"Know the Truth and the Truth shall make You Free"—St. John, 8, 32

THE BULLETIN

OF THE MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE

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KEEPING THE FARMER IN IGNORANCE—AND POVERTY

"Roping in" of the American Institute of Co-operation by the Ely-Taylor Group in Northwestern University an Example of How Monopoly Retains its Hold on American Agriculture

By EMIL O. JORGENSEN

"Won't you come into my parlor?" said the spider to the fly."

That is the invitation that Special Privilege has just extended to the struggling farmers of the nation.

And the farmers, like innocent sheep, have accepted the invitation!

Next month the American Institute of Co-operation, an organization representing more than 2,000,000 farmers in the United States, and supported by—

The California Fruit Growers' Exchange, Los Angeles, Calif.,
Co-operative Wool Growers of South Dakota, Brookings, S. D.,
Michigan Potato Growers' Exchange, Cadillac, Mich.,
National Association of Marketing Officials, Ames, Ia.,
National Life Stock Producers' Association, Chicago, Ill.,
The American Committee on the International Institute of Agriculture at Rome, Boston, Mass.,
The American Farm Bureau Federation, Chicago, Ill.,
The American Farm Economics Association, Washington, D. C.,
The Farmers' Educational and Co-operative Union of America, Union City, Ga.,
The Farmers' Equity Union, Greenville, Ill.,
The National Farmers' Elevator Association, Omaha, Nebr.,
The Federated Fruit and Vegetable Growers, New York, N. Y.,
The Illinois Agricultural Association, Chicago, Ill.,
The Illinois Agricultural Co-operatives' Association, Chicago, Ill.,
The National Ass'n of Commissioners, Secretaries and Departments of Agriculture, Boston, Mass.
The National Board of Farm Organizations, Washington, D. C.,
The National Co-operative Milk Producers' Federation, Washington, D. C.,
The National Grange, Patrons of Husbandry, Columbus, Ohio,
The National Pecan Growers' Exchange, Albany, Ga.,
The Ohio Farm Bureau Federation, Columbus, Ohio,
The Staple Cotton Co-operative Association of Mississippi, Dunleith, Miss.,
The Sun-Maid Raisin Growers of California, Fresno, Calif.,

—will hold its third annual meeting to discuss the grave problems of agriculture. The meeting will last four weeks—from June 20 to July 16—and over 800 farm leaders and advisers are expected to attend. When the momentous school and conference is over the impoverished inhabitants of the rural districts will, it is said, know better why they are poor and how they may raise themselves into the sunshine of prosperity.

It is a beautiful thought.

But where, do you suppose, this great farm school and conference of the American Institute of Co-operation is to be held? In the farmers' own sanctum where illogical thinking and false reasoning have the least chance to creep in? No, it is to be held in Northwestern University in Chicago—that rich and reactionary institution governed by Nathan W. MacChesney of the National Association of Real Estate Boards, Samuel Insull of the public utilities, Judge Gary of the United States Steel Corporation and other beneficiaries of privilege and monopoly!

Not a very promising place to search for the roots of the poverty problem, is it? But this is not all. This great agricultural school and conference which is to meet in Northwestern University is, thanks to the efforts of Dr. Henry C. Taylor, to be held in Wieboldt Hall, right in the elegant class-rooms of Prof. Richard T. Ely's "Institute for Research in Land Economics and Public Utilities"—the most dangerous organization of professors to the welfare of the farmer in America today!

"Dangerous!" you say. "Why is Prof. Ely's organization dangerous to the farmer?"

Simply because it is endeavoring to help, under the cloak of "education" and "disinterested research," not the workers and producers of the country but the exploiters and parasites.

Take, for instance, the matter of taxation. Prof. Ely's Institute is now engaged in gathering "facts" to show, not merely that taxes on the unearned wealth of the corporations and organizations which are financing it should be reduced but that the sales and consumption taxes on the people at large should be extended and increased.

To quote the language of Prof. Ely himself ("Elements of Land Economics," MacMillan, 1924, p. 331):

> "In order to increase governmental revenues without increasing present taxes to a harmful extent, we must broaden the base of taxation. New sources of taxation must be uncovered. Heretofore our system of income and property taxation has taxed the earnings and the accumulation of wealth. The field of indirect taxation, or taxes upon expenditures for consumption, has been inadequately developed.... This field of indirect taxation is a rich source of revenue, and this revenue can be obtained without harmful consequences, and even with positive benefit."

Or as Prof. Ely states it elsewhere ("Outlines of Land Economics," Edwards Brothers, Ann Arbor, Mich., 1922, Vol. III, p. 93):

> "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. The expenditures of the public for prize fights, 'movies', ice cream, candy, tobacco, chewing gum, perfumery and beverages of all kinds run into the hundreds of millions, yes, even billions of dollars every year.... Taxes on consumption and various indirect forms of taxation must be employed to a larger extent."

There you have it straight from the shoulder. To lighten the burden on wealth more consumption and indirect taxes are recommended—the most harmful taxes from the standpoint of the people that can possibly be devised. For these indirect taxes not merely enable one class of people to live upon the labors of another class, but they rob the workers in such insidious ways that they do not know just how they are being robbed. As the famous statesman, William Pitt, long ago declared in a speech before the British Parliament:

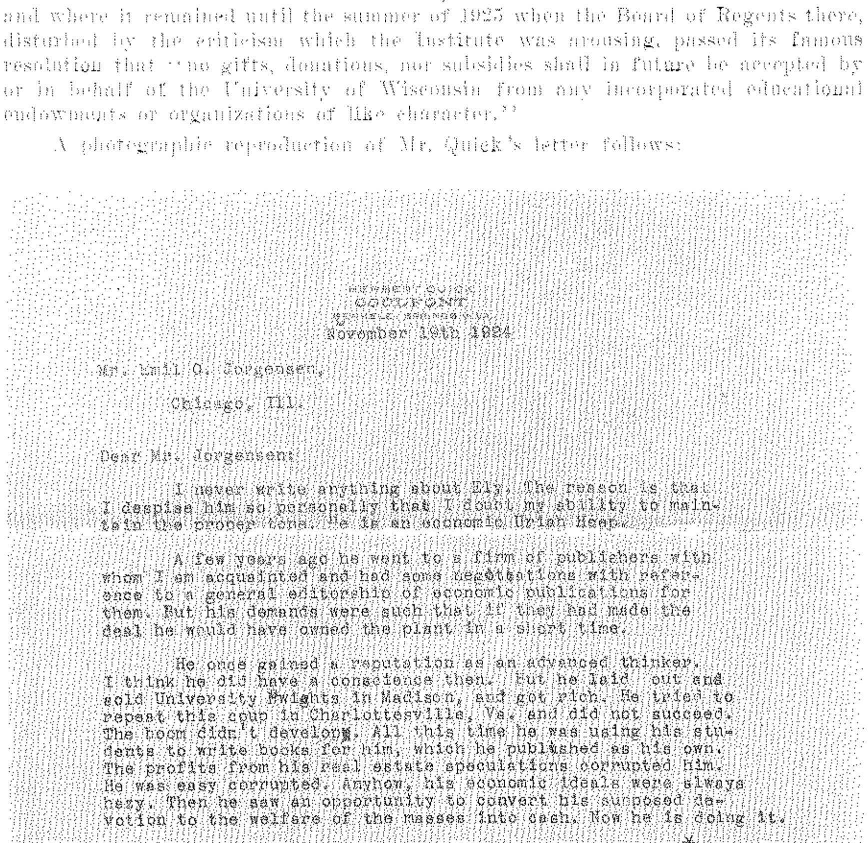
> "There is a method by which you can tax the last rag from the back and the last bite from the mouth without causing a murmur against high taxes; and that is to tax a great many articles of daily use and necessity so indirectly that the people will pay them and not know it. Their grumbling then will be of hard times, but they will not know that the hard times are caused by taxation."

But the effort to reduce taxes on monopoly and unearned wealth

A "Syndicate of Sin"

Six months before his death Herbert Quick—famous author, editor, farm economist and for several years a member of the Federal Farm Loan Bureau—wrote a letter which throws an interesting light on Prof. Richard T. Ely's "Institute for Research in Land Economics and Public Utilities" in Northwestern University. At the time Mr. Quick wrote this letter Prof. Ely's privately-supported Institute was still in Wisconsin University at Madison where it had been formed and where it remained until the summer of 1925 when the Board of Regents there, disturbed by the criticism which the Institute was arousing, passed its famous resolution that "no gifts, donations, nor subsidies shall in future be accepted by or in behalf of the University of Wisconsin from any incorporated educational endowments or organizations of like character."

A photographic reproduction of Mr. Quick's letter follows:


November 19th 1924

Mr. Emil O. Jorgensen,
Chicago, Ill.

Dear Mr. Jorgensen:

I never write anything about Ely. The reason is that I despise him so personally that I doubt my ability to maintain the proper tone. He is an economic Uriah Heep.

A few years ago he went to a firm of publishers with whom I am acquainted and had some negotations with reference to a general editorship of economic publications for them. But his demands were such that if they had made the deal he would have owned the plant in a short time.

He once gained a reputation as an advanced thinker. I think he did have a conscience then. But he laid out and sold University Heights in Madison, and got rich. He tried to repeat this coup in Charlottesville, Va. and did not succeed. The boom didn't develop. All this time he was using his students to write books for him, which he published as his own. The profits from his real estate speculations corrupted him. He was easy corrupted. Anyhow, his economic ideals were always hazy. Then he saw an opportunity to convert his supposed devotion to the welfare of the masses into cash. Now he is doing it.

That man under him in Madison whose name I forget*—the one who had the controversy with Commons, is able, but reactionary. He is much abler than Ely, who is after all a weak sister intellectually. Ely however, has cunning, and is organizing this movement which you say will get you unless you get it, along the lines of the Republican campaign. I used to live in Madison, and know these birds. Taylor, now Assistant Secretary of Agriculture, or the head of a bureau there, knows the truth of the land question, but dodges it. I suppose he will contribute to Ely's book list. I am sorry about Taylor, for he is really a good man.

Your task of combating this syndicate of sin is a most important one, the most important perhaps which has ever fallen to the lot of a land reformer. And you are able to do it.

Yours sincerely,
Herbert Quick

*Prof. Benjamin H. Hibbard.—Editor.

THE BULLETIN

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CRIME AND POVERTY

Society never escapes the penalty of its own sins. In Bath, Michigan, for instance, a farmer named Kehoe recently dynamited a school house, killing a total of forty-four persons, mostly little children. The man was not insane, so the coroner's jury decided, but was merely seeking to destroy the cause of his financial troubles. The Chicago Tribune of May 18 reported the appalling act as follows:

"Kehoe was a middle aged, gnarled, disgruntled man, worn by a lifetime of hard work, carried to this mental pitch by a series of financial troubles which had led him to the point of losing his farm under foreclosure.

"One of the things that he blamed for his troubles was the high taxes, particularly the taxes on the fine schoolhouse, which was only three years old and where the children from a wide country district assembled every morning. It was this school-house he told himself, that was eating away his own farm. So he determined to stamp it out."

The astonishing thing about this terrible tragedy is the fact that Kehoe's analysis of his financial troubles was pretty nearly right. Taxes were to blame for the hardships and poverty through which he was passing—that is to say, those taxes which are imposed by our governments on the products of human labor. Had the taxes everywhere been placed where they properly belong—on the value of the land only—this blowing up of the school house would never have occurred. It would not have occurred for the reason that the basic cause of our unequal distribution of wealth would have been removed. Kehoe would not have been, as the Tribune puts it, "worn by a lifetime of hard work," "gnarled and disgruntled" and threatened with a "foreclosure of his farm." He might not have been rich or even "well-off" but if he had received at all times the full fruits of his toil, as he would have received under a system which taxed the value of the bare land only, his soul would have been filled with contentment and happiness instead of bitterness and despair.

PROF. ELY AND TAX-EXEMPTION

When it comes to tax-exemption that will benefit the whole community the renowned Prof. Ely does not believe in it. But when it comes to tax-exemption that will benefit his own pocket-book—ah, that's different!

Several years ago, for instance, when the law exempting houses under $10,000 in value from local taxation for a period of ten years was in effect in New York City and was producing such remarkable results in encouraging the building of homes, Prof. Ely fought the measure both in school and out. In his "Outlines of Land Economics," written in 1922 (Vol. III. p. 115), for example, he says:

"If there is special need for new buildings, that is to say, if that investment of labor and capital is more urgent than other investment of labor and capital—sometimes this is the case, sometimes not—it may be desirable to exempt new structures from taxation for a limited period, say three to five years; not ten as in New York State. This does not increase the final tax burden upon the land, inasmuch as the buildings very soon come upon the tax duplicate, as it is generally called."

The above tax-exemption law, much to Prof. Ely's satisfaction, expired in April of 1924. In the same year, however, the proposal to exempt for a "long period of time" large housing corporations in New York, not merely from local taxes, but from all state taxes, began earnestly to be discussed. This proposal is now about to be enacted into law. Already state legislation has been passed embodying these provisions, and, as will be seen on page four of this BULLETIN, local action is being taken, so that within a few days or at least within a few weeks limited-dividend housing corporations in New York City will be exempt on their income and property not only from all state taxes but from practically all local taxes for a period of twenty years.

This far-reaching legislation, however, has never received Prof. Ely's disapproval; on the contrary, if all reports are correct he has used his professional influence on several occasions to get it through.

Why this complete change of front? As between the tax-exemption of small homes and dwellings and the tax exemption of large housing corporations whose specialty is the erection of multiple-family structures the former is, from a social standpoint, vastly to be preferred. Both propositions encourage building, it is true, but whereas the tax-exemption of homes encourages the wide-spread building of homes, the tax-exemption of limited-dividend housing corporations only encourages the erection of large apartments and tenements.

Since a city of individual home owners is much to be preferred to a city of "cliff-dwellers" one is curious to know why Prof. Ely fought the measure that will result in the first and favored the measure that will result in the second. Perhaps one reason is to be found in the fact that in March of 1924—one month before the first tax-exemption law expired—the City Housing Corporation—a five million dollar company in which Prof. Ely is a leading director—was organized in New York City and this corporation will receive all of the immense benefits of the tax-exemption law that is now being put through.

THE FORUM'S SEVENTH BIRTHDAY

On June 16 THE FORUM which is published in Stockton, California, will be six years old. We congratulate the paper and we congratulate the editor. THE FORUM is one paper in America that dares to tell the truth. The reason is that its commercial advertising is limited to one inch. No corporation can frighten or intimidate the editor by threatening to cancel its ad. If the advertiser does not like the paper's attitude towards certain men or measures the editor can sweetly tell him to go to, and we fancy that editor Beckwith has done this more than once.

As a newspaper THE FORUM is not merely a unique publication but it marks a distinct advance for a better and cleaner journalism. It is frank and fearless in its treatment of economics and politics and we have no doubt but that Stockton today is a much better and purer city for having had it. More power to its arm!

POLITICAL ECONOMY

Twenty years before Henry George—who revealed to humanity the marvelous truths in political economy with which Adam Smith had nobly but feebly struggled one hundred years before—published his immortal work "Progress and Poverty," the historian Buckle ("History of Civilization," Vol I, Chap. 4) wrote:

"In the year 1776, Adam Smith published his Wealth of Nations; which, looking at its ultimate results, is probably the most important book that has ever been written, and is certainly the most valuable contribution ever made by a single man towards establishing the principles on which government should be based. . . . Well may it be said of Adam Smith, and said too without fear of contradiction, that this solitary Scotchman has, by the publication of one single work, contributed more towards the happiness of man, than has been effected by the united abilities of all the statesmen and legislators of whom history has preserved an authentic account."

BAD GOVERNMENT

"When a sensible physician is called to advise upon a case of chronic indigestion, his first inquiry is concerning the food upon which the patient has lived. . . . When we seek for the causes of bad government, why should we not do as we would in the case of the human body, and ask upon what food this government has lived? Bad taxation is as certain to produce bad government and bad social conditions, as is bad food to produce indigestion and decay in the human body. And as no medicine, in the long run, can supply the place of good food, so no other social reforms can ever bring social health, so long as unjust and unscientific forms of taxation are continued."—Thomas G. Shearman in "Natural Taxation," Chap. I.

Statement of the Ownership, Management, Circulation, Etc., Required by the Act of Congress of August 24, 1912.

Of Bulletin of the Manufacturers and Merchants Federal Tax League, published bi-monthly at Chicago, Illinois, for April 1, 1927.

STATE OF ILLINOIS, }
COUNTY OF COOK. } ss.

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Emil O. Jorgensen who, having been duly sworn according to law, deposes and says that he is the editor of the Bulletin of the Manufacturers and Merchants Federal Tax League, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher, Manufacturers and Merchants Federal Tax League, 1346 Altgeld Street, Chicago.

Editor, Emil O. Jorgensen, 1346 Altgeld St., Chicago.

Managing Editor, none.

Business Managers, none.

2. That the owners are: (Give names and addresses of individual owners, or, if a corporation, give its name and the names and addresses of stockholders owning or holding 1 per cent or more of the total amount of stock.)

Manufacturers and Merchants Federal Tax League, 1346 Altgeld St., Chicago, Ill.

Otto Cullman, Pres., 1346 Altgeld St., Chicago, Ill.

James H. McGill, Sec'y, Valparaiso, Ind.
Fenton Lawson, Treas., Cincinnati, Ohio.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect, in the said stock, bonds, or other securities than as so stated by him.

EMIL O. JORGENSEN, Editor.

Sworn to and subscribed before me this 21st day of April, 1927.

(SEAL) ANNA R. KLEBBA,
Notary Public.

(My commission expires March 28, 1929.)

Keeping the Farmer in Ignorance and Poverty—Con.

by saddling more indirect and consumption taxes on the people at large is not the only reason why the Ely "research" Institute is dangerous to the farmers of the nation. Another reason it is dangerous is because it is attempting to widen, in those states where the percentage of farm tenancy is still low, the opportunities for landlordism and land speculation.

Here are the facts: In 1924 Prof. Ely and his associates launched in Montana a concern known as the "Fairway Farms Corporation"—John D. Rockefeller, Jr., very generously loaning the Corporation $100,000 to get it under way. The purpose of this Corporation, so the public is told, is to help poor men "climb the agricultural ladder to farm ownership." It sounds very good. But the real purpose of the Corporation is to demonstrate to large landowners and land speculators how their interests may be greatly advanced and particularly how wealthy individuals and concerns can buy up big tracts of land and sell this land to moneyless farmers not only without risk but at a handsome margin of profit.

The Fairway Farms Corporation has now been in operation three years and a "tenant-purchase contract" has been worked out that, judging from the numerous requests for copies of it that are being made by large landowners over the country, is highly desirable. But the terms and conditions in this tenant-purchase contract are such that many, and probably most purchasers, who are tempted to enter into the contract will be unable to meet them, and the land **with various profits and all fixed improvements that the tenant-purchasers have made,** will finally fall into the hands of those who hold the title to the land. Consequently it is but a matter of time before landlordism in Montana, as well as in other states where this tenant-purchase contract is generally adopted, will be, not eliminated as most people have long hoped, but doubled and trebled!

But this, in the opinion of Prof. Ely, is exactly as it should be. The low percentage of farm tenancy to be found in many of our states (in Montana the percentage of tenancy is only twelve) is, he says, "not an indication of sound agricultural conditions." For good results the percentage of tenancy should be considerably higher and in "an ideal system of land ownership," he says again, the normal percentage of farm tenancy should be placed at "about thirty." To quote Prof. Ely's own language ("Outlines of Land Economics," Vol. III, pp. 51, 57-59):

"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."

What more need be said? This friendship for the landlord and land speculation groups as against those who do the actual work—the tenants,—coupled with its effort to reduce taxes on the profits of monopoly by increasing the indirect taxes on the comforts and necessities of life, conclusively proves that Prof. Ely's privately-financed "Institute for Research in Land Economics and Public Utilities" in Northwestern University is a dangerous organization to the social and economic welfare of the farmer.

Yet it is in the very headquarters of this organization that the American Institute of Co-operation—representing more than 2,000,000 families in the rural districts—has been invited to hold its four-week school and conference to discuss the grave problems of agriculture.

And the invitation has been accepted!

Is it any wonder that Privilege and Parasitism are increasing in America and that the farmers of the nation are steadily sinking to the level of the peasantry classes in Europe?

LAND SPECULATORS WORKING HARD TO AMEND THE STATE LAW OF ILLINOIS

The expected has happened.

Two months ago this paper called attention to the fact that certain big land speculation interests, guided by Prof. Richard T. Ely of Northwestern University, had organized in Chicago a "Housing Commission" for the purpose of amending the Illinois law in favor of large real estate corporations, and that a bill had been prepared which would doubtless be introduced into the legislature when it could be most easily rushed through.

These predictions have now proved correct.

On May 3 Representative Elmer J. Schnackenberg, introduced into the state legislature, at the request of the Chicago Housing Commission, the bill in question. Its number is H. B. 519.

As previously indicated this bill greatly extends the power and scope of real estate corporations to speculate in land—wipes out all existing restrictions regarding the location of landed property and the place of residence of stockholders and directors, increases the amount of vacant land that real estate corporations may own from forty acres to six hundred forty acres (in addition to the area that may be held under contract to sell) and raises the time limit for holding such vacant land from five years to twenty-five years.

No sooner had this land speculation measure been introduced into the legislature than a campaign of propaganda and misrepresentation was launched to get it through. Real Estate men and newspapers shouted from the house-tops that the bill would "permit the formation of limited-dividend corporations to tear down delapidated dwellings and tenements in the slum quarters of the city and replace these old structures with modern and sanitary buildings."

The comical thing about all this, however, is the fact that the present Illinois law does not **prevent** limited dividend corporations from being formed, and even if the law did prevent them there is nothing in the Schnackenberg bill which **provides** that they may be formed. Not merely that but there is nothing in the bill that says real estate corporations are to tear down old structures in the slums or anywhere else.

But it is fine stuff to tell the public to get the bill through and many well-known social workers at once fell for it. One day after the bill was introduced, for instance, Miss Jane Addams came out openly in favor of the measure. How badly Miss Addams was misled, however, may be seen in the following letter which was sent to her by Mr. Emil O. Jorgensen on May 16:

Dear Miss Addams:

The Chicago papers quote you as stating that the SCHNACKENBERG BILL (No. 519) just introduced into the Illinois legislature at the request of certain members of the Chicago Housing Commission should be passed because this bill will "permit the formation of limited dividend corporations" to tear down old ram-shackle tenements and dwellings in "congested areas of the city" and replace these old tenements and dwellings with modern buildings that are more conducive to sanitation and health.

We are astonished at your statements and are wondering if you have really read the Schnackenberg bill. After a careful examination of it we are led to believe that its main purpose is not to improve housing conditions in the slum sections of the city but to open up the gates of Illinois to speculation in land by real estate corporations wider than they have been for half a century.

In the first place the bill does not, as you suggest, provide for the formation of any "limited dividend corporations." It nowhere mentions the matter of limited dividends at all. The bill extends the power and the scope of real estate corporations but there is not a single word in it to indicate that dividends are going to be limited—one hundred per cent or one thousand per cent being just as legal as one per cent.

In the second place there is nothing in the bill to indicate that insanitary tenements and dwellings in the congested areas of the city are going to be torn down and rebuilt. Quite the contrary. The bill increases the amount of vacant land that a corporation can own from forty acres to six hundred forty acres, and it also increases the time allowed for holding this vacant land from five years to twenty-five years.

Does this not suggest to you the underlying purpose of the bill? There is, as you know, no congestion of population on VACANT land. What is more, any corporation that intends to tear down and rebuild old tenements in the slums does not need any more vacant land than forty acres—the area that the present law allows. Indeed, any corporation that intends to do this does not need as MUCH as forty acres. These provisions greatly extending the amount of vacant land that may held as well as the time allowed for holding it clearly indicate, therefore, that the purpose of the bill is not to improve housing conditions in the congested parts of Chicago but to facilitate land speculation in the open, outlying districts where there are no bad housing conditions at all.

But there are other reasons why your statements as quoted in the papers are incorrect.

One of the members on the Chicago Housing Commission is Prof. Richard T. Ely of Northwestern University. It is Prof. Ely's corporation in New York—the City Housing Corporation—that is held up as a corporation anxious and able to improve the housing conditions in the slums of Chicago if this bill goes through.

But the City Housing Corporation is not tearing down old houses and putting up new ones in the congested parts of New York; its operations are being carried on entirely at "Sunnyside"—a subdivision in one of the thinnest populated parts of the city. What is more, Prof. Ely writes in his own magazine "The Journal of Land and Public Utility Economics," (April, 1926, p. 177) that the directors of the City Housing Corporation desire to buy "in Chicago, Boston and elsewhere" larger tracts of land than at Sunnyside "where the streets may be laid out according to their own ideas."

There you have it—"where the streets may be laid out according to their own ideas." Since the streets are definitely fixed in all the congested parts of Chicago this statement clearly shows that the real purpose behind the bill is land speculation and not better housing in our slum quarters.

It may be suggested in this connection that the most practical and effective way to eliminate slums and improve housing conditions in over-crowded areas is to exempt improvements from taxation, as Pittsburgh, Sydney and other cities have already done to a considerable extent. But the exemption of improvements from taxation is opposed by the leaders of the Chicago Housing Commission on the ground that it would increase the tax burden on vacant land. All of which indicates again that these leaders are less interested in "improving the housing accommodations for the people in the slums" than they are in something else.

It may be pointed out also that the Schnackenberg bill was prepared by Mr. Joseph K. Brittain, the president last year of the Chicago Real Estate Board. How Mr. Brittain secured the authority to write this dangerous instrument is beautifully illustrated in the strategic offices he held in the Chicago Housing Commission immediately before and after it was organized. Mr. Brittain was:

(1) Chairman of the Resolutions Committee at the All-Day-Housing-Conference held in the Sherman Hotel, April 16, 1926,
(2) Temporary Chairman at the First Meeting of the Commission, Aug. 3,
(3) Temporary Chairman at the Second Meeting of the Commission, Dec. 3,
(4) Chairman of the Organization Committee to nominate the permanent officers. (Mr. Brittain at the Second Meeting appointed his friend Mr. William Zelosky—a large Chicago sub-divider—as the Permanent Chairman, and
(5) Chairman of the Legislation Committee.

What do you, Miss Addams, think of this? You are certainly familiar enough with organization methods to know that no man could have held all of these powerful offices in the Chicago Housing Commission during its formative period unless there had been a great deal of "wire-pulling," and you, no doubt, appreciate also the fact that where there is "wire-pulling" there must be some special "ax to grind."

The sum of the whole matter, then, is this:

The Schnackenberg bill (No. 519), as Mr. Brittain has written it, does not call for any "limited dividends" and it contains not a single provision for improving the deplorable housing conditions in the congested parts of the city. On the contrary, the bill wipes out every important provision for holding unscrupulous real estate promoters in check and opens Illinois to speculation in land by large corporations wider than it has been since 1872. From the standpoint of the masses the bill is, therefore, not a constructive bill but a very dangerous and destructive one and ought to be defeated.

Since you have—innocently, no doubt—given the public an entirely wrong idea as to the letter and the purpose of the Schnackenberg bill will you not endeavor in some way to undo the injury you have caused? A public disapproval of the bill would perhaps be the most effective. But whatever you do WILL HAVE TO BE DONE QUICKLY. Already both Mr. Brittain and Mr. Zelosky have appeared before the Committee to which the bill was referred—the Judiciary Committee—and favorable action secured upon it. Moreover, the state legislature, as you know, is now drawing to a close and it has little time to consider carefully the various measures that are laid before it. Hence, unless you act AT ONCE there is grave danger that the bill will be rushed through by the special interests that are backing it.

Awaiting with considerable anxiety your action in this matter, I am, with the greatest regard and respect,

Yours very sincerely,

(Signed) EMIL O. JORGENSEN.

The Schnackenberg bill will probably go through. Already the measure has been favorably reported by the Judiciary Committee, has passed the House, and is now before the Senate. But if the bill passes it is worth remembering that the chief credit for it belongs to the man who conceived the measure and who planned the machinery by which the dishonest work was done—Prof. Richard T. Ely.

SEEING THE CAT

Henry Ford feels deeply his responsibility as an employer.

His greatest cause of worry just now is in the fact that every time he has raised wages, living costs have gone up in the communities where his workers live, particularly in the matter of rents or the cost of acquiring a home.

He has had large groups of investigators on this problem, and their reports indicate that living costs have increased at the periods of, and in direct ratio to, wage increases.

In other words, his people are exploited as consumers rather than as producers!

In at least an attempt at the partial solution of this, a few months ago, Ford opened a series of community stores, which, by reason of a large buying power and low overhead, undersold other and regular units of merchandising.

In the beginning these stores were open to the general public, but their operations have since been curtailed to Ford workers.

It was found that rents went up in neighborhoods where these stores existed!

In still other words, Ford, by his voluntary increase in wages, has in reality been enriching the landlords rather than benefiting his workers!

While Ford is the industrial marvel of the age, yet he does not see, and his investigators have not called to his attention, the fact that the whole labor question is a land question—that the increase in land values is a question of more population with its attending purchasing power, and that the whole solution is one of taking the tax off industry and merchandising and putting it on the land values which are a public creation now being privately operated.

Under the persent tax system, which is about all we have left in our modern industrial system from the despotic kings of Europe, it is all just a question of "Progress and Poverty," which was the title of an economic work by Henry George, first published about 1879, and which, in its argument, has never been answered!

This condition and Henry Ford's economic flounderings remind me of a puzzle picture I once saw. It represented the interior of a woods, and the puzzle was to find the cat, the outlines of which were cleverly concealed among the branches, twigs and leaves.

It took a long time and very close study to find the cat, but—when once discovered, why, you couldn't see anything else!

By a process of elimination Henry Ford will finally see the cat and when he does he'll do something about it.

It might even one day make itself so apparent as to jump out of the picture and scratch him—it's even spittin' at him now!

—David Gibson in the Loraine (O.) Journal.

NEW YORK CITY TO EXEMPT LARGE HOUSING CORPORATIONS FROM STATE AND LOCAL TAXES

New York City, evidently, would rather be a city of cliff-dwellers than a city of individual homeowners.

In 1920 a law was passed in New York City granting tax exemption for a period of ten years to one- and two-family houses up to $10,000 in value—provided construction on these houses was begun within three years after the law was passed.

The law worked wonderfully well—more than five times as many dwellings being erected in the three years after the law went into effect than were erected in the three years before it went into effect. As the housing problem in New York was still a long way from being solved at the time the law expired, an extension of the law was urged but this extension was defeated (see editorial on page 2) by the interests that were opposed to it.

At the same time, however, that this tax-exemption law to encourage the building of small homes expired, agitation was begun to exempt from taxation limited-dividend housing corporations engaged chiefly in erecting large tenement and apartment buildings. A state housing law was introduced into the New York legislature providing for such tax-exemption and on May 10, 1926, this law was passed. Section 39 of Article 3, Chapter 823 of this State Housing Law reads as follows:

"TAX EXEMPTION. Any public limited dividend housing company formed hereunder shall be exempt from the payment of any and all franchise, organization, income, mortgage recording and other taxes to the state and all fees to the state or its officers.

2. Bonds and mortgages and the income debenture certificates of all companies incorporated hereunder are declared to be instrumentalities of the state, issued for public purposes and shall, together with interest thereon, be exempt from taxation. The dividends on the stock of said companies shall be exempt from taxation by the state. Any municipality in which the projects authorized under article two of this chapter are located is authorized to exempt the buildings and improvements created in connection with such projects from local taxation, and should said municipality exempt such buildings and improvements from such taxation, the buildings and improvements of said company shall to the extent of such exemption be exempt from any and all state taxes. But such exemption of said buildings and improvements from taxation by the municipality and state shall not extend to buildings erected after January 1, 1937."

With the large housing corporations thus exempt from state taxes efforts were promptly begun in New York City to get them exempt from local taxes. These efforts are now about to be successful. As this is written the Board of Estimate has passed unanimously Mayor Walker's ordinance granting tax exemption for 20 years to multiple family houses erected under the state housing law. The bill now goes to the aldermen who are known to be in favor of it. When the bill becomes a law, as it certainly will, limited-dividend housing corporations in New York City will be exempt from all state taxes and practically all local taxes for twenty years.

At first blush all this will seem to be desirable. On second thought, however, the evil effects will be apparent. With limited-dividend corporations whose specialty is "mass production of multiple-family houses" enjoying exemption from state and local taxes they will have an immense advantage over the private builders and owners of houses. Consequently the construction of small homes and dwellings will be **decreased** while the construction of large tenement and apartment buildings will be greatly **increased.**

But the solution of the problem does not lie in repealing the tax-exemption privileges of the large housing corporations; the solution lies in extending these tax-exemption privileges to all other builders of houses and dwellings. Unless this is done New York, within another ten or fifteen years, will find itself, not a city of individual home owners, but a city of rent-paying cliff-dwellers.

CANBERRA—AUSTRALIA'S NEW CAPITAL.

Canberra, the new federal capital of Australia, was formally opened the other day, when the Duke of York dedicated the handsome legislative building.

The city was designed by Walter B. Griffin, an American from Chicago, and is patterned after the city of Washington.

Australians believe Canberra, which, by the way, is pronounced Canb-ra, will eventually be the most beautiful capital in the world.

It will occupy about 12 square miles in the center of a tract comprising 900 square miles ceded to the government by the state of New South Wales.

The government will retain title to all the land. Individuals may secure leases for 99 years within the city and for 25 years in the country, but no one may hold land to a value greater than $30,000, exclusive of improvements.

The rental is to be three per cent of the capital value of the unimproved lands as set by the final bid. Laws have been enacted designed to prevent any speculation in land.

Lessees must begin construction of buildings within two years after their bid has been accepted and must complete the work within three years. Plans for the buildings must be submitted to the government. The land is to be reappraised periodically.

Canberra will not have a street car system. Instead, government-owned motor busses will supply transportation. All the public utilities will be publicly-owned and, in addition, the government will control the meat and other food supplies. A public abattoir has been constructed.

Canberra starts off with a population of about 12,000.—"Labor," Washington, D. C.