series. One of these two books is called "The Principles of Real Estate Practice," (MacMillan, 1923)—a book which is being pushed vigorously by the National Association

A large Akron, Ohio, concern announces that it is paying 25 different kinds of taxes in a year. Counting the tariff, which for some reason it overlooked, makes it 24.

Income totaling \$36,336,387.943 in the United States were reported to the government in income tax returns last year. This is an increase of \$5,000,000,000 or 23.43 per cent over the year before.

England's labor situation is growing worse. In the last month 92,000 new names have been added to the register of her unemployed. There are now approximately one and one-quarter million laborers out of work. Since 1920 the United Kingdom has spent in doles to the unemployed the sum of \$1,500,000,000.

In thirty years, says Count Michi-masa Sogeshima, Member of the Japanese House of Peers, Japan will be confronted with starvation. Not if they learn some of the fundamental principles of political economy.

"The great problem of American agriculture is not the devising of better leasing systems, but the removal of the speculative element of land. Either the road to ownership for the actual farmer must be made easy, or the development of a permanently submerged tenant class—an American peasantry—must be expected."—E. E. Miller, Editor of the "Southern Agriculturist," May 1, 1925.

"The San Blas Indians of Panama," says a Bulletin of the National Geographic Society, "look upon their land as community property, but those who clear a space have a recognized title to it while they use it. If a clearing is abandoned it again becomes community property. Fruit trees planted by an individual becomes his property. An incident occurred during the digging of the canal that well illustrates the independence and the shrewdness of the San Blas. Engineers of the canal commission found in the edge of the San Blas country a large deposit of sand of a type perfectly fitted to their needs for concrete mixing, and offered to buy it at a good price from the San Blas chief. 'No,' was his reply, 'it is our sand to-day, it will belong to our fathers before us, and it will be our children's in the future. We cannot sell it. Anyway, if your God had meant for you to have it He would have put it at Colon, not in the land of the San Blas.'"

Which is a pretty close adherence to the commandment, "Render unto Caesar the things that are Caesar's and unto the Lord the things that are the Lord's."

"If a man palms his horse we increase his taxes. Now why? Did the city paint the house? No. Then why should the city make a charge if it rendered no service? If the city paved or repaired the street, improved the schools, etc., it would be justified in increasing the citizen's taxes because it rendered a service and is entitled to payment.

"If a man builds a house he pays the builder, but under our very stupid tax system, the city also sends him an enormous bill. If the house is worth \$10,000 and the city has a 5% tax rate, his bill would be \$500. In about 30 years the man would be robbed of the entire value of the house. Remember he paid the builder for the house and any tax levied by the city on the house is simply robbing by due process of law. The city did not build the house and is not entitled to any payment whatsoever.

"The annual rental value of land is the only true measure of the annual value of the services and benefits rendered by the city to the citizen, and it is the only value created by the community and therefore is the only value that should be collected by the community."—James R. Brown, in the "Buffalo Truth."

(Continued on Next Page)

PROF. RICHARD T. ELY EXPOSED! — Continued

of Real Estate Boards, and which book the Association has to date succeeded in bringing into the classrooms of thirty-three leading colleges and universities. In this book one whole chapter is devoted to demolishing the principles upon which the singletax idea stands, but not one paragraph or one sentence is devoted to telling what the singletax is and the name of Henry George is not even mentioned!

The other of these two books—the fifth of his land economic series—is entitled the "Elements of Land Economics," (MacMillan, 1924). In this book we find listed, as usual, scores of writers who are opposed to the theory of the singletax, but not one writer of any consequence is listed who favors that theory. And while Prof. Ely does, in this fifth book, depart from his usual procedure and say something about Henry George, what he does say is out of a total of 353 pages, confined to two short paragraphs!

Two short paragraphs! Could any worse offense against the principles of teaching be conceived? Could any greater wrong against public education possibly be committed? Out of a total of five books on land economics by Prof. Ely—three of them "key" books—only two short paragraphs are given over to expounding the philosophy of a man whose works have received wider recognition throughout the world than the works of any other man in modern times, and whose one book alone has had a larger circulation than all the books written by any dozen economists now living!

But this is not all. In these two short paragraphs nothing is stated that can convey to the reader any intelligent understanding of what the singletax really is and what it will accomplish; instead of this the singletax really is and what it will accomplish; instead of this the paragraphs are examined with hostile words, imbibed phrases and misleading statements whose only result can be to turn the reader definitely against it. Take, for instance, this sentence ("Elements of Land Economics," p. 323):

"According to the single tax theory all land is a gift of nature to society; consequently all the returns from utilizing land belong to society, not to any individual owner."

This, of course, puts the singletax, as Prof. Ely plainly intended that it should, in the same class with socialism and communism.

But the statement is distinctly and absolutely false, and there is no one who knows it better than Prof. Ely himself.

The singletax theory does hold that "all land is a gift of nature to society," but it does not hold that "all the returns from utilizing land belong to society; not to any individual owner."

Singletax means that "all the returns from utilizing land" belong to individuals and not to society.

In other words, the singletax theory holds that the rent of land—and the rent of land only—belongs to society and should be taken by society in taxation, while "the returns from utilizing land" belong entirely to capital and labor—the producers of wealth—and should not be taxed at all.

The singletax thus means exactly the reverse of what Prof. Ely wants his immense audience to believe. It means individualism and not socialism or communism. It means industrial freedom and not industrial slavery. It means private ownership of property and not common ownership of property.

But the real extent to which Prof. Ely has prostituted his position and betrayed the public faith reposed in him, is to be seen, not so much in his refusal to give the singletax theory of Henry George any kind of a hearing, nor in his direct misrepresentation of that theory, as it is to be seen in the subtle and underhanded methods he has everywhere employed to discredit that theory and to turn the people against it. Throughout practically every chapter of the five books above mentioned and particularly in his three key books he has assailed the logic upon which the singletax theory is founded—assailed it from every angle and in every possible shape, form and manner.

But his methods of assault have not been like the methods of a warrior in the open; they have been more like the methods of a savage in ambush or an assassin in the dark! His attacks have been made, never from in front but always from the side or the rear. And the weapons he has used have not been the bolts of cold logic but the poisonous shafts of unwarranted assumptions, of wrong inferences, of false suggestions, of insinuation, of half-truths and of outright misrepresentation!

And this from the very man in whom the greatest trust and confidence are placed, from whom the truest fairness in exposition and teaching is expected, and who publicly boasts about his "impartial, direct" mind, his "impartiality," and his passionate "love of truth!"

25.—That the Singletax would substitute PUBLIC OWNERSHIP for PRIVATE OWNERSHIP of Land

But let us continue. The singletax, says Prof. Ely, does not mean merely socialism and communism; it also means land nationalization and State tenancy! As he expresses it ("Elements of Land Economics," p. 324):

"The effect of the singletax would ultimately be a system of State tenancy. If all the net income from land were taken in taxes, the desire for owning land would disappear, so that in effect the State would own the land while private individuals utilizing land would be in the position of tenants of the State, paying to the government the net land income as a rent."

As usual, of course, all this is not so. The singletax would not "ultimately be a system of State tenancy." It would not cause the "desire for owning land to disappear." And private individuals

utilizing land would not "be in the position of tenants of the State," any more than they are today.

The fact is that all persons are tenants of the State now. The State today exercises, at its will, complete control over the lives and property of its citizens. If the State wants, for instance, the property of any particular individual or group of individuals for its own use, it may legally take that property; after making, of course, reasonable compensation. If, to defend itself from foreign aggression, the State needs the lives of those who live under it, it may legally take those lives, as it did during the World War. All persons are, then, tenants of the State now.

But this is not what Prof. Ely means by "State tenancy." What he very distinctly means is that, under the singletax, the titles to land would ultimately be taken over by the government. The land would be nationalized. In other words, the State would become the landlord and the people would pay their rent to the State.

Of course, if all this were true the singletax would have to be condemned. For land nationalization or State landlordism would, as so-called is now constituted, distinctly not work. It would prove disastrous. Were the titles to land to be taken over by the State such an enormous extension of government machinery would be required as virtually to break it down. More than that, the customs and habits of thought of the people would be so strained, the avenues for favoritism so widely opened, and the practices of everyday business so severely wrenched, that the whole industrial machine would topple.

But—Prof. Ely to the contrary notwithstanding—the singletax is not land nationalization. It is not State landlordism. It does not contemplate any transference of land titles to the government nor any change in our system of land tenure.

True, Henry George frequently spoke, in his various writings, of the necessity of "making land common property," but as all sincere and careful readers of his books well know, whatever George did this he was developing an abstract principle and not a concrete one, and had in mind only the making of "land rent common property," while leaving the physical earth itself private property.

Henry George did not believe in the public ownership or nationalization of land; on the contrary he was unalterably opposed to it. No one knew better than he the danger of abolishing land titles and the appropriation of land by the State. Therefore while earnestly justifying upon the right of society to ground rent, he defended the private ownership and possession of land with all the vigor of his powerful intellect.

In "Our Land and Land Policy," written in 1872, for instance, George says:

"It by no means follows that there should be no such thing as property in land, but merely that there should be no monopolization—no standing between the man who is willing to work and the field which nature offers for his labor. For while it is true that the land of a country is the free gift of the Creator to all the people of that country, to the enjoyment of which each has an equal natural right, it is also true that the recognition of private ownership of land is necessary to its proper use—is, in fact, a condition of civilization."

Again in his "Progress and Poverty," written in 1879 (Book VII, Chap. 2) he says:

"I do not propose either to purchase or to confiscate private property in land. . . . What I propose is . . . TO APPROPRIATE RENT BY TAXATION."

Similarly, in his controversy with Herbert Spencer in 1892 ("A Perplexed Philosopher," (Chap. XI, p. 242) he explains:

"The primary error of the advocates of land nationalization is in their confusion of equal rights with joint rights. . . . In truth the right to the use of land is not a joint or common right, but an equal right; the joint or common right is to rent, in the economic sense of the term."

And so, too, in his "Protection or Free Trade," published in 1886 (Chap. XXVI) he says:

"To make a rodentism every year, or to treat land as a common, where no one could claim the exclusive use of any particular piece, would be practicable only where men lived in movable tents and made no permanent improvements, and would effectually prevent any advance beyond such a state. No one would sow a crop, or build a house, or open a mine, or plant an orchard, or cut a drain, so long as any one else could come and turn him out of the land in which or on which such improvements must be fixed. Thus it is absolutely necessary to the proper use and improvement of land that society should secure to the user and improver safe possession."

These extracts from his various writings sufficiently show that Henry George never believed in land nationalization; that he was intently opposed to any public ownership of land by the State; and that it was not his desire to abolish land titles nor to disturb the private ownership and possession of land in any manner.

Prof. Ely next assumes that the singletax purposes to take "all the net income from land." But this, as he must know, is a gratuitous assumption. Henry George never insisted upon taking 100% of all ground rent but spoke distinctly (see "Progress and Poverty," Book VIII, Ch. 2) of "leaving to land owners a percentage of rent which would

"How close it might be possible finally to come to the point of theoretical perfection, or whether it would be best to leave such a margin as would give a small selling value, are matters which, like other questions of detail, it is not now necessary to discuss. But in thinking of details it should be remembered that we cannot get to the single tax at one leap, but only by gradual steps, which will bring experience to the settlement of details."—Henry George in Century Magazine, July, 1890, p. 401

PROF. RICHARD T. ELY EXPOSED!—Continued

probably be much less than the cost and loss involved in attempting to rent lands through State agency.

This view of Henry George's, with slight modifications, is also the view of the leading men and women who have followed him. As the famous corporation lawyer and tax scholar Thomas G. Shearman ("Natural Taxation," Chap. IX, pp. 132, 133) has clearly stated it:

"It does not follow that the state should compel the landlord to pay over all that he receives. If the state could and should do this, the landlord would cease to do his work; because he would receive no compensation for it. Natural laws again settle this question, by making such collection impossible. Not all the power of all governments, concentrated upon the landlords or a single town, could extract from them **PRECISELY** one hundred per cent of the rent received by them.

"Nor does it follow that even ninety per cent of rent ought to be taken. Where rents are large the retention of ten or even five per cent might be sufficient to induce landlords to follow up tenants and extract from them that just rent which every one ought to pay. Where rents are small a commission of ten or even fifteen per cent may be insufficient for this purpose. An iron rule is not a natural rule, and it will not work well.

"What would Nature or Science dictate upon this point? Is it not that the state should collect from the natural tax collectors whatever amount the state really needs, for the effective but economical administration of government? Is it not better, in case there should remain any considerable excess of this, that it should remain in private hands, rather than it should be taken by the state, before the state officers know how to use it for the real benefit of the people at large? Grant, if you please, that there would be such surpluses of rent as to breed wasteful luxury among landlords, is not this less injurious to the community than wholesale waste and embezzlement of public funds? Our whole national history illustrates the truth that surpluses public revenues first corrupt public officers and then debauch the nation itself."

Prof. Ely further says that under the singletax "the desire for owning land would disappear." In one sense this is true. The desire for owning land for mere speculation would disappear. There would be no advantage in keeping land idle for one year, and unimproved. Land monopoly, for monopoly's sake alone, would not pay. The dog-in-the-manger holding land idle for no other reason than to collect a stiff price from those who wish to use the land, would be checked off.

But so far as the ownership of land for use is concerned—the desire for such ownership, under the singletax, would not "disappear." As Prof. Ely declares, on the contrary it would grow. How could it do anything else? The only real purpose of a land title is to guarantee security of the improvements on the land. Its only legitimate function is to give the producers of wealth the security they must have to produce and enjoy such wealth.

Now, under the singletax the desire to make improvements of all kinds would be much greater than it is at present. The confiscatory taxes that today bear so heavily and unjustly on the activities of capital and labor would be gone. Men could be as thrifty as they liked; as industrious and enterprising as they chose; they could build and beautify and improve to their heart's content without in the least being penalized by taxation for so doing. Thus the desire for owning the land on which the profits of human industry must necessarily rest, would not disappear, as Prof. Ely states, but greatly increase.

As Thomas G. Shearman ("Natural Taxation," Chap. XIII) has vividly said:

"When taxation is levied exclusively upon ground rent every man will have, for the first time in human history, an absolute and indefeasible title to all of his property which is the production of human skill and industry, subject only to the right of the state to take it, upon making full compensation or its value. Such compensation would enable the owner to replace the property thus taken with other property of the same description and value. This general right of the state is practically no limitation upon the absolute right to individual property.

"It is perfectly plain that no one has any such right at present, and that no one can have it, under any existing system of taxation. For, so long as the state assumes the right to tax anything besides rent, it is impossible for any man to retain the entire fruits of his own industry. Every year the state will deduct something from those fruits, under the name of taxation; and no one can ever foresee precisely how much will be taken in this manner. The fluctuations, both in the amounts and methods of such taxes, are so great and incalculable, that no one can have any reasonable certainty as to the extent to which his earnings will be secure against the demands of the state.

"But if taxes were once confined strictly to ground rent, all this would be changed. . . . It would secure to the owner of every product of human industry and skill an absolute and indefeasible title to such property; so that it could not be taken from him, even for taxes, without full compensation for its market value; a title, therefore, far superior to any which can now be held by any human being."

[Note: Topic No. 26 has been omitted from this issue and will be published later.]

27—That High Earnings for Capital and Labor Are Not a
PREVENTIVE but a CAUSE of Unemployment

One of the prime reasons why Prof. Ely wants rent—the value of land—to be taxed less and wages and interest to be taxed more, seems to be the usefulness of the non-producers and the uselessness of the producers! His heart bleeds for the suffering of the poor landowners!

For instance, he says ("Outlines of Land Economics," Vol. II, p. 61): "In an old country like England the claims made upon the land owners are so great that they frequently absorb all the rent. An illustration of this result of the burden imposed by the taxing, 'Noblesse oblige,' is seen in the great estate of the Duke of Bedford, consisting of 51,648 acres, which produced net deficits instead of net profits in five of the twenty years, 1876-1895. . . . The writer had an opportunity for personal observation when he visited this estate in 1913. At that

who are compelled to receive rent, but it battles against the greed and the selfishness of capital and labor who simply have to pay this rent. The parasites who live on the sweat of other men's faces—for these he has nothing but words of praise; the workers who produce the necessities, comforts and luxuries of life—for these he has chiefly words of criticism and blame!

Take, for illustration, this matter of unemployment. Thoughtful men are more and more coming to agree with Henry George that it is the draining away by the landowners of the rightful earnings of capital and labor that is chiefly responsible for unemployment. For when such earnings are drained away—that is to say, when rent grows relatively high and wages and interest grow relatively low—the effect is to increase the purchasing power of a few but to reduce the purchasing power of the large majority. And when the purchasing power for goods and services naturally falls off and unemployment follows.

But now comes Prof. Ely with the suggestion that this argument should be turned exactly the other way around. He holds that it is not the highness of rent and relative lowness of wages and interest, but the lowness of rent and relative highness of wages and interest upon which the responsibility for unemployment rests. Prof. Ely can see absolutely no harm, but on the contrary much good, in landowners' wanting high and unearned rent of land. On the other hand he can see little good but much harm in workers' receiving more than enough for a bare living.

Here, precisely ("Outlines of Land Economics," Vol. II, p. 142; Vol. III, pp. 102, 103) is what he says:

"Many are disturbed because property in land yields income. Our attention is frequently called to a corner lot in a city, from which the owner derives, let us say, \$50,000 a year. Taxes and all improvements are paid by the owner of the building erected on the lot. The owner of the lot may live in idleness, and it is said that he makes no return to society for what he receives. Is there anything peculiar in this, or anything which should lead to a special policy of taxation?"

"It may be concluded then, that while without doubt the greater portion of the rent of land is received by individuals, rent is used increasingly in the interest of society, and that in this way it accomplishes far better results for society than it would accomplish if all the land were publicly owned and the rental value accrued directly to the public treasury."

But, in speaking of the incomes received by the wage-working groups, he says ("Outlines of Land Economics," Vol. III, p. 4):

"High wages are good in themselves and desired by everyone, but they may be imposed high from the point of view of conditions and general employment. In many cases they have been too high. A few persons will, to use a slang expression, 'get away with' these exceptionally high wages; but general unemployment is the result."

In the opinion of Prof. Ely, then, a high rent for landowners is not harmful to society, but beneficial, while high wages for labor, on the other hand, are not beneficial, but harmful. Reasoning thus, he naturally concludes that the landowners' rent should be raised by being taxed less while laborers' wages should be lowered by being taxed more.

Of course, with such views it is impossible to argue. That parasitism is superior to labor; that the profits of monopoly are above the earnings of industry; that a man who receives \$30,000 ^{The} earns more than a man who receives \$30,000 ^{of} a year for doing nothing at all is more useful ^{fruity} to society than a man who receives \$3,000 or \$4,000 a year by hard work; and that a tax policy should be inaugurated that will further enrich the non-producers at the expense of the producers—these are propositions that are not debatable. They have no more legitimate place in philosophical discussion than the proposition that evil is better than good, or that dishonesty should be rewarded while honesty should be punished.

The man who will seriously set forth propositions of such a character may call himself a scientist; he may be enthroned in the places of power; and upon him may be bestowed all the honors and the splendor of the world. But the result is still the same. No matter how exalted his position or how lustily the priests of Mammon may swing their censers before him, such a man is not a scientist, but an intellectual prostitute and a moral bankrupt!

(To be continued.)

fine the owner was engaged in constructing a pond near his own 'park' in order to give work to his own people and to add to the amenities of the property. Within a stone's throw of this was a bathing establishment, apparently spacious and well constructed, which was free to the inhabitants of three villages, and in the immediate vicinity were brick houses surrounded by large gardens, which rented for one shilling and sixpence a week. Nevertheless, the Duke of Bedford was not esteemed an especially generous landlord, and in 1913 there appeared in the press complaints about the wages he paid to agricultural laborers."

14 "It may be noticed also how wages and interest may eat into land values.

In many a city in the United States at the present moment high wages, high interest and uncertainty are having a depressing effect on land values; and land owners are forced to make concessions in their prices."—R. T. Ely in "The Outlines of Land Economics," Vol. II, p. 62.

24 "It is suggested that a rate of taxation of one and a half per cent on the selling value of the land ought to be the regular normal upper limit under normal economic conditions."—R. T. Ely in "The Outlines of Land Economics," Vol. III, p. 115.

26 "Income taxes should be included in every system of state taxation. . . . I would not have any very large exemption, and I would have reasonable progression up to six per cent and perhaps even up to ten per cent, depending in part upon the federal government taxes. . . . What is called the severance tax is to be compounded. . . . Taxes on consumption and various indirect forms of taxation must be employed to a larger extent."—R. T. Ely in "The Outlines of Land Economics," Vol. III, pp. 93, 101; "Taxation of Farm Lands," p. 24.