"Just As Certainly As the Existence of the Body Implies A Science of Food, the Existence of Human Society Implies a Science of Taxation."—Thomas G. Shearman.

THE BULLETIN

OF THE MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE

VOL. III. CHICAGO, DECEMBER 1924. No. 10.

EXTRA SESSION NOT NEEDED, SAYS GREEN

In the opinion of Representative Green, Chairman of the house ways and means committee, a special session of Congress is not necessary for revenue legislation. Action along this line, including further tax reduction, he says, should be deferred until the regular session of next winter.

Perhaps it is just as well. Tax legislation passed at special sessions seems to be of a more chaotic nature than legislation passed at regular sessions—if that is possible.

GORGAS INSTITUTE OPENS BIG DRIVE

In the hopes that the average American's life can be increased from 58 years to 65 or 70 years, the Gorgas Memorial Institute with headquarters in Chicago has begun a nation-wide drive for an endowment fund of five million dollars with which to combat the causes of sickness and disease.

Since Gorgas believed and taught that the main causes of sickness and disease are economic in their nature and that "the best sanitary measure that can be devised is a tax on land values only," it is to be hoped that the Memorial Institute in its campaign will lay considerable stress on this fact. Judging however from some of the names listed behind the movement this is quite too much to expect.

TO PAY $1,000,000 A YEAR IN GROUND RENT

Marshall Field and Company of Chicago has arranged to purchase from the Marshall Field estate the two store buildings in which its retail business is conducted, and to lease the land upon which the two buildings are located for a period of 99 years.

For the buildings covering slightly more than a square block Marshall Field and Company has agreed to pay $12,000,000 in cash. The land upon which the buildings are located has a fair market value of $18,000,000 and the annual ground rent therefore which the Company has agreed to pay is as follows:

For the first thirteen of the 99 years the ground rent will be $900,000 per year; for the next seven years it will be $950,000 per year; for the next twenty years it will be $1,000,000; for the next twenty years, $1,050,000; for the following twenty years, $1,100,000; and for the remaining nineteen years of the lease the ground rent will be $1,150,000 per year—or a total ground rent for the ninety-nine year period of $103,200,000.

While this is not the highest ground rental that has been obtained in Chicago it shows the terrific drawing power in the hands of those who own the base upon which all industry rests.

DENMARK TO UN-TAX INDUSTRY STILL MORE

Denmark has long been noted for the excellence of its butter and cheese; it may soon become still more noted for the excellence of its revenue system.

Two years ago the Parliament of that sturdy little nation passed a law reducing to a moderate extent the tax burden on industry and imposing at the same time a national tax of .15 per cent on the selling value of all land.

Now comes the information that another bill is under consideration by Parliament providing for a comprehensive reform in its system of local taxation but going much further along the line of removing taxes from man-made improvements and increasing it on land values.

In principle the last bill imposes the local real estate tax on the value of land apart from improvements and permits, within limits, the replacement of the other taxes by a land value tax. The local authorities are required to levy a given minimum tax on land values and may if they so decide levy a higher tax up to a given maximum. These limits in the towns are 7½ per 1,000 minimum, and 15 per 1,000 maximum—the local authorities being free to exercise their option in the matter.

As to the taxes in the counties and parishes, the limits provided for in the bill are not stated in definite figures, but the object is that a large part of the real estate tax in the country shall fall on land value, and the local authorities can decide to increase the land value tax by taking less revenue from the other taxes, exercising in that respect a much wider option than the town authorities can exercise.

ARTICLE V

Prof. Richard T. Ely Exposed!

(This is the fifth 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. The first of these nine articles was printed in the July number of this paper.)

By EMIL O. JORGENSEN

The chief errors, misleading ideas and monstrous—or better yet, perhaps, laughable—propositions that Prof. Ely, in his three basic books, has laid down for the guidance of his "research" Institute, and by which he expects (1) the destroy the Henry George movement for the deflection of taxes from industry to **land values**, and (2) to start a counter movement for the deflection of taxes from land values to **industry**, may be summed up briefly under the following heads:

1. That the confusion of the primary terms in economics is not **illogical**, but **logical**.
2. That land and capital are governed, not by **different**, but by the **same** laws.
3. That land **cannot** be monopolized, while capital and the products of industry **can** be monopolized.
4. That the value of buildings may **rise**, while the value of their locations **fall**.
5. That a growing population does not **always** increase land values.
6. That invention, discovery and material progress have the effect of **reducing** land values instead of **raising** them.
7. That unearned increment is not to be found in land **rent**, but to be found in **wages** and **interest**.
8. That the rent of land has not **risen** during the last hundred years, but remained **stationary**.
9. That the solution of our land problem lies, not in **taxation**, but in **classification**.
10. That the amount of good land held out of use is not **large**, but very **small**.
11. That speculation in vacant land is an **asset** to a community instead of a **liability**.
13. That most land is owned by **poor** people, and not by **rich** people.
14. That taxes upon land values are largely **shifted**, while taxes upon industry and consumption are **not** shifted.
15. That the separation of land and improvements is not **practicable**, but **impracticable**.
16. That the singletax will not yield **sufficient**, but **insufficient** revenue.
17. That land value taxation does **not** measure "benefits received" while indirect taxation **does**.
18. That the singletax means, not **individualism**, but **socialism** and **communism**.
19. That the singletax would substitute **public ownership** for **private ownership** of land.

(Continued on page 3)

FORT ERIE BECKONS BUFFALO'S INDUSTRIES

The city of Buffalo had better keep its weather-eye open or it may soon find some of its substantial business men moving across the river. Local taxes on industry in Buffalo, as in other cities, have reached the confiscation stage whereas in Fort Erie, Canada, just across the river from Buffalo, the taxes on improvements and business incomes are being taken off. Already Fort Erie has removed 60% of its taxes on business incomes and buildings and next year the taxes removed will amount to 80%. Fort Erie is a small city but has good transportation facilities and there is no reason at all why many industries could not take the short jump from Buffalo to Fort Erie with the greatest advantage. Unless Buffalo soon follows Fort Erie's example of untaxing human enterprise it is a dead certainty that many of them will eventually move to Fort Erie.

FARM ORGANIZATION URGES LAND VALUE TAX

The Farmers' National Council, with headquarters in Washington, D. C., has sent out a notice to its members in the various states urging upon them the necessity of working for state legislation that will tax improvements and personal property less and tax land values more.

The first and second sections of the bill suggested by the Council to its various members read as follows:

Section 1. From and after January 1, 1926, farm houses, farm improvements, farm utensils, implements, machinery, growing crops, orchards, and live stock on farms, as well as individual dwellings within municipal corporations shall be exempt from taxation up to the sum of $5,000 for each individual farm, homestead and improved parcel of property within a municipality.

(Note: As an alternative a larger or smaller sum can be inserted for the figures $5,000, or the exemption can read, "Up to the full assessed value of the same.")

Section 2. In recording the valuation and assessment of individual homesteads and parcels of real property in the tax records for the purpose of taxation, the value of the land shall be set down in one column, the value of the farm houses, farm improvements, farm utensils, implements, machinery, growing crops, orchards and live stock and dwellings within a municipality, if any, shall be set down in the second column, and the taxable value of the individual homestead or parcel as provided in Section 1 hereof, shall be set down in the third column.

KENNITH G. ELLIMAN IS DEAD

Kennith G. Elliman, editor of the International Free Trader, passed away on November 24, 1924, after a long illness.

THE BULLETIN

of the Manufacturers and Merchants Federal Tax League

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PROF. ELY SAILING WITH THE WIND—SEE HIM GO!

It is much easier to teach error than to teach truth. It is always more popular also, in any new movement, to be on the wrong side than on the right side—especially in the beginning. This has ever been the experience of the world.

Take, for instance, the Henry George doctrine of transfering taxes from human industry to the unearned value of land. This doctrine—sound, logical, just and immeasurably important to the people though it is—has, in the forty years since it was first promulgated, been able to make but little headway in our colleges and universities for the simple reason that it is hostile to the special privileges and "vested interests" of a few—the very few, however, who have most to say in the matter of college and university control. Hence, for the same reason that the majority of teachers in the south before the Civil War defended slavery to the last ditch, so have the economic text-book writers in our colleges and universities—with some notable and courageous exceptions—done all they could to prevent the Georgian doctrine from being properly understood and to keep it from spreading. As Harry Gunnison Brown, himself a prominent professor of Economics in the University of Missouri has frankly said in a new book just off the press ("Taxation of Unearned Incomes," Lucas Brothers, Columbia, Mo., 1925):

"The writer feels that they [the Henry George conclusions] have never received anything like fair consideration in most text books on economics or anything like fair presentation to the students of economics in most universities and colleges. Indeed, a majority of specialists of reputation in the field of public finance have opposed these conclusions with arguments which are logically fallacious, historically inaccurate, mathematically, inconsitent, and scometimes grotesque."

With such a formidable opposition arrayed against it, it is not surprising that the Henry George doctrine has been able to make so little headway among the students in our boasted institutions of learning.

Take, on the other hand, the movement recently started by Prof. Ely of Wisconsin University to assassinate the Henry George philosophy and to shift more taxes from the unearned value of land to human industry. Ah, that's different! Such a movement is not offensive to the nostrils of the "vested interests," but is sweet to them. It does not weaken monopoly, but strengthens it; does not destroy privilege, but adds to its power; does not equalize opportunity for the many, but concentrates it for the few—and the few incidentally who have the largest voice in the management of our colleges and universities.

Naturally, therefore, with so little opposition and such powerful support the Ely movement would be expected to make much faster progress among the students in our educational institutions than the Georgian movement; nevertheless it is not a little astonishing to learn that in four short years the Ely movement has made more progress in our colleges and universities than the Georgian movement has been able to do in forty years!

Prof. Ely's great scheme of smothering the Henry George doctrine and shifting more taxes from the unearned value of land to industry and consumption, may be said to date from October, 1920, when his privately-financed "Institute for Research in Land Economics and Public Utilities" in Wisconsin University, was organized. Some time of course was required for the professor to write his basic books and to lay his foundation but by 1923 he was ready for action. In that year two conferences—one in April and one in November—were called between the members of his Institute and representatives of various institutions and organizations, including the National Association of Real Estate Boards. At these conferences—held in the office of Prof. Ely—elaborate plans were laid to get his movement under way—especially in the various schools, colleges and universities—and that steam would not be lacking, Prof. E. M. Fisher of the Institute was made Assistant Executive Secretary of the National Association of Real Estate Boards to promote the work. The tremendous strides that Prof. Ely's movement has made since this time is strikingly shown in the following statement made by the National Association of Real Estate Boards and published in the Detroit Free Press of November 16, 1924:

TEACHING OF REALTY MAKES GREAT STRIDES

Real Estate Boards in 125 Cities Now Giving Courses in Allied Subjects

How far the men whose business it is to buy and sell skyscrapers, suburban tracts and farm lands have put together the knowledge which their business experience has given them and made from it a science of real estate is indicated in a summary which has just been made by the National Association of Real Estate Boards. The summary lists real estate educational courses now being offered throughout the United States.

In 125 cities course in real estate practice are being offered under the auspices of real estate boards affiliated with the National Association, the summary shows. In 37 other cities member boards have under consideration the opening of such courses later in the year.

33 Colleges Study

Courses in real estate and supplementary courses in the allied subjects in the fileds of land economics, law and finance were opened this fall in 33 of the leading universities and colleges. This includes Columbia University, the University of Maryland, the University of Virginia, New York University, Boston University, the University of Indiana, Northwestern University, the University of Michigan, the University of Wisconsin, the University of Iowa, Georgia Institute of Technology, the University of Nebraska, the University of California, the University of Southern California, the University of Detroit, Buffalo University, the University of Cincinnati, Syracuse University, Akron University, Temple University, Vanderbilt University, Drake University, Marquette University, Northeastern University, Rollins College, Washington University, and Southern Methodist University.

Less than two years ago there were not a dozen cities in the United States where organized study in real estate principles and in practical real estate methods was being carried on, the association records show.

Michigan Opens Course

The question, "How far is real estate education going?" has an answer indicated in the list of work included in the two year course in realty management which has been inaugurated this fall by the University of Michigan.

The course is organized as part of the university's new school of Business Administration. Three years of college work in the academic department are required before a student will be enrolled in the new course. Completion of the course will give the student a master's degree in business administration as well as the regular B. A. degree.

Together with specific courses in real estate the program includes allied courses in statistics, acounting, forecasting, taxation, marketing, finance, transportation, and real estate law.

There are elective studies also in community problems, city planning, buildings, investments and public utilities.

* * * *

Northwestern University has opened both day and evening classes, and has also an eight weeks' course in land economics. Its courses will treat real estate license legislation, contracts, preparation of papers for closing transactions, cooperative apartment organization, property management, leasing appraisals and real estate finance.

Boards Co-Operate

Columbia university is conducting night classes in real estate through its university extension. The real estate board of New York is co-operating.

The Boston Real Estate exchange is co-operating closely with Boston university in the course in "The Profession of Real Estate" and in real estate law, which the university has been giving for two years. Six hundred persons have taken the courses. The Baltimore real estate board co-operates similarly with the University of Maryland, and the Detroit real estate board with the University of Detroit in a two-year course, which this year includes city planning, subdivision development, general brokerage and real estate publicity. The Madison real estate board is working closely with the University of Wisconsin in its new real estate work.

The Chicago real estate board is adding a course in property management to the extensive work it is giving through the Chicago Y. M. C. A. college of commerce. The San Francisco realty board, with a class conducted in co-operation with the University of California, has an enrollment of 175.

The University of Southern California, which is co-operating with the educational committee of the California Real Estate association, giving extension courses for local real estate boards, has enrolled 800 students in such courses."

The chief significance of the above lies not in the number of students who are already absorbing through Prof. Ely's books the erroneous ideas he wishes to convey; it lies in the large number of these students who are training for the teaching profession in other schools, colleges and universities and who will thus unsuspectingly aid in guiding the mind of the rising generation in the direction that Prof. Ely and his financial backers desire that it shall go.

But a good beginning has only been made. Now comes the first number of his large quarterly journal—the "Journal of Land and Public Utility Economics"—by which he expects to do much to push his great scheme to a final conclusion.

Prof. Ely has a dream—a dream that he can destroy the humanitarian movement of Henry George in America forever and sell the birthright of the people for a mess of pottage. It is a big dream. But it does look a little as though he will be able to make his dream come true, doesn't it?

MONOPOLISTIC

"Nearly all de folks dat knows enough to give advice," said Uncle Eben, "is lawyers or doctors or somebody dat charges real money for it."—Washington (D. C.) Star.

PROF. RICHARD T. ELY EXPOSED!—Continued

20. That the public purchase of land is preferable to the taxation of land.

21. That taxes on land value discourage production, while taxes on capital and labor do not.

22. That land speculation should be rewarded and land utilization penalized.

23. That high earnings of capital and labor are not a preventive, but a cause of unemployment.

24. That laborers are not now over-taxed, but are practically exempt from taxes.

25. That indirect taxes are not heavy, but easy to be borne.

26. That consumption taxes will not hurt the poor people, but will hit the rich people.

27. That to take the socially-created rent of land is confiscation, but to take the earnings of capital and labor is not confiscation.

28. That farm tenancy is not a step downward in the agricultural scale, but a step upward.

29. That a large percentage of tenant farmers is not to be deplored, but to be desired.

30. That the interests of land speculators are not less important than the interests of homebuilders, but more important.

31. That tax-exemption of buildings has resulted in decreasing homeownership instead of increasing it.

32. That the singletax movement of Henry George is not advancing, but receding.

These, it should be repeated, are not all the economic fallacies and absurdities that Prof. Ely, in his foundation books, has dished out for the benefit of future generations, but they are sufficient at least to reveal the lengths to which the worthy doctor will go to achieve his purpose. Let us consider them briefly in the order named.

1—That the Confusion of the Primary Terms in Economics is not ILLOGICAL, but LOGICAL

Space will not permit us here to define the fundamental terms used in economic science to the extent that they ought to be defined, yet without a general idea of what these terms do, and do not, stand for, we cannot properly comprehend the gigantic scheme that Prof. Ely, through his privately-financed "Institute for Research in Land Economics and Public Utilities," in Wisconsin University, is endeavoring to foist upon the American people.

Three things then, economic science tells us, unite in the production of wealth—land, labor and capital.

Land means Nature—the earth, and everything above, upon and within it that has not been made by man. The sun and the moon, by this token, are land; so are lakes, rivers and oceans; and so are city lots, waterfronts, farms, coal deposits, mineral beds, railway sites, terminals, waterpowers and like natural opportunities, after all man-made improvements connected with them have been deducted.

Labor means human effort—mental as well as physical. Not only day-laborers and wage-workers, but doctors, lawyers, teachers, railroad managers, business executives and the like, all come under the head of labor. Whoever performs a service of any kind—whether by brain or brawn—that individual is a laborer in the economic sense of the term.

Capital means that part of wealth which is used to produce more wealth. But what, it will be asked, is wealth? Wealth is matter that labor has extracted from land and moved, shaped and fitted to satisfy human wants. Food on the table, for instance, is wealth; so are clothes and houses; and so are man-made luxuries, comforts and conveniences of every kind. Obviously, therefore, land is not wealth; and wealth is not land. Land includes every material thing in the universe that has not been made by man, excepting man himself; wealth includes every material thing in the universe that has been made by man, outside of man himself. Since wealth, therefore, is not land, so neither can capital, which is merely a part of wealth, be land. Capital, roughly illustrating, can include only such things as tools, implements, seeds, mills, freight trains, factories, machinery and similar labor-made means and devices intended to aid in the further production of wealth.

It is clear therefore from the character of these three factors of production that they are absolutely separate and distinct. They dovetail with one another but they do not inter-lock or over-lap. Nothing that is land can be called labor or capital; nothing that is labor can be termed land or capital; and nothing that is capital can be classified as either labor or land.

Let us now turn to the factors of distribution. Three elements also, economic science teaches us, distribute the wealth that has been produced—namely, rent, wages and interest.

Rent is that part of the wealth produced which goes to the landowner for the use of the land.

Wages is that part of the wealth produced which goes to the laborer for services performed.

Interest is that part of the wealth produced which goes to the capitalist for the use of capital.

As with the factors of production these three factors of distribution are likewise absolutely separate and distinct. A man may at once be all three, a landowner, a laborer and a capitalist—and such is often the case—but no part of his income that is due to his effort as a laborer or his services as a capitalist, can, in the science of economics, be spoken of as rent. In every-day speech for instance we may properly talk of the rent of houses and buildings, but in economics such returns will be designated, not as rent, but as interest on capital.

Likewise in common parlance we may refer to a man's reward for services rendered as a salary, a fee, a stipend, a profit or emolument, but in the science of political economy such reward will be known simply as wages of labor.

And so in the case of interest. We may in everyday speech refer to the income of a stock or bond based upon a railroad franchise, coal deposit or other natural resource as interest on capital, but in economics the income will have to be classified, not as interest on capital, but as the rent of land.

So exceedingly important to clear thinking and sound reasoning is a correct understanding of these terms and their usage that they should be restated at the beginning of every economic discussion, and where the treatment of the subject is intended to be exhaustive, as in Prof. Ely's fifty-volume project to "guide state, national and international policy," they should be laid down in the most complete manner and adhered to with religious care.

But this, as we have already seen, is the very thing that Prof. Ely has not done. Not only has he failed, in his three basic books, to define all of his primary terms with the thoroughness and precision that they logically require, but in the four or five cases where he has done so, he utterly neglects to stick to the definitions that he has laid down. Observe for example, how, after having defined land and labor, rent and wages in a manner against which no objection can be made, he goes on and hopelessly confuses wages of labor with the rent of land ("Outlines of Land Economics," Vol. II, p. 36):

> **"The return to the pioneer in increased value of the land is a cost—a payment for the continuous toil, often lasting for several generations, that has been expended upon the land."**

Or again how he mixes the rent of land with the wages of labor ("Outlines of Land Economics," Vol. II, p. 39):

> **"It is probable that nobody works harder for what he gets, considering it by and large, than the landowner; and he usually gives a big return to society for what he receives."**

Or yet again, how he lumps together land and capital and refers to the return of both as interest ("Outlines of Land Economics," Vol. II, p. 21):

> **"Considered as property yielding income, land and capital are exactly on the same footing. A singletaxer is much disturbed because the owner of a certain piece of land receives $30,000 a year in ground rents without any burden of taxes, expense of improvements, etc., all of which are paid by the tenant. The same man seems quite unworried by the fact that trust companies are turning over incomes just as great from stocks and bonds to clients who perform no personal services whatever, some of whom are moral delinquents and intellectual incompetents."**

One does not have to be a trained economist to see that the two ideas which Prof. Ely desires to convey in the above, are not correct. In the first place it is not true that the income from land and capital are "exactly on the same footing;" on the contrary they are on very different footings—a fact which we shall more fully see later on.

It is not true in the second place that the properties of trust companies consist of capital only; they consist, as the most casual examination will show, of both capital and land. The stocks and bonds of trust companies do not represent merely buildings, machinery and other man-made structures, but represent also mineral beds, coal and oil deposits, water-fronts, public-utility franchises, railway sites, valuable locations in industrial centers, terminal advantages, waterpowers and other natural resources of the nation. Hence the income from such stocks and bonds cannot be said to consist of interest only; they consist also in large, if not oftimes much the larger part, of the rent of land.

At all events it is just this confusion in the usage of the elementary terms of political economy that is the despair of the student who would earnestly follow the reasoning of Prof. Ely—a confusion moreover that renders worthless as an economic work, not only the three primary books he has written for the guidance of his Institute members, but all books that in the future are to be based upon them. If these books will indeed serve any purpose at all—and this apparently is the very purpose for which they are intended—it will be to destroy effectively all capacity of the economic student for clear and logical thinking.

2—That Land and Capital are Governed, Not by DIFFERENT, but by the SAME Laws

Having launched his vessel and set his crew drifting upon the sea of economic knowledge without a compass to guide it, Prof. Ely lays down the tenet that the laws that determine the value of land are also the laws that determine the value of capital. Here is how he states it ("Outlines of Land Economics," Vol. II, p. 78):

> **"Land is simply one of the requisites of production, and its value is governed by the same laws that govern the values of other requisites of production."**

Obviously, this cannot be true. Beneath the natural law of supply and demand which of course influences the three factors of production alike there comes into play another law which derives its power from the essential difference between the character of the two things—land and capital.

Land, be it observed, is natural; capital is artificial. Land can not be duplicated or reproduced; capital can be duplicated or reproduced as often as desired. You may have as many crops of corn, or trees, or implements, or houses or skyscrapers or railroads, as you wish to have, but you can have only one crop of land. Capital can be burned up, moved away or demolished, but land cannot be burned up, moved away or demolished. The supreme factor that determines the value of land is location; the supreme factor that determines the value of capital is cost of production. Land will not deteriorate and decay; capital will and does deteriorate and decay. Land always remains the earth; capital comes from the earth and returns to earth. Land being a gift of the Creator and non-reproducible, always begins at zero and goes up in value: capital, being a product of labor

(Continued on page 4)

PROF. RICHARD T. ELY EXPOSED! — Continued

and reproducible, always begins at its cost of production and—temporary fluctuations aside—goes **down** in value.

The laws therefore that govern the value of land and the value of capital are plainly not alike, as Professor Ely says, but are essentially opposite.

3—That Land CANNOT Be Monopolized While Capital and the Products of Labor CAN Be Monopolized

Growing out of his assertion that the value of land is determined by the same laws that determine the value of capital, is the still more ridiculous assertion that land is much harder to monopolize than capital. To quote his own language ("Outlines of Land Economics," Vol. II, pp. 52, 53, 73):

"Of all the factors of production land is the most difficult to monopolize. Monopoly of land has often been attempted but rarely with success. . . . In land ownership there is usually the freest and fullest competition, so that the returns yielded by land are reduced to a lower level than the returns to fluid capital. Land requires more care and gives smaller returns in proportion to what is put into it in the way of capital and enterprise, than standard investments of other kinds. . . . It is a curious thing that people speak of land as a monopoly, when it, of all things, is the least monopolizable."

Exactly the opposite of all this is true. Land is not **harder** to monopolize than capital, but **easier**; it is not subject to **fuller** competition than capital, but to **lesser** competition; and the care that land requires is not **greater** than the care that capital requires, but **smaller**.

This is so because, as we have already seen, land is natural while capital is artificial. Land cannot be duplicated, but capital can be duplicated indefinitely—hundreds, thousands, millions of times if need be—and capital must be thus constantly duplicated to keep it from returning to the source from whence it came—the dust of the earth. Competition, therefore, cannot affect land in the same manner and to the same degree that it affects capital.

Take the simplest illustration we can find. Suppose you emigrate from a large city into a new and far-off country on the outskirts of civilization, and you take with you a supply of tools and weapons to sell to the scattered farmers and hunters round about. You arrive at your destination with your load of goods; you look over the expanse of wild and virgin territory around you; you select a piece of land—anywhere; procure title to it from the government land-office; and put up your store.

You are now obviously both a landowner and a capitalist as well as a laborer. Your capital consists of a rough-hewn log hut which serves as a store, and a stock of rifles, plows, harness, cooking utensils and other merchandise which you have brought from the industrial center from whence you came. Your land, on the other hand, consists simply of a small lot upon which your store stands.

Since the law of supply and demand operates here as well as anywhere else the price you can charge for your merchandise will be high, and the price **must** be high to reward you adequately for the heavy cost of time, labor and expense involved in purchasing and hauling the goods to where they are. What is equally important the hunters and settlers in the vicinity, will, since you have no competitors, be glad to pay you the high price you ask for your articles rather than go without them.

The price you can charge for your land, however—provided you care to sell—will be extremely low; your lot, in fact, would not bring as much as the cheapest knife or frying-pan in your possession, for plenty of other lots in the vicinity just as good as yours, can be had for the mere taking.

But let new settlers come in, let the community grow around you, and at once the radical difference between your land and capital stand out. The price of your merchandise starts to go **down**; the price of your lot starts to go **up**. Why? Because your merchandise—your capital—is artificial, hence reproducible, whereas your land is not. Plenty of others can make rifles and plows just as good, if not a little bit better than your rifles and plows, and sell them to your customers for a little less than you do. But no one can make another lot, or find one located precisely where your lot is located. Its exact geographical position can never be duplicated. No matter how much the population increases or how large your community grows, you cannot—speaking as a whole—charge any more for your goods, but for your land you can command a higher and higher price. If you try to raise the price of your fifty-dollar plows to, say, a million dollars each, or even to a thousand dollars each, you will not succeed, for your competitors will sell your customers plows equally as good for forty-eight dollars each, and you will have to meet your competitors' price or go out of business.

Not so however in the case of your land. The supply of your land is rigidly fixed; it is not duplicable. Over it you are an absolute monopolist. As population grows, therefore, and the demand for the use of your lot increases, the price you can charge for it automatically rises. If a small village springs up the value of your particular lot will run into the hundreds of dollars; if a town, city or large metropolitan center builds around you—a St. Paul, a Louisville, a Denver, a Los Angeles or a Chicago—its value will mount, not only into the tens and hundreds of thousands, but into the millions of dollars.

Plainly, therefore, the assertion of Prof. Ely that capital is the **least** difficult to monopolize, and land the **most** difficult, is preposterous. Just the contrary is true. Land is the easiest to monopolize because it is subject to little competition. Land—whether a city lot, a piece of agricultural ground, a mineral bed, a coal deposit, a water-power site, a location for a railway, or any other natural opportunity—is a gift of the Creator, a product of Nature. It cannot be reproduced and the quantity of it can be neither increased nor decreased.

Capital, on the other hand, is the hardest to monopolize, because it is constantly subject to competition. For capital is not natural, but artificial. Its supply therefore is not rigidly fixed, as in the case of land, but is variable and unlimited. Land has no cost of production; capital does. And whereas in civilized society land always starts at zero and **appreciates** in value; capital—minor disturbances apart—always starts at its cost of production and **depreciates** in value.

(To be continued.)

HUMPTY-DUMPTY SAT ON A WALL

The popularity of Prof. Richard T. Ely of Wisconsin University is—among certain classes—increasing with startling rapidity. Just now the good doctor is in California having the time of his life—banquets, entertainments, newspaper publicity, 'n everything. The Pasadena Star-News of December 9, for example, says in part:

"A group of Pasadenans, officers of the California Security Loan Corporation of this city and their invited guests, attended the banquet held at the Alexandria, Los Angeles last night to welcome Dr. Richard T. Ely of the University of Wisconsin, America's most noted economist, upon his visit to Southern California.

"They and several hundred other persons present heard Dr. Ely's illuminative address on the subject, "Land Economics in Its Relation to Building and Loan," and the other interesting addresses and incidents of the evening.

. . . . .

"A. W. Byrne, president of the California Security Loan Corporation of Pasadena, was a member of the committee on arrangements and the reception committee for the banquet. The California Security Loan Corporation is a member of the Building and Loan Institute, a national body corresponding to the American Bankers' Association in that field of finance.

"Mr. Byrne and A. J. Morris, secretary-treasurer of the California Security Loan Corporation, were among the group of men prominent in the building and loan association world, other financial circles, the law and education at the speakers' table."

BOOK REVIEW

"Enclaves of Economic Rent"

by Charles White Huntington. Published by Fiske Warren, Harvard, Mass.

A study of the enclavial movement, such as this book affords in detail as well as perspective, fairly leads one to wonder how large a part this very practical method of introducing the taxation of land values, ultimately, will play in setting industry free from all governmental penalties and interference.

If anyone supposes that an enclavian is cousin to a hermit as having retired from the world to here make sacrifices and serve for glory, he had better read this book.

In a Single Tax enclave the participants pool the ground rent into a common fund. With this fund the Town, County, State and in some cases federal taxes are met. The enclave being a corporation (not for profit) holds title to its land through its trustees. Leases are given to users who may improve their holdings with the calm assurance that the assessor will not get them and that the rent will be the same with his improvement as without it.

In the enclave "Tahanto" in the Town of Harvard, Mass., a part of the income taxes, both State and National has been refunded each year beginning in 1917.

It may readily be seen that since most of the Federal taxes cannot be intervened by the enclave, that there can be a surplus in the rent fund which may be used for the purchase of more land, thus providing continuous expansion. It was chiefly in this way that Tahanto grew from one acre in 1909 to 647 acres in 1923.

One is positively intrigued to read about a form of security called a Rent Charge (comparable to a municipal bond) provided by Tahanto where "the fixt payments shall be increased by such amount as shall represent the decrease of the average purchasing power of money in a given year." And they are doing it.

The history and full text of the legal documents of the several enclaves—Fairhope, Arden, Tahanto, Free Acres, Halidon, Shakerton and Ardentown—are given together with facts and figures which show exactly how the enclave operates.

We quote this praragraph on Fairhope:

"Fairhope is the oldest and most important Single Tax colony in the World. It had its beginning in 1895 on the eastern shore of Mobile Bay, Baldwin County, Alabama, when a few venturesome and courageous men and women bought 135 acres of land for $771. This land with the additions subsequently made, including buildings, is now worth probably a full million dollars."

It is a valuable piece of work this, —The Enclaves of Economic Rent—and the author is to be congratulated. Logically arranged and charmingly written, it reads like a story.—G. L. T.

"Niggah, I'se goin' to mash yo' nose all ova yo' face; I'se goin' to push dose teeth down yo' throat and black yo' eyes—et cetera."

"Black man, you don't mean et cetera, you means vice versa."—Wall Street Journal.