

Remember, Seven More Articles on the Expose of Prof. Ely are Yet to Come! Watch for Them!

THE BULLETIN

OF THE MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE

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PROF. RICHARD T. ELY EXPOSED!

How His "Institute for Research in Land Economics and Public Utilities," in Wisconsin University Originated; When It Was Founded; How It Has Grown; Who is Financing It; and What Its Real Object Is

(This is the second of a series of nine 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. The first of these nine articles was printed in the July number of the Bulletin of the Manufacturers and Merchants Federal Tax League.)

By EMIL O. JORGENSEN

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"Humbug" and "fraud" may not be the most polite terms to apply to the "Institute for Research in Land Economics and Public Utilities," sheltered, as this Institute is, within the walls of the staid old University of Wisconsin, and having, as the Institute also does, so exalted a dignitary at its head as Professor Richard T. Ely. But the more one looks into the reasons for the existence of the Institute and examines the circumstances surrounding its origin and growth, the more one is led to the belief that these terms are not too harsh, but distinctly too mild.

To appreciate the full force of this statement it will be necessary to glance for a moment at the background of events that took place some twelve or eighteen months before Professor Ely's Institute was born.

The Manufacturers and Merchants Federal Tax League—Why and When Organized

We have already stated that for many years past the conviction has been steadily growing in the minds of thoughtful men everywhere, that the only sane, sound and practical solution of our pressing economic problems lies in abolishing the taxes on improvements, personal property and all the fruits of industry and in raising the public revenue from the value of the bare land only.

Now, of course, when any idea of a public character has progressed up to a certain point, it is only natural that those believing in it should get together and organize for more effective action. So, in 1919, after many conferences and much correspondence a body of men, representative of all classes in the economic fabric, met in Chicago and formed what was called for the time being and for all practical purposes the "Committee of Manufacturers and Merchants on Federal Taxation," with Mr. Otto Cullman of Chicago as its temporary chairman.

The purposes of this organization were essentially two-fold: (1) To carry on a general campaign of education showing why all taxes burdening human industry should be gradually abolished; and (2) to draft a federal tax bill that would take the first sane and practical step in this direction.

The Ralston-Nolan Bill

Accordingly such a bill was framed and introduced. It was drawn by Jackson H. Ralston, a prominent attorney of Washington, D. C., introduced into Congress on February 7, 1920, by Congressman John I. Nolan of California, and became known as the Ralston-Nolan bill (H. R. 12,397).

Briefly, this bill purposed to reduce the federal tax burden on business, industry and agriculture about \$41,000,000,000 by raising the same amount of revenue by a one per cent excise tax on the privilege of holding lands, natural resources and public franchises valued over \$10,000, after deducting all improvements and other products of human industry.

Active Publicity Is Begun

Now, it is one thing to draft a measure and quite another thing to get it through. So, no sooner had the Ralston-Nolan bill been introduced than preparations were made to push it. Just how this was done may be seen from the following announcement, signed by the Chairman, Mr. Otto Cullman, and sent on March 15, 1920, to eight thousand newspapers and commercial organizations throughout the United States:

ON APRIL 1 this Committee will begin a vigorous and aggressive campaign in behalf of the Ralston-Nolan Federal Revenue Bill (H. R. 12397) now before the Ways and Means Committee in Washington.

THE PURPOSE of this bill is to reduce the excessive tax burden on business, industry, agriculture and other producing enterprises about \$1,000,000,000 by raising the same revenue by a federal tax of one per cent on the privilege of holding land and natural resources valued (exclusive of improvements) over \$10,000. "Land and natural resources" includes urban, agricultural, coal, oil, mineral, timber, waterpower, railroad rights-of-way and public franchises.

MORE THAN 7,000 business houses, have already endorsed the bill. An overwhelming majority, including farmers, laborers, and professional men, will endorse it when properly understood.

THE CAMPAIGN to be launched will be divided into two parts.

THE FIRST PART of the campaign will be educational only, and will last until Congress undertakes a revision of the federal revenue laws.

DURING THIS TIME a systematic effort will be made to inform business men,

farmers and all others who may be interested, of the justice, the expediency, and the practicability of the proposed measure.

SPECIAL EMPHASIS will be laid, not merely on the folly of discouraging production by levying confiscatory taxes on profit and enterprise, but on the extreme short-sightedness of encouraging non-production by levying practically no taxes on the monopoly of natural opportunities.

PARTICULAR ATTENTION will also be called, not only to the gross inequality of collecting over five-sixths of the federal revenue from productive industry and less than one-sixth from the privilege of land ownership, but to the ridiculous unfairness of allowing between \$50,000,000,000 and \$60,000,000,000 worth of vacant land and idle natural resources to escape the federal tax collector altogether! LITERATURE setting forth the reasons for the adoption of the bill has already been printed and is now ready for distribution.

ORGANIZED OPPOSITION to the proposed law is expected but the effective distribution of from three million to five million pamphlets and circulars, together with the activities of a well organized Publicity Department will be sufficient, it is believed, to overcome whatever opposition may arise.

GENERAL HEADQUARTERS during the educational part of the campaign will be in Chicago.

THE SECOND PART of the program will be political. The interest of the public having once been sufficiently aroused, the energies of this Committee will be directed on Congress.

HEADQUARTERS during this part of the campaign will be in Washington.

Of course, no one connected with the Committee expected the bill to be passed the first year. What they did expect, however, was that it would draw "fire" and that a discussion and study of the bill would commence that would enable it to be passed in from three to six years.

Special Privilege Declares War!

The expectations of the Committee, in one respect at least, were more than realized. The bill did draw fire. And it was a fire that blazed forth with all the fury of a volcano. The announcement that an organization, not of professional reformers, but of practical-minded business men and economists proposed to levy a federal tax of one per cent on the unearned increment of land values in order to lighten by a billion dollars the tax load on producing enterprises staggered the "vested interests." A tremor shot through the whole monopoly structure that shook it to the ground. Quickly the word was passed. The representatives of the land grant railroads, of the public utilities, of the National Association of Real Estate Boards, of the Mortgage Bankers, and of the various land speculation groups and "vested interests" who draw their predatory powers, not from the man-made structures that they own, but from the natural resources, monopolies and legal privileges that they control, met for common council. Behind closed doors they laid their plans. And with one accord they declared war!

The Panic of the Farmers

"Stamped the farmers," whispered the spokesmen of the various groups. "Tell them that the Ralston-Nolan bill is a disastrous scheme to relieve the wealthy city man and place the whole tax burden on them."

And "stamped the farmers" they did! Never was a task carried out so completely. Within two months from the time the order was given the farmers of the nation were aroused; by the time summer was at hand they were in arms; when fall came they stood with determined faces and set jaws ready to defend with their very lives, if need be, their homes and their property from "confiscation" by those whom they honestly thought intended, not to lighten their tax burden, but to saddle upon them a crushing load of a billion dollars more!

A Reaction Sets In

Now experience has taught us that while error and falsehood may lead in the beginning, truth will eventually get a hearing. So, some-

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Thus:

"The purpose of the Ralston-Nolan bill is to shift a billion dollars annually in federal taxes from highly developed city properties to the rural sections of the country."—"Ohio Farmer," August 21, 1920.

"'Prairie Farmer' has printed more columns of material about the Ralston-Nolan bill to place a billion dollar tax on farm land than has any other farm paper."—"Prairie Farmer," September 18, 1920.

"The Ralston-Nolan bill is a scheme to lift the burden of Federal taxes to the extent of \$1,000,000,000 from business enterprises, and place it upon agri-

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thing happened that the "vested interests," who sat watching the performance from the side lines, did not expect. The stampede of the farmers showed signs of slowing up. Rifts began to appear in their ranks. Questions were asked. Farm leaders rose and said that they were being "buncoed;" that the Ralston-Nolan bill would not injure, but would enormously benefit them. Moreover, respectable farm journals such as the Southland Farmer, the Southern Agriculturist, the Michigan Business Farmer, the Pennsylvania Farmer and numerous others came out openly in favor of the bill. An opposite movement of the farmers was plainly setting in.

The Monopoly Powers Meet Again

Seeing this consternation again seized the "vested interests." Frightened and dismayed at the possibility of the farmers joining hands with business and professional groups to urge the passage of a bill that would trim down the tribute of monopoly, their representatives (among whom, it was reported, was a certain famous land-speculating university professor) called another conference. A great "educational" organization was now proposed, an organization composed of "patriotic citizens," amply supplied with funds, commanding the best talent, and whose definite purpose would be not only to defeat the Ralston-Nolan bill, but to show the masses the "destructiveness" of anything suggestive of "lower taxes on industry" and "higher taxes on land values."

Weaknesses in such an organization, however, were promptly pointed out. It was argued that such an educational organization, composed of "interested parties," and "prejudiced" might "not be believed," and that much better results would be secured if such "education" were carried on in a public institution that commanded the "full confidence of the people."

Prof. Ely Organizes His "Institute"

Exactly what was said and done at this and other conferences of the monopoly interests may never be known. At all events, the pro-

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culture."—"Orange Judd Farmer," August 14, 1920.

"Passage of the Ralston-Nolan land tax bill, which would saddle a billion dollars extra in annual taxes on agricultural lands and natural resources is unfair and unreasonable and is aimed directly at the farmer."—"Journal of Agriculture," October 1, 1920.

"The Ralston-Nolan bill is a direct attempt to transfer a large measure of the burden of post-war taxation to the farms."—"Dakota Farmer," December 15, 1920.

"The predatory interests are the real strength of the Ralston-Nolan bill."—"W. G. Hathorn in 'Wallace's Farmer,'" October 22, 1920.

"The Ralston-Nolan bill would shift from commercial enterprises on to the farmers a burden of \$1,000,000,000."—"Farm and Home," Springfield, Mass., May, 1921.

"Last year the contents of this bill were referred to 28,000 farmers in Missouri and only 30 in that list were in its favor. It was also read to 1,549 farmers in Polk County, Iowa, and only one was in favor of it, and it was thought that this individual must have made a mistake and marked in the wrong square."—"Sedgwick County (Kansas) "Farm Bureau News," May, 1921.

Thus:

"The leaders of some of the farm organizations including John Ketcham of the State Grange, have jumped on the Ralston-Nolan bill with both feet. Whether this is the result of mature judgment or a case of leaping before looking we do not know but we suspect the latter. The farmers of the nation should not be too hasty in judging this bill upon its face. It is deserving of study. It has some bad features, but many, many good ones. . . . Do not be too hasty in condemning the Ralston-Nolan bill, and do not let your leaders misrepresent your views upon the subject. The least you can do is to become familiar with the bill. A copy of it will be sent to any reader upon request."—Editorial, "Michigan Business Farmer," January, 1920.

"Remember the Ralston-Nolan bill would tax land values only NOT INCLUDING IMPROVEMENTS the result in whole or in part of the application of labor to land. . . . Not one average farm in 10 would come under it. It would catch the grandchild of some land grabbing pioneer, said child never having added a penny of value to the land from which he is drawing perhaps millions in rentals."—Editorial, "Illinois Union Helper," November, 1920.

"Pennsylvania Farmer did not join in the general condemnation of the Ralston-Nolan land value tax bill when it was first introduced, and after careful consideration we are inclined to approve of its general purpose, which is to tax large holdings of land."—Editorial, "Pennsylvania Farmer," March 26, 1921.

"The conclusion is inevitable that the Ralston-Nolan bill will be greatly to the advantage of at least nine-tenths of the farmers of Texas in actual amount of taxes paid, and to the advantage of actual workers in every industry."—Editorial, "Southland Farmer," June 15, 1920.

"The effects of a tax on land values should be most carefully considered by farmers and every true friend of the farmers before they are induced to oppose the Ralston-Nolan bill. It is our own positive conviction, after having studied the question with the utmost care, that the greatest of all emancipations for the farmer will come through the taxation of land values."—Editorial, "The Farmers' Open Forum," July-August, 1920.

"Professor Ely is very fond of telling large privileged corporations and monopolistic groups how much better it is for them to have their "research" work conducted within a public institution than outside of it. Speaking before the American Railway Development Association," at its annual convention held in St. Louis on May 10, 1923, he said:

"Our Institute for Research in Land Economics and Public Utilities is an incorporated, educational institution conducted without possibility of profit. It has a board of trustees which must convey confidence in the character of the work.

"It may be asked why we should have an independent research organization. Why should not the railways conduct their own researches? We believe that an organization like ours, entirely independent and national in scope, has its own field of work. However honest and sincere may be the researches of railway companies, they are, as you must know from experience, apt to be discounted as coming from interested parties, and consequently they will fail to carry conviction.

CALIFORNIANS SEEK REAL TAX RELIEF

Good for California! A tax plan has at last been set on foot in that state that should meet the approval of all public spirited citizens and that may well be used as a model of statesmanship in other communities.

A Constitutional Amendment on Taxation has been proposed that will exempt \$2,000 worth of improvements on land to each individual taxpayer and that will exempt all personal property from ordinary taxation. When the Legislature next meets it will be asked to submit it to the people of the state for their approval.

"This Amendment," explains the Tax Relief Association of California, (502 Delta Building, Los Angeles), "will take effect gradually—at the rate of 25% per year—so that it will not be in full effect until the fourth year. This will make easy any adjustments to the changes which the Amendment provides for. The Amendment will not affect the 'corporation taxes' now levied for the support of the State Government. It is a conservative measure intended to reduce taxes on homes, on every kind of business, and on improved farms (orchard trees, vineyards, crops, livestock, etc., being listed among the things entitled to the exemption privilege). Of course most vacant land speculators will not like it for the measure will raise somewhat the taxes on land held out of use. But as a measure to promote home building, to stimulate all local industries and to add to the general prosperity of the whole state, it is in every way excellent. All Californians should see to it that this Amendment is adopted.

NEWS NOTES

The League is pleased to announce that it has been able to secure from Harry Gunnison Brown, Professor of Economics in the University of Missouri a generous supply of his re-printed article "The Single-Tax Complex," first published in "The Journal of Political Economy" in April of 1924. In this article Professor Brown inquires whether our chief economic text-book writers have been fair with Henry George and his doctrines and he finds, in practically all cases, that they have not. The League will be glad to furnish any one with a copy of this excellent pamphlet upon receipt of postage.

All real students of taxation, and particularly the advocates of land value taxation, should get a copy of "The Principles of Real Estate Appraising," by John A. Zangerle, well known auditor and tax appraiser of the County of Cuyahoga at Cleveland, Ohio. "This book," says Lawson Purdy, noted tax authority and for many years head of the Tax Department in New York City, "is the most valuable book on the subject of appraising I have ever seen." "Nough said! The book is published by the Stanley McMichael Publishing Organization, 1222 Prospect Avenue, Cleveland, Ohio. 400 pages. Abundantly illustrated. Price, \$5.00.

That interesting, courageous and thought-provoking paper "The Forum" of Stockton, California, has an article in its issue of September 18 entitled "Professor Ely Explains Capt. Walters' Service to the City." If you want to enjoy a good laugh write the Forum for a copy. Send postage.

New York City's real estate valuations for assessment purposes in 1925 have jumped above \$12,000,000,000, an increase in the last year of \$1,581,262,551. The total real and physical property of the entire state approximates \$16,000,000,000.

PROF. RICHARD T. ELY EXPOSED!—Continued

posal for a great "educational" organization outside of a public institution was abandoned, and in October of 1920—just one and one-half years after the Committee of Manufacturers and Merchants had begun its work—the "Institute for Research in Land Economics and Public Utilities" with Professor Richard T. Ely as Director was founded in the State University of Wisconsin.¹

In that month—October of 1920—justice drooped and the sun sank with a heavy heart! For in that month the first effective step was taken, not only to kill the Ralston-Nolan and other bills of its kind, not only to head off the movement to tax the fruits of human industry and the unearned increment of natural opportunities more, but to sweep the movement from the face of the earth forever!

It will have to be reserved for future articles in this series to show some of the misleading principles, half-truths and economic fallacies upon which Professor Ely, through his Institute, proposes to raise his great "educational" structure for the "guidance of state, national and international policy."² But in the meantime let us glance at the progress he has already made in laying the foundation for the propagation of these misleading principles and economic fallacies throughout the nation.

Prof. Ely Attacks the Ralston-Nolan Bill

One of the first tasks of course, after the formation of his Institute, was to deal the death-blow to the Ralston-Nolan bill. An "analysis" was wanted by those who had agreed to finance him that would not only have the appearance of being a logical and scholarly criticism of the bill, but that would have the effect of keeping up the hostility of the farmer—a hostility that, as we have seen, showed dangerous signs of petering out.

An effort was therefore made, through a series of letters and a number of shrewd questions asked by a certain professor in the University, to "get" something on the Committee of Manufacturers and Merchants that would in some way link them with Socialists, Communists, Land Nationalists, or perhaps I. W. W.'s. (In one case at least a spy was sent down from the University.) Failing however to secure the required damaging evidence, Professor B. H. Hibbard, a member of the Institute staff, proceeded, at the instance of Professor Ely, to write up the desired "analysis of the Ralston-Nolan bill."³ Needless to say Professor Hibbard's monograph was a masterpiece of economic error and absurdity. But it contained something more than this. In his eagerness to inflame the farmers and to discredit the Committee of Manufacturers and Merchants Professor Hibbard went out of his way and stooped, not only to the stating of half-truths, but to outright misrepresentation.⁴ However this "analysis of the Ralston-Nolan bill" was just what the financial supporters of the Institute for "research" wanted, so on June 25, 1921, it was published and broadcasted throughout the land by the National Association of Real Estate Boards.

A Stupendous "Educational" Program Is Planned

With the Ralston-Nolan (now the Keller) bill thus out of the way, Professor Ely and his hand-picked assistants buckled down to the immeasurably bigger task, not only of uprooting for all time the constructive movement to deflect taxes from the fruits of human industry to the unearned increment of land values, but of building up an opposite movement for the deflection of taxes from the unearned increment of land values to the fruits of human industry.

A sweeping educational program was now planned, a program whose influence would be felt to the remotest corners of the earth—a program that involved the writing of more than fifty books;⁵ the publication of scores of pamphlets and circulars;⁶ the editing of national journals on land and public utility economics;⁷ the maintenance of a publicity bureau for the press; the sending out of lecturers before conventions and public bodies and the careful training of teachers for the schools, colleges and universities of the nation—in short, the

tion. It is our belief that as the sources from which we receive contributions are various, and as we are entirely independent, obligating ourselves simply to search for the truth regardless of any special interests, our results should command confidence."⁸

¹"In October 1920, he (Prof. Ely) founded and incorporated the Institute for Research in Land Economics and Public Utilities."—See "Institute News," June, 1923, p. 4.

²"Just as soon as the Institute is sufficiently endowed facts will be gathered from the experience of the world, past and present, and will be interpreted for the guidance of state, national and international policy."—R. T. Ely in a circular letter appealing for funds and dated Madison, December, 1922. (Bold face ours.)

³Professor Hibbard says among other similar things that "The final goal of the advocates of the Ralston-Nolan bill is the absorption of the full economic rent on all land by the government." This is distinctly not true. While the Manufacturers and Merchants Federal Tax League believes that all, or as many as possible, of the taxes burdening improvements and the fruits of human labor should be removed—and it would be perfectly possible to take all such taxes off—it is distinctly opposed to the taking of the full economic rent of land, and always has been so opposed. (See, for instance, the Report of the National Tax Relief Convention of the Manufacturers and Merchants Federal Tax League, 1923.)

⁴"Publications of the Institute for Research in Land Economics and Public Utilities are herewith reviewed and announced for the first time. This new series in economic studies will number approximately fifty volumes when completed."—"Institute News," September, 1923.

⁵"Besides the publication and editing of this series of over fifty volumes, a veritable encyclopedia of land economics and public utilities, the Institute will publish reports, bulletins and scientific monographs."—See "Institute News," September, 1923.

⁶See "Institute News," September, 1924.

⁷"To train men for the field of land economics is another important objective of the Institute. Trained men are wanted in the various state institu-

most gigantic and stupendous program to lead the people away from their own best interests ever conceived in the human mind!

Prof. Ely Writes Three Guiding Books

The first need of this colossal program was of course a foundation upon which to build. A book—or number of books—was required that would definitely guide the "Institute for Research in Land Economics and Public Utilities" in the future work that it was supposed to do. Just why such guiding books were necessary for the Institute may readily be seen. Research work—that is to say, fearless and impartial research work—is always a search for naked fact, for truth, and truth is no respecter of persons, classes, wealth or power. Thus unless carefully guided and controlled the research work of the Institute members might, and doubtless would, lead to the formation of conclusions that would be highly offensive to the monopoly groups who were financing it, and, this of course, would never do.

Inasmuch therefore, as the purpose of Professor Ely and his financial backers is, not only to head off the further taxation of land and monopoly values, but to relieve land and monopoly values of taxation by throwing a heavier burden on the fruits of industry, three books had to be written that would indicate definitely just what kind of conclusions the research members of the Institute were expected to find and teach and just what kind they were not expected to find and teach. It took considerable time and labor for Professor Ely and his assistants to write these three books, but by the middle of 1922 they were completed and published by Edwards Brothers at Ann Arbor, Michigan, under the title of "The Outlines of Land Economics."⁹

The Teaching Starts

The foundation for the great "educational" plan of the Institute having thus been laid it remained only to raise the superstructure. But this for a man of such resourcefulness as Professor Ely involved no serious difficulties. How true this is may be seen from the fact that no sooner had the three basic books been written in 1922 for the guidance of the Institute members than a battery of six instructors—R. T. Ely, B. H. Hibbard, M. G. Glaeser, G. S. Wehrwein, Mary L. Shine and H. B. Doran—was poured, as a start, into the University of Wisconsin!¹⁰

The season of 1922-1923 witnessed the worthy professor deeply absorbed with further plans to extend his propaganda. Various pamphlets and circulars were written, numerous books outlined, while he personally made frequent trips throughout the country delivering lectures on the subject of land and taxation and raising funds from large corporations.

How the Institute Grew in 1923

But now a lively activity begins.

The month of April, 1923, saw arrangements made by the Institute for the beginning of regular courses in Land Economics in the Y. M. C. A. Schools of America.¹¹

The month of May saw the launching of the "Institute News,"—a monthly publication devoted to popularizing the Institute and subtly spreading its disastrous doctrines.

The month of June saw Ernest M. Fisher, a young member of the Institute staff, appointed as assistant executive secretary of the National Association of Real Estate Boards to take charge of the "educational" work and to write a special text book for the use of the United Y. M. C. A. Schools of America in their classes in land economics.¹²

The same month saw Prof. B. H. Hibbard of the Institute appointed as a member of the Midwest Agricultural Economics Research Council—a council maintained by the U. S. Department of Agriculture and whose purpose is "to collect and disseminate information regarding research work, completed or under way."¹³

The month of September witnessed E. M. Fisher complete his "Principles of Real Estate Practice," for the Y. M. C. A. Schools—this being the first text-book to be built upon the "educational" foundation laid down by Professor Ely the year before, and which book constitutes, in the words of Professor Ely himself, the "beginning of one of the most significant movements in education and research of the present century."¹⁴

The month of November saw representatives from four national

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tions and in the U. S. Department of Agriculture."—"Institute News," September, 1923. Also, "At present a two-year curriculum has been worked out, but it is expected to elaborate this, and ultimately we shall have work beginning with texts of high school grades and going on to those appropriate for the college and university."—R. T. Ely in "Editor's Preface" to the "Principles of Real Estate Practice," by E. M. Fisher (MacMillan, 1923).

¹¹"These three books set forth the fundamental principles involved, and form a basis for more specialized works."—Prof. Richard T. Ely in a circular asking for funds and dated Madison, Wis., December, 1922.

¹²See "Courses, 1922-23 given by the University of Wisconsin in Co operation with the Institute for Research in Land Economics," p. 3.

¹³"Through the co-operative effort of the Institute, the National Association of Real Estate Boards and the United Y. M. C. A. Schools of America, the foundation for standardized real estate courses was laid recently. A federation was formed at a conference held at the Institute, April 19-21, and a special educational committee, appointed at that time, met in Chicago April 28. After a study of detailed assignments, the committee consisting of H. U. Nelson, secretary of National Association of Real Estate Boards; E. M. Fisher, Institute in Land Economics; Dean Harry G. Atkinson, United Y. M. C. A. Schools; approved the course of study accepted by the Madison conference."—"Institute News," May, 1923.

¹⁴"Ernest M. Fisher, of the Institute staff, this month assumed duties as assistant executive secretary of the National Association of Real Estate Boards, at Chicago."—"Institute News," June, 1923.

¹⁵See "Institute News," June, 1923, p. 3.

¹⁶See Editor's Preface, "Principles of Real Estate Practice," by E. M. Fisher (MacMillan, 1923).

PROF. RICHARD T. ELY EXPOSED!—Continued

organizations and various leading universities meet for a two-day conference in the headquarters of the Institute and lay the basis for a four-year university real estate course leading to a bachelor's degree!

Larger and larger grows the Institute; farther and farther its long arms reach out to seize the fountains of knowledge.

How the Institute Has Grown in 1924

The first half of the year 1924 has seen actual teaching by the Institute going on, not only in Wisconsin University and the United Y. M. C. A. Schools of America, but in Northwestern University at Chicago.² It has witnessed students graduating from Wisconsin University and trained by the Institute going out to teach in other schools, colleges and universities throughout the nation—the University of Michigan,³ the University of Pennsylvania,⁴ the University of Nebraska.⁵ It has seen the publication of new pamphlets and textbooks such as the "Taxation of Farm Lands," by R. T. Ely, the "Elementary Principles of Economics," by Ely and Wicker, the "Elements of Land Economics," by Ely and Morehouse—all of which are based upon the three guiding books written by Professor Ely and his assistants in 1922. It has seen powerful connections made with private bodies and organizations controlling sources of public information,⁶ and it has witnessed the plans laid for the editing of a large national "Journal of Land and Public Utility Economics," supervised by Professor Ely himself, published by the A. W. Shaw Company, and the first number of which will appear in November of the present year!⁷

Growth of the Institute's Financial Power

But this is not all. Hand in hand with this spectacular rise of the Institute in power and influence, has grown the finances of the organization. Beginning with nothing in the year 1920 its receipts and expenditures now aggregate between \$40,000 and \$50,000 a year!⁸ Since the University of Wisconsin itself is contributing nothing financially towards the support of the Institute,⁹ this whole fund must of necessity come from private sources. Just what and where these sources are, and how much is contributed by each, is not publicly known. But that the Institute's funds are provided by the same special privilege and monopoly groups that stamped the farmers in 1920 and aroused them to bitter hostility by false assertions that the "Kalston-Nolan bill is a vicious scheme to let the rich city man escape and place a heavier tax burden on agriculture," may be readily gathered from the following statements made by Professor Ely himself in an address delivered before the annual convention of the "American Railway Development Association," held in St. Louis on May 10, 1923.

"One topic that I have mentioned is taxation of Land and Public Utilities. This brings to my mind that it was an official of one of our railways, Mr. W. W. Baldwin, Vice-President of the Chicago, Burlington and Quincy Railroad Company, who suggested the importance of this special topic and induced the Burlington Railroad to make subscription to our funds. He said that the land and the railways are in much the same situation, and he felt that this was a topic that could well engage our attention. Both are tangible, easily reached and are in no position to escape taxation by flight, as they are fixed and cannot run away... The taxes paid by the railways run into hundreds of millions per year, and their interest in our taxation work must be very great.

"Twice the work of our Institute has been investigated and endorsed by great organizations. The first time the endorsement came from the Carnegie Corporation. A trained investigator was sent to our headquarters, and after meeting the men engaged in the work and examining our equipment, made so favorable a report that the trustees of the Carnegie Corporation have made an annual appropriation for a period of five years. Later we were investigated by the officers of the National Association of Real Estate Boards and received endorsement as an institution to which they would entrust their research and also an appropriation. The National Association of Real Estate Boards is comprised of 475 Boards, representing every part of the United States.

"I am especially pleased to mention to you the fact that we have received endorsement and subscriptions from some of the leading railway companies of

¹See "Institute News," November, 1923.

²Dr. Richard T. Ely and Dr. George S. Wehrwein conducted an eight weeks' general course in land economics during the summer session at Northwestern University. Of the fifteen students enrolled in the course the majority were graduate students from various sections of the United States.

³Dr. J. V. Van Sickle of the University of Michigan spent two weeks in July at the Institute. Dr. Van Sickle was conferring with members of the Institute's staff in regard to the content and arrangement of a survey course in Land Economics which will be given at Michigan for the first time this fall. The Ely and Morehouse book, "Elements of Land Economics," will be used as a text.

⁴See "Institute News," September, 1924.

⁵A. G. Hinman, formerly of the Institute staff, has accepted an appointment as Assistant Professor in the School of Commerce in the University of Nebraska, where he will conduct courses in Land Economics and Principles of Real Estate Practice.

⁶See "Institute News," February, 1924, pp. 1, 4; May, 1924, p. 4; September, 1924, pp. 2, 4.

⁷"Readers of the 'Institute News,' will welcome the announcement that a new quarterly journal of Land and Public Utility Economics will appear in November under the editorship of Dr. Richard T. Ely. . . . The A. W. Shaw Company of Chicago are the publishers. . . . The Institute, under Dr. Ely's leadership, is assuming editorial responsibility."

⁸"Our Institute for Research in Land Economics and Public Utilities is spending now from \$40,000 to \$50,000 a year."—Professor Ely in an address delivered before the Tri-State Development Congress at Duluth, Minnesota, January, 1924. See the "Taxation of Farm Lands," (Webb Publishing Company, St. Paul, Minnesota), p. 13.

⁹"The Institute is supported entirely by private funds."—Prof. R. T. Ely in a circular dated Madison, Wisconsin, December, 1922.

the country. I may mention the Great Northern; the Northern Pacific; the Baltimore and Ohio; the Atlantic Coast Line; the Nickel Plate Road; the Chicago and Northwestern; Chicago, Burlington and Quincy; the Illinois Central; the Minneapolis, St. Paul and Sault Ste. Marie; and the Chicago, St. Paul, Minneapolis and Omaha."

Conclusion

Such, in brief, is the history of the "Institute for Research in Land Economics and Public Utilities," located in the State University of Wisconsin and directed by Professor Richard T. Ely. Born in October of 1920 the Institute has, within the short period of four years, written seven of its proposed fifty books on land economics; has published numerous circulars and pamphlets; has begun teaching in six of the largest educational institutions of the country with early connections arranged with many more; has launched two journalistic ventures with newspaper publicity and lecturing on the side; and has successfully built up its private funds with which it expects to mold "state, national and international policy," from nothing to between \$40,000 and \$50,000 a year! Never has so cunning and so gigantic a scheme to swing the people away from the right solution of our economic problems ever been attempted within the memory of living men!

AND THE INSTITUTE'S GROWTH HAS JUST BEGUN!

(In the next and forthcoming articles Mr. Jorgensen will show the unsoundness of the basic principles laid down by Prof. Ely for the guidance of the Institute members; the consequent mental confusion into which they have been thrown; and some of the glaring inconsistencies, errors and economic fallacies which they are now distributing throughout the nation for the "guidance of state, national and international policy.")

TAX REFORM IN NEW ZEALAND

Tauranga, New Zealand, has decided to adopt rating on unimproved values. The voting was close; 295 for, 22 against. This is the second poll, the first having failed about 3½ years ago.

Taupo Road district in New Zealand has adopted rating on unimproved land values by a large majority. When the poll was taken only one vote was recorded against it.

FOOD FOR THOUGHT

Twenty thousand copies of the first article on the expose of Prof. Richard T. Ely, together with an announcement of eight more articles to come, are now being mailed to prominent individuals throughout the United States and Canada. For this special contribution to the activities of the League, thanks are due to Mr. J. A. Bell of Elkhart, Mr. H. H. Willock of Pittsburgh, Mr. J. H. McGill of Valparaiso and Mr. Otto Cullman of Chicago.

LIGHT FROM THE OTHER SIDE OF THE WORLD

Mr. A. W. Madsen, the able Secretary of the United Committee for the Taxation of Land Values in England has just mailed us a copy of the "Draft Report of the Committee on the Incidence of Taxation," published by the city of Durban (population 150,000) in South Africa. We find Mr. Madsen's statement that "this is a wonderfully able document and undoubtedly one of the best things on taxation ever printed," not exaggerated in the least. As a result of the recommendations made in this Report, Durban joined the steadily growing list of cities in South Africa who are removing the taxes from improvements and personal property and raising their revenue from the site value of land only. The League will make an effort to secure from the Mayor of Durban a quantity of these Reports for distribution to some of the "heathen" in this country.

Have You Seen Our "Tax Report?"

If not, you've missed something! They tell us, not only in the United States, but in England, Denmark, South America and other countries, that it is the finest document on the little understood subject of economics and taxation ever printed—and that's going some!

Lee Francis Lybarger, the well known author and lecturer, writes: "I think it is by far the best and most practical thing that has yet been done in simplifying and clearing up the proposition of Henry George."

And Harry Gunnison Brown, Professor of Economics in the University of Missouri, while not agreeing with everything in it, says:

"Your Report is splendid. In it I find many arguments, valid and well stated, to which, unfortunately, most professional economists are strangers. They have simply never heard of them, but have dismissed anything savoring of single-tax, lightly, without really examining the evidence in favor of it.

"Let me reiterate my pleasure at the volume you have edited. It is, I think, the most valuable compendium of material and contribution on the problem of taxation that I have yet seen."

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