

“Take Taxes Off Industry!”

# THE BULLETIN

OF THE MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE

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No. 11

## FARMERS' TAX LOAD KEEPS ON GROWING

Taxes took about 9% of the gross agricultural income in 1913, while in 1922 the proportion of the total income of farmers absorbed by taxes had grown to 13%, according to figures published by the National Industrial Conference Board. During the last 15 years, the board shows, taxes have increased 266%, compared with a gross increase in income of approximately 100%.

## IS ANOTHER BUSINESS DEPRESSION COMING?

“Business Depression Coming Again” is the headline carried by a bulletin issued by the social action department, National Catholic Welfare conference. It bluntly declares that at the present time “Nearly all signs point to a decline in business, and a greater amount of unemployment in the United States.” These coming “hard times,” it says, are due to the inability of the people of the United States and of the world to buy the goods that are produced, and to sell the goods they produce. It concludes that the chief trouble is “that our industrial and agricultural system turns out an enormous amount of goods, but in the producing of it the great majority receive too little money to buy back their share of what they produce.”

That is another way of saying that the nonproducers are taking so big a slice of the goods, in the form of profits and unearned income, that sound trade is impossible, and unemployment and misery are due.

## “LOOP” IN CHICAGO IS BEING APPRAISED

Driven by the necessity of procuring more revenue without increasing the tax rate on the homeowners, the City Council of Chicago has engaged the Manufacturers' Appraisal Company of Philadelphia to appraise the downtown section of the city known as the “loop” to see if, as it is explained, a large amount of land value is escaping taxation.

Since the method used in the appraisal is the Somer's System the results will be watched with interest.

Predictions are that the assessment values of the land will be raised approximately 75 per cent, or at the point of highest value from \$15,000 to \$25,000 a front foot.

When completed the report of Manufacturers Appraisal Company will among other things show:

(1) A map of the entire section, with 1926 street unit-foot valuations, and

(2) A summary showing for each lot, (a) the street number or numbers with dimensions; (b) the name of owner or owners; and (c) our valuation of the land and the sound valuation of the building or buildings, separately stated.”

## SHALL THE AMERICAN FARMER BE PEONIZED?

By EMIL O. JORGENSEN

“You use strong language in your criticism of Prof. Ely and the Institute but I am bound to confess that my own conclusions derived from reading the literature of the Institute which is sent to me has been a blank question of the bonafides of the whole affair and I find great difficulty in avoiding your contention that the Institute is one of the greatest educational frauds of history.”

So writes the Honorable George Fowlds, formerly Minister of Education and now president of the Auckland University College in New Zealand, in acknowledging receipt of our recent book “False Education in our Colleges and Universities.”

Dr. Fowlds is right. The “Institute for Research in Land Economics and Public Utilities,” founded by Prof. Richard T. Ely of Northwestern University and financed by various privileged organizations, is one of the greatest educational frauds of history.

### The Plight of the Farmer

Take, for example, the Institute's professed desire to improve the condition of the American farmer. This condition, as every student of agriculture knows, is badly—very badly—in need of improvement. Countless farmers are facing virtual bankruptcy, indebtedness among them is deepening, landlordism is spreading, tenancy growing—in short, the whole agricultural class in the United States is slowly but surely sinking to the level of the peasantry classes in Europe.

### Ely Institute to “Rescue” Agriculture

To stem this downward course and to enable the unhappy farmers of America to work themselves up from poverty to freedom and independence is, therefore, one of the avowed objects of Prof. Ely's “research” Institute.

A very noble objective, indeed! But if we look beneath the mere surface of the matter we shall find to our amazement that this is not true; that instead of aiding the tenant and debt-ridden farmers of the country to work themselves out of their poverty, the purpose of Prof. Ely's privately-financed Institute is simply to extend and widen the opportunities for the landlord, land speculation and other semi-pre-datory interests of the nation.

Let us examine briefly some of the principles and policies of the Institute and see if this is not correct.

### The Fairway Farms Project

Take first the Institute's great “rural laboratory” in Montana known as the “Fairway Farms Project.” This laboratory—or project—was established in the poverty-stricken farm districts of Montana by Prof. Ely and his associates in the spring of 1924—John D. Rockefeller, Jr., very generously loaning the project \$100,000 at 5% interest to get it under way.<sup>1</sup>

The purpose of this project, we are told, is to help the discouraged tenant farmers, not merely in Montana but throughout the whole country, to “more easily climb the ‘agricultural ladder’ to ownership.” As M. L. Wilson, the Secretary of the Fairway Farms Corporation writes in Prof. Ely's own journal:<sup>2</sup>

“The Fairway Farms Project is an experiment in farm tenancy and farm ownership. Its objective is to facilitate the climbing of the ‘agricultural ladder.’ . . . Through all these problems which the corporation has attempted to solve in the farmers' as well as the nation's interest runs this idea of establishing better standards and methods in the farming business whereby capable men may more easily climb the ‘agricultural ladder’ to ownership.”

### Methods of the Fairway Farms Corporation

First! But the question now arises, how does the Fairway Farms Corporation propose to help the impoverished tenants to “climb the ‘agricultural ladder’ to farm ownership?” By changing our economic system so that all farmers will get more for the products they sell and pay less for the products they buy? Not at all. The corporation proposes to help the tenants in the following manner:

First, by getting option and control of farm lands that can be secured at bargain prices<sup>3</sup>—abandoned or foreclosed farms preferred;<sup>4</sup> Second, by equipping these farms with whatever improvements are necessary for operation;<sup>5</sup> and

Third, by then selling both land and improvements at a profit<sup>6</sup> to actual users under a special “tenant-purchase contract.”

(Continued on next page)

<sup>1</sup>Published by the Manufacturers and Merchants Federal Tax League, 1346 Algeid St., Chicago. Price, cloth, \$1.50; paper, \$1.00.

<sup>2</sup>“The Fairway Farms Project,” by M. L. Wilson. Published in the Journal of Land and Public Utility Economics (Richard T. Ely, Editor), April, 1926, p. 138. *Ibid.*, p. 156.

<sup>3</sup>“The Fairway Farms Corporation has, in a few cases, purchased the lands outright. The reasons for so doing were either that the corporation was able to secure the lands at much better terms or that it did not feel justified in taking the risk involved in setting up a tenant-purchaser and making the necessary advances for equipment and operating capital without owning the land.”—M. L. Wilson in the Journal of Land and Public Utility Economics, April, 1926, p. 162.

<sup>4</sup>In practically every instance the farms secured by the Fairway Corporation have been foreclosed farms. See Journal of Land and Public Utility Economics, April, 1926, pp. 161, 162, 163. *Ibid.*, p. 157.

<sup>5</sup>“The Fairway Corporation is also permitted in its resale of the land to the tenant-purchaser to add a sum which it anticipates will cover its cost of super-

## U. S. WEALTH SET AT 353 BILLIONS

National wealth in 1922 is placed at \$353,000,000,000 and national income for 1923 at \$70,000,000,000 in a special report by the federal trade commission, made public in response to a senate resolution.

While the increase in wealth between 1912 and 1922, measured in dollars, amounted to 72 per cent, the commission says, the real increase would be 16 per cent, allowing for changes in purchasing power of the dollar, and would compare with about 15 per cent increase in population.

The report estimates the amount of wealth according to various uses. Wealth in agriculture, for example, comprised about 18 per cent of the total, in manufacturing and mining about 14 per cent, and in railroads and other public utilities about twelve per cent. The largest share is said to be in dwellings and other goods used for personal necessities and enjoyment, reckoned at over one-fourth of the total.

As to the ownership of natural resources, the report estimates that for 1922 six companies controlled about one-third of the developed water power, eight companies three-fourths of the named anthracite coal, thirty companies over a third of the immediate reserves of bituminous coal, two companies over one-half of the iron ore reserves, four companies nearly one-half of the copper reserves, and thirty companies about one-eighth of the petroleum reserves.

In estimating distribution of wealth among individuals, the commission examined 48,000 probate records in twenty-four typical countries and also estimated unprobated estates.

“On this basis,” the commission's summary says, “about 1 per cent of the number of decedents owned 59 per cent of the estimated wealth and 12 per cent of the number of decedents owned over 90 per cent.”

## TARIFF COSTS PEOPLE 3 BILLIONS A YEAR

Senator William H. King of Utah has been doing some plain talking lately on the high cost that the present tariff imposes on the people at large and particularly upon agriculture. In one of his latest speeches he says:

“The protective policy as now in force costs the American people directly and indirectly about \$3,000,000,000 a year. The farmers, if they have money to buy, pay their proportion of this price of “protection.”

“The American Farm Bureau Federation, a sufficiently conservative organization, estimated over two years ago that the gross cost of the tariff to farmers was \$426,000,000 that year, and assumed, but did not prove, gains to farmers as producers of \$125,000,000 through the tariff.”

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## THE DENMARK LAND VALUE TAX CONFERENCE

In a few weeks from now—July 20 to 31—the Third International Conference to Promote the Taxation of Land Values and Free Trade will be held in Copenhagen, Denmark. It is an event of world-wide importance and the place of convening is most appropriate. Denmark has just passed its second law for the heavier taxation of land values and the un-taxing to a corresponding degree of the products of human industry, thus making the longest advance in the direction of the Henry George idea that has yet been taken by any nation.

An extensive and well digested program has been planned ranging from discussion of the theory and application of the Henry George



principles in various countries to excursions into different parts of Denmark for observation purposes.

It is interesting to know that the Honorable Charles O'Connor Hennessy of New York—a close personal friend of Henry George and one of the leaders of the land value tax movement in America—is to be the Honorary President of the conference.

We sincerely hope that there will be an exceptionally large attendance at this world gathering in July and expect to see it. Those who cannot be present in person are urged to join as honorary members, thus not merely associating themselves in a great and noble cause, but helping by this means to make the Conference a notable success. The membership fee for both visiting and honorary members is \$5.00 and this fee should be sent direct to the United Committee for the Taxation of Land Values, 11, Tothill Street, London, S. W. 1, England, which committee has charge of all matters pertaining to the Conference outside of the Scandinavian countries.

## HEAVEN HELP THE CHILDREN!

"You can buy land for a home today much cheaper than your children will be able to buy it in other years," says the Cleveland Real Estate Board. "As your children grow, the investment you make today in Cleveland real estate will be worth double, triple, quadruple, what you now pay for it—if not more."

May the Lord have mercy on the children!

## SHALL THE AMERICAN FARMER BE PEONIZED? — Continued

Not a very promising beginning, is it? Except for the "tenant-purchase contract" the proposition has all the earmarks of being nothing but a new real estate venture in disguise.

Unfortunately, however, the matter is a good deal more serious than that. If we analyze this tenant-purchase contract of the Fairway Corporation which has been worked out by Prof. Ely and his Institute for the "benefit of the landless farmer," and consider it in connection with certain other far-reaching policies that the Institute is standing for, we shall find it to be, not merely the cleverest instrument for swelling the profits of the landowning, land speculation and mortgage banking groups of the country, but the subtlest plan for coaxing more farmers into debt and keeping them there, that has ever been devised!

## The Tenant-Purchase Contract

Here are the leading principles and provisions in the Fairway contract:

(1) Tenant-purchasers who have only a small amount of capital of their own to start with must take out a life-insurance policy in which the Fairway Corporation is named as beneficiary. It is provided, however, that in case of the tenant's death the corporation shall turn the insurance money over to the heirs of the tenant—after deducting, of course, whatever amounts are "rightfully due" the Fairway Corporation.

(2) Every dollar of income on the farm, over and above the cost of operation and the necessary living expenses for the tenant and his family, is to be turned over to, and held by, the Fairway Corporation until such time as 25% of the purchase price of the farm has been paid." The tenant-purchase contract may then be

(Continued on next page)

vision, overhead, and return a reasonable profit."—M. L. Wilson in the Journal of Land and Public Utility Economics (Richard T. Ely, Editor), April, 1926, p. 163.

"In the limited number of cases where the corporation finances capable young men who enter the contract with a very small amount of capital of their own, added protection is given the corporation by requiring each young man to take out a life insurance policy in which the corporation is named as beneficiary."—M. L. Wilson in the Journal of Land and Public Utility Economics, April, 1926, p. 163.

"The Fairway contract provides that all returns from the farm as a unit, from whatever sources they be, live stock, grain, or from rented lands, shall constitute a fund called the gross income, to be held by the corporation, from which shall be deducted the following items:

- All taxes, both real and personal;
- Insurance on buildings, crop, and property;
- Advances made by the corporation for farming purposes;
- Interest on the stated purchase price and advancements at 7%;
- All miscellaneous operating expenses;

## IN THE MAIL BAG

Cameron, Mo.,  
May 6, 1926.

Gentlemen:

I received "The Bulletin" which is very interesting to me as a student of Economics at Missouri Wesleyan College. I would appreciate any material which you might send me relative to the League and its work.

ROY HOLLENEBECK.

New York, N. Y.,  
May 26, 1926.

Dear Mr. Jorgensen:

I have meant to write you before this to congratulate you on the good work which you have been doing, but have been so busy with other matters here, including moving, that I have only been able to help indirectly by giving it my endorsement in various quarters where that has been of some use.

A. C. FLEYDELL.

## LAND AND NATION LEAGUE

President

Rt. Hon. D. Lloyd George, O. M., M. P.  
25, Old Queen Street,  
Westminster, S. W. 1, England,  
25th May, 1926.

Dear Sirs:

I understand that you have published a volume entitled "False Education in our Colleges and Universities" at the cost of 5/- cloth post paid free. I am enclosing a Postal Order for \$1.25 and shall be glad to receive a copy of the volume at your earliest convenience.

Yours faithfully,

(S) W. McG. EAGAR,  
General Secretary.

Los Angeles, Calif.,  
May 13, 1926.

Dear Mr. Jorgensen:

Even certain advocates of land taxation have joined the anvil chorus, blamming you for being so rough on Prof. Ely. In feudal times, those who fattened off unearned ground rent, killed off objectors. That method is obsolete, so they seek to retain their easy legal plunder by means of wholesale falsehood and slander, no doubt regretting that the killing method is no longer allowed.

And the people believe the lies, as they once justified the killing. Six years ago, in a campaign, the people believed these falsehoods, printed in the Los Angeles Times:

That the Henry George doctrine was "a restatement of the Proudhon theory that all property is theft."

That the land tax amendment then offered would leave city dwellers "free of all taxes, and the farmers forced to pay them all."

"The average price of land in Los Angeles has not advanced as much as fifty percent in ten years."

(Printed reports showed an advance of 1,000 percent from 1900 to 1919.)

That Joseph Fels left an endowment for single tax, which single taxers were "pulling down." "They win, even if the amendment loses."

That a tax on site rent would confiscate improvements. Etc., etc.

After the Times thought this heaven was working, it advocated the unlawful application of force:

"Swat the mouger. The next time anybody comes to your door with a single tax petition, kick him all the way down stairs."

This would be resisting the law, since a petition worker is doing the public business, for the State.

\* \* \* \* \*

You are right in exposing any propaganda of falsehood. As falsehood is the only legal weapon of privilege, so truth is the proper weapon to combat it. The people who know the truth, and blame you for refusing plain lies, are intent on working the principle of policy and expediency beyond the proper limit.

C. F. HUNT.

**SHALL THE AMERICAN FARMER BE PEONIZED?—Continued**

replaced with an ordinary sales contract—the mortgage for the remaining 75% of the farm being held by the Fairway Corporation.<sup>10</sup>

(3) Dishonesty or incompetency on the part of the tenant, as interpreted by the Fairway Corporation, shall be the occasion for the cancellation of the contract—all net profits accumulated, plus all permanent farm improvements paid for by the tenant-purchaser and his family up to the time of such "dishonesty" or "incompetency," going to the Fairway Corporation.<sup>11</sup>

(4) Death or permanent disability of the tenant-purchaser shall be the occasion for the cancellation of the contract—all net profits created up to that time being turned over to the tenant-purchaser or his heirs.<sup>12</sup> No provision, however, is made for the carrying on of the farm by the wife or children, but the value of all farm improvements bought and paid for by the tenant-purchaser and his family up to the time of his death or disability, going to the Fairway Corporation.

(5) If at the end of five years the tenant-purchaser has not accumulated a net profit sufficient to cover 25% of the purchase price of the farm, the contract is automatically terminated—one-half of all net profit accumulated during this five year period going to the tenant-purchaser and one-half to the Fairway Corporation.<sup>13</sup>

Readers who will now go over carefully the above provisions of the Fairway contract will at once discern in them two elements of outstanding significance. One is the inducement held out to homeless farmers to enter into such a contract and the other is the strange hold the corporation has on them after they have entered into it.

**How the Propertyless Farmer is Drawn Into the Contract**

That many landless farmers—youth and ambitious ones especially—will be drawn into the contract is a foregone conclusion. For the price of land in the rural districts these days is entirely beyond the reach of the large majority and no farmer wants to rent from a landlord, if it can be avoided. Hence the offer of the Fairway Corporation to start men on the road to farm ownership by selling them both land and capital without any greater security than their signature—this offer is bound to be tempting. And that it is tempting may be seen from the fact that the number of applicants for the Fairway proposition is infinitely larger than the corporation can possibly take care of.

**The Whip Hand of the Corporation**

That the Fairway contract also gives the corporation despotic powers over the tenant is also clear. Though the tenant is always in a position to lose the fruits of his labor, the corporation is always in a position to gain these fruits. From the moment that the signature of the tenant-purchaser is affixed to the contract, he is, until the value of all new equipment plus 25% of the purchase price of the farm has been paid, as much at the mercy of the corporation as a peon in Mexico or a vassal in the Middle Ages. The corporation not only compels each tenant-purchaser having but little capital of his own to take out a life-insurance policy in which the corporation is named as beneficiary, but it stipulates also that it shall take and hold, until the above terms have been met, every dollar of income that the tenant receives over and above the cost of farm operation and a bare living for the tenant and his family.

But this is not all. The Fairway Corporation also has certain absolute powers for the cancellation of the contract—powers as autocratic in principle as they can workably be made. Not merely is death or permanent disability of the tenant ground for the cancellation of the contract regardless of the capacity of the wife or children to carry on the farm into which they, as well as the husband and father, may have put years of toil, but "dishonesty" or "incompetency," as viewed through the eyes of the corporation, is also ground for cancellation. What is more, if, at the end of five years, the tenant has not accumulated enough to pay off 25% of the purchase price of the farm the contract is automatically canceled, and half of what the tenant has laid

(f) Advancements for farm or live stock equipment;

(g) Advancements to the tenant for family living expenses not to exceed an amount agreed upon by the tenant and the corporation.

The amount remaining after the above deductions are made from the gross income is to be termed the "net income" and is held in trust by the Fairway Corporation until such time as the accumulated funds equal 25% of the purchase price.<sup>14</sup>—M. L. Wilson in the Journal of Land and Public Utility Economics, April, 1926, pp. 164-165.

<sup>10</sup> "This tenant-purchase contract may be extinguished when 25% of the purchase price has been accumulated and repaid with an ordinary sales contract, the mortgage being held by the Fairway Corporation."—M. L. Wilson in the Journal of Land and Public Utility Economics, April, 1926, p. 166.

<sup>11</sup> "The Fairway contract, of necessity, for the mutual protection of both parties, contains three separate and distinct divisions of the cancellation clause which are as follows:

(a) An absolute provision for cancellation on the part of the Fairway Corporation in case of unexpected dishonesty or incompetency on the part of the tenant-purchaser.

(b) Cancellation by the corporation in the event of death or permanent disability of the tenant-purchaser, in which case all net profits created up to that time shall be turned over to the tenant-purchaser or his heirs.

(c) If at the end of five years the net profit does not amount to 25% of the purchase price of the land stipulated in the contract, the contract is automatically terminated and whatever net profit has been created shall be divided equally between the Fairway Farms Corporation and the tenant-purchaser."<sup>15</sup>

—M. L. Wilson in the Journal of Land and Public Utility Economics, April, 1926, pp. 165, 166.

<sup>12</sup>See footnote 11, section (b).

<sup>13</sup>See footnote 11, section (c).

aside during these five years, together with the value of all permanent farm improvements that he and his family have bought and paid for, goes to the Fairway Corporation.

**Landowners' Interest in the Contract Grows**

It is, therefore, safe to say that the Fairway contract is the cleverest instrument, not merely for perpetuating, but for enlarging the profits of landlords and farm land speculators at the expense of the actual workers of the soil, that has so far been devised. How correct this statement is may be surmised from the increasing number of requests that the Fairway Corporation is now receiving from the absentee owners of rural property throughout the United States for copies of the tenant-purchaser contract. Says M. L. Wilson, the secretary and managing director of the Fairway Farms Corporation:<sup>16</sup>

"The owners of foreclosed lands, as a group, are watching the Fairway experiment with much interest. Some large landowners are developing leasing contracts which savor of the Fairway principle and are making advancements to their tenants on the basis of the amount of work done by the tenant and adjusting the portion of the crop which the landlord takes to the advancement he has made. The general interest in the project is evidenced by numerous requests which have been received for copies of the Fairway contract, both by individuals and large landlords. These requests do not by any means come exclusively from the Northwest but a number have been received from the cotton regions of the South, the Southwest, and from the Corn Belt."<sup>17</sup>

It is, then, very evident that Prof. Ely's "Institute for Research in Land Economics and Public Utilities" in Northwestern University is not seeking to help the farmer, but is seeking to help the exploiter of the farmer.

Yet a doubt may still remain. Let us therefore pursue the subject a little farther.

**Absurdity of the Fairway Scheme as an Aid to Farmers**

The real farm problem in the United States is clearly not so much to aid men who at present have no farms to get farms, as it is to aid men who already own their farms to keep them. In other words, the real problem is more to prevent men who are now at the top of the "agricultural ladder" from falling down the ladder, than it is to enable men who are now at the bottom to climb up. That this is the real farm problem in the United States the census reports very clearly show.

Here are the facts: In 1880—the year of the first farm census—the percentage of all farmers in the nation who owned their farms free of debt was 55.3. In 1890 the percentage of such farmers had fallen to 48.9; in 1900 to 42.2; in 1910 to 40.7, and in 1920 the percentage had sunk to 32.2.

Now, if farmers who are already at the top of the "agricultural ladder" cannot stay at the top, what chance, then, have the majority who are still at the bottom to ascend? Or, to state it otherwise, if debt-free farmers—many of them living close to markets and in the fertile states of Iowa, Kansas, Missouri, Illinois, etc.—are today steadily falling into the mortgage and tenant class, what chance have farmers in remote Montana who are commencing their labors under a staggering load of debt, to get out of the mortgaged and tenant class? Clearly, they have little or no chance at all. The attempt, therefore, on the part of Prof. Ely and his Institute to elevate American agriculture to a plane of prosperity by developing a new land selling scheme is so absurd as to be comical.

**The Farmers' Only Salvation**

Here are the plain and unvarnished facts: If the farmers of the United States are to be made economically free and independent reforms will have to be inaugurated that enable them to secure more for the products they sell and pay less for the products they buy. There is no getting away from this. Tariff-finkering and profiteering, for one thing, will have to be eliminated; monopoly destroyed and land speculation—whether in country or city, waterpower section, shipping district or mining region—taxed out of existence. Moreover, the public revenue burden that now rests so heavily upon the fruits of human industry and especially that large indirect tax burden that is always shifted to consumers in the higher price of goods and services—these burdens will have to be abolished. Until this is done any permanent improvement in the condition of the farmer is a hopeless impossibility.

But here is just where Prof. Ely displays his true colors. Here also is where we may better see the real purpose of his "research" Institute.

**Prof. Ely Protects the Parasites**

Prof. Ely is unalterably opposed in the first place, to anything that will interfere with the "sacred rights" of monopoly and special privilege. He is against any restriction of the monopolist, against any taxation of the land speculator, against any reduction in the income of the non-producer. Listen, for instance, to his defense of the city ground lords who are today sucking the very life-blood of the farmer:<sup>18</sup>

"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, \$30,000 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? Unless we are prepared to go over to Socialism and abandon private ownership of productive property, we must expect to find men receiving an income from property, and using this income sometimes wisely and sometimes ill."<sup>19</sup>

A wonderful piece of reasoning, isn't it? But let us go on.

<sup>14</sup>Journal of Land and Public Utility Economics, April, 1926, p. 171.

<sup>15</sup>Richard T. Ely in "The Outlines of Land Economics," (Edwards Brothers, Ann Arbor, Mich., 1922) Vol. III, pp. 102-103.

## SHALL THE AMERICAN FARMER BE PEONIZED?—Continued

### His Demand for Heavier Taxes "on the Masses"

Prof. Ely is unalterably opposed, in the second place, to any abolition of the unjust taxes that now bear so heavily upon the farmer—particularly the indirect taxes. The great mass of the people—laborers as well as farmers—he says, now have incomes that are above the "needs of subsistence" and so can well afford to bear the burden. Hence, instead of abolishing or even reducing the indirect taxes on the necessities and comforts of life, he would have these taxes greatly increased! That there need be no doubt about it here is the professor's own language:<sup>16</sup>

"The 'masses' have a surplus that can be taxed. This suggestion may not be a popular one, yet it is true that there is a widespread ability on the part of the great mass of people to contribute to public revenue. On every hand can be seen an enormous surplus of income over needs of subsistence. . . . Taxes on consumption and various indirect forms of taxation must be employed to a larger extent."

Such, then, is how Prof. Ely, through his Institute in Northwestern University, would improve the economic conditions in rural America: (1) by protecting and aiding the social parasites who are fattening on the fruits of the farmer's labor, and (2) by working for an extension of that tax system that robs the farmer without his knowing just how he is being robbed!

Needless to say, of course, such efforts cannot result in making the condition of the agricultural classes better; they can only result in making it worse.

### Object of Prof. Ely Is to Help, Not the Farmer, But the Exploiter of the Farmer

But this, unbelievable though it may seem, is the very thing that Prof. Ely desires! What he wants—all assertions to the contrary notwithstanding—is not a smaller amount of farm indebtedness, but a larger amount of farm indebtedness, not fewer tenants in the rural districts but more tenants, not less landlordism but more landlordism! Take, for instance, the state of Montana where the Fairway Farms Corporation—the "rural laboratory" of Prof. Ely's Institute—is now established. That Prof. Ely is not endeavoring to elevate the condition of the impoverished farmers in Montana as he says, but is endeavoring to increase the opportunities for the landlord, land speculation and other special privileged interests in that state, is evident for four reasons:

(1) Because the terms and conditions in the tenant-purchase contract worked out by Prof. Ely and his associates for the Fairway Farms Corporation and other like concerns<sup>17</sup> are such as to give overwhelming advantages and despotic powers to the holders of the land as compared with the tenants;

(2) Because his Institute is trying, not merely to protect, but to increase the swollen unearned incomes of city ground lords, mining land barons and other monopolists of natural opportunities throughout the nation;

(3) Because his Institute is aggressively working for a sales tax policy whose inevitable effect will be to throw a still heavier burden on the great mass of the people—including the farmer; and

(4) Because the amount of landlordism and tenancy in Montana (eleven per cent of the farmers in Montana are tenants) is far less than the amount that Prof. Ely thinks there should be in an "ideal system" of agriculture. Here, once more, is the professor's own language:<sup>18</sup>

"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 women, 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 rate of retirement of farmers it may be suggested that the normal percentage of tenancy would be about thirty."

The normal percentage of tenancy "about thirty"! And the percentage of tenancy in Montana is only eleven!

What more need be said? These statements alone conclusively prove that it is not the intention of Prof. Ely and his "research" Institute in Northwestern University to help the sinking farmers of Montana to "climb the 'agricultural ladder' to farm ownership," but to hasten the day when there will be on the one side a much larger proportion of tenants and on the other side greater opportunities for landlords, land speculators and exploiters in general.

Verily the Institute is, as Dr. Fowlds has said, "one of the greatest educational frauds of history!"

<sup>16</sup>Richard T. Ely in "The Outlines of Land Economics," Vol. III, p. 93.

<sup>17</sup>"The executive committee . . . has endeavored to create a strictly business-like contract which does not savor of philanthropy or visionary features, and which could be put into practice on a large scale by a strictly business organization."—M. L. Wilson in the Journal of Land and Public Utility Economics, April, 1926, p. 166.

<sup>18</sup>"The Outlines of Land Economics," Vol. III, pp. 51, 57-59.

## THE PROGRESS OF THE SINGLETAX MOVEMENT

By EMIL O. JORGENSEN

(From "False Education in our Colleges and Universities," pp. 172-173.)

Let us now turn from our neighbor on the north to South America. Here we find further evidence of the healthy growth of the singletax movement. With scarcely any taxes on land to begin with in South America

with twelve of the states of Brazil—Rio Grande do Sul, Santa Catharina, Para, Parana, Minas Geraes, Matto Grosso, Piauhy, Rio de Janeiro, Pernambuco, Sao Paulo, Goyaz and Maranhao—have now adopted to a moderate extent, the principle of taxing land values apart from improvements.<sup>10</sup>

Equally good is the headway now being made in the towns, cities and rural districts of Brazil. In 1917 the city of Garibaldi—the first city in South America to do so—abolished the local

taxes on its improvements. Its next successor was Montenegro which in 1920 substituted a land value tax for five classes of taxes on business and industry. Following Montenegro in 1922 came Pinheiro Machado which today raises two-thirds of its revenue from land values only. At this writing (1925) the town of Caxias is making the change and the necessary steps are being taken in the towns of Alegrete and Itaquy.<sup>11</sup>

Of greater significance yet is the legislation just enacted in Porto Alegre, Brazil,—a city with a population of 208,000 and the capital of the state of Rio Grande do Sul. Under the direction of its mayor, Dr. Octavio da Rocha, the city of Porto Alegre on March 21, 1925, passed an act establishing a "Cadastral Register" or Valuation Department with sufficient funds, powers and staff for a complete valuation of the city with the particular object in view of concentrating as early as possible the whole municipal revenue burden on the site value of land.<sup>12</sup>

In the republic of Uruguay a similar activity is going on. For many years the "real property tax" in Uruguay, outside of Montevideo and other municipalities, has been levied on land values exclusively. In Montevideo itself an admirable system of property valuation exists under which land values and improvement values are kept distinct. Although it failed to pass, under the late government in Uruguay a bill was brought in with official support exempting improvements entirely.<sup>13</sup>

In the Argentine Republic the province of Cordoba has collected the larger portion of its state revenues from the value of rural lands since the year 1914. Having been the only province in the Argentine to enjoy unbroken prosperity since this date the Cordoba government under Dr. Carcano took steps on April 23, 1925, to apply the same policy

in regard to all of its urban lands<sup>14</sup>—San Francisco (pop. 15,000) being the first city in the province to be "zoned" with this object in view. Similarly the legislature of the state of Buenos Aires (the largest and most populous state in the republic) modified in 1924 the existing graduated tax in rural areas by a complete exemption of all improvements from that tax.

The city of Mendoza (pop. 67,000) in the same republic enacted a law in 1923 to raise approximately eighty per cent of its revenue from land values exclusively, the law to take effect in 1924. Moreover, in 1923 the City Council of the large city of Buenos Aires (pop. 1,750,000) passed, by a vote of 20 to 8, a resolution to transfer the major portion of its municipal revenues from industry and improvements to the value of land.<sup>15</sup> Unfortunately for this resolution, however, it was later rescinded on the grounds of unconstitutionality.<sup>16</sup>

So much for the Henry George movement in South America. Although less actual legislation has been secured here than in some other parts of the world yet the movement on this continent is now gathering a momentum that may soon put it in the lead of other continents. Large and influential journals advocating the singletax have in recent years sprung up in Brazil, Uruguay and the Argentine Republic; books, pamphlets and circulars are being widely distributed; while a "South American Committee for the Singletax" with the Uruguayan diplomat Dr. Manuel Herrera y Reissig as president and fifty vice-presidents representing the nations of Argentina, Bolivia, Brazil, Colombia, Costa Rica, Cuba, Ecuador, Paraguay, Peru and Uruguay, has recently been formed with headquarters in Buenos Aires.<sup>17</sup> At the same time governors, mayors and public officials everywhere are growing more friendly to the cause and in a surprisingly large percentage of cases are already giving it their wholehearted backing and support.

<sup>10</sup>"Revista Do Imposto Unico," January, 1925. Published at 288 Rua Demetrio Ribeiro, Porto Alegre, Rio Grande do Sul, Brazil. See translation in "Land and Liberty" (London), April, 1925.

<sup>11</sup>Ibid.

<sup>12</sup>"Revista Do Imposto Unico," Porto Alegre, Brazil, March, 1925. See translation in "Land and Liberty" (London), July, 1925.

<sup>13</sup>Joseph D. Miller in the "Dearborn Independent," March 22, 1924.

<sup>14</sup>"Revista Del Impuesto Unico (Esmeralda, 91, Buenos Aires, Argentina), June, 1925.

<sup>15</sup>"Land and Liberty," December, 1923.

<sup>16</sup>"Land and Liberty," January, 1924.

<sup>17</sup>"Revista Do Imposto Unico," Porto Alegre, Brazil, January, 1925.

### Doing Him an Injustice

#### A Bye-Eye Product

"That fellow Boots has been saying 'Your son is the product of a university, I take it,' said the polite visitor."

"Indeed? What does he say?"

"He says I'm drinking whisky and soda from morning till night, and it's 'em.'"

"Well, sort of a by-product," replied his host. "He was fired out of two of 'em.'"—Boston Transcript.