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...tence of the Manufacturers and Merchants Federal Tax League that such a provision be made. The League hopes to have Congress extend the principle at its next session.

HOUSEOWNERS FIGHT RENT REGULATION BILL

Landlords and real estate men have risen in arms agist the bill introduced by Representative Stuart F. Reed providing for the creation of a commission to regulate rents in the city of Washington. Although the bill is understood to have the approval of President Coolidge, it is held to be communistic in its nature and in violation of the rights of property.

Drawn with the object of helping the tenant the bill can in the long run only have the effect of hurting the tenant. For rent is no more created by landlords than the price of goods is created by sellers. Public demand is the final determinant of both. To limit and regulate rent therefore is to compel the landlord to accept a lesser rental for his property than he can get in the open market.

What is needed to reduce rents is obviously more houses. More houses can only come by encouraging building and not by discouraging it. New York City has proved that building can be stimulated enormously by exempting houses from taxation for ten years.

Instead therefore of attempting to regulate rents—a method that is sure to result in lesser building—why doesn't Washington try the New York way?

...ected in another way.

...a load for a pack mule to carry. Where would ...load? Would you tie it to the mule's left hind leg or ...a strap it squarely on his back? You would not tie it to his ...rely. For by doing this you would not only interfere greatly ...the mule's movements, but you would exhaust him much quicker ...an if the load were well balanced on his back.

But this is just how our tax load is now distributed. By far the major part of our revenue is raised from the activities of capital and labor—the producers of wealth—and only a minor part of the revenue is raised from the unearned values of lands and natural resources. The result is that business and industry are handicapped, production crippled, consumption curtailed and trade demoralized while on the other hand land speculation is encouraged and monopoly fostered.

The Keller bills which will be presented again in Congress when tax revision is undertaken will do much to correct this defect. These bills purpose to repeal, not merely the corporation income tax but various harmful taxes on industry and agriculture and to raise an equal amount of revenue (about $1,000,000,000) from the socially created values of the country—the values of valuable lands and natural opportunities. In other words the Keller bills will transfer a part of our revenue load from the mule's left hind leg to the mule's back.

Pass the Keller bills!

DENMARK SETTING WORLD TAX EXAMPLE

Business men and farmers in Denmark not only say they want lower taxes on the wealth they produce; they mean it.

Ever since August 7, 1922, when a national act was passed reducing to a moderate extent the tax burden on human enterprise, and increasing to a corresponding extent the tax on land values, preparations have been rapidly going on for a large extension of the principle locally. Now, as reported in this paper last month, a bill is before the Danish National Legislature making is possible for municipalities and country districts to throw off a large part of the tax burden on industry and its products, and to raise an equal amount of revenue from the value of the bare land, exclusive of improvements.

The bill if passed—and it is expected to pass—will take effect on January 1 of this year.

ARTICLE VI

Prof. Richard T. Ely Exposed!

(This is the sixth 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

4—That the Value of Buildings May RISE, While the Value of Their Locations FALL

Equal in absurdity to Prof. Ely's statements that there is no difference between land and capital so far as the laws governing them are concerned, and that land is much harder to monopolize than capital, is his statement that the value of a piece of land may fall, while the value of the improvement on it rises. As he expresses it ("Outlines of Land Economics," Vol. II, p. 13):

"When a corporation owning land puts up a building a sharp line is drawn, and it is said, 'You must always remember that the building declines in value; and if there is any increment in value, it must be an increment in the value of the land. This is always so, when the investment is made by competent business men. Frequently, as just stated, there are two opposite movements in the value of the building and in the value of the land."

The fallacy of this assertion must be obvious from the analysis we have just made. A piece of land may indeed rise or fall in value according as the population around it increases or decreases; but a build-

(Continued on page 2)

...Many tourists also who heretofore have made California their camping ground in winter have now turned towards Florida as offering better quarters, not only for the winter, but for the spring and fall.

How this is boosting the value of land in that commonwealth may be seen, for example, from the following article printed in the Chicago Daily News of January 24:

"Chicago real estate men and capitalists are playing a prominent part in the great real-estate boom that has robbed southern California of its title of "The Real Estate Capital of America" and conferred the distinction on the state of Florida. Millions of dollars, most of it from Chicago and New York, are being invested in Florida lands and their development. Probably 100 Chicagoans, including many of the leading subdividers in the city, are active in Florida realty this winter.

"Assurance by the Florida legislature that the state would not enact state income tax laws or inheritance tax laws is said to have made it attractive not only to winter tourists but to all the year around residents. The boom excels any in the history of the country, according to Chicago realtors in touch with the situation."

GASOLINE TAX TO BE OPPOSED IN ILLINOIS

A gasoline tax, backed by the governor, will shortly be introduced into the Illinois legislature. It will be proposed on the ground that it is needed for road improvement purposes.

Notwithstanding the fact that such a tax has already been adopted in a large number of states, effective resistance to its adoption in Illinois has already begun. Opposition is based on the ground that the gasoline tax is a burden on automobile owners, truck transportation, business and trade.

One of the arguments used against it is that the building of roads largely enhances the value of adjoining land and such enhancement should bear the cost of road improvement rather than the consumers of gasoline.

WASTING THE SOIL

Annually one cubic mile of silt, the top soil washings from the Mississippi Valley, passes down the Mississippi River and into the Gulf as waste material. This cubic mile of solids is the equivalent of three inches of top soil from 13,000,000 acres in the Mississippi Valley each year.

THE BULLETIN

of the Manufacturers and Merchants Federal Tax League

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COVERING IT UP

Since the articles exposing the hypocricy of Prof. Richard T. Ely of Wisconsin University began to be published in this paper a sudden and tremendous interest in the tax doctrine of Henry George has developed among some of the professor's subordinates and they have begun scurrying around to get literature on the subject. Dr. George S. Wehrwein, Dean of Prof. Ely's Institute, and an instructor of economics in the University has, for one, evinced particular eagerness to get pamphlets, circulars and other reading matter on the single tax to hand to his students, even going so far as to write to the Single Tax Service League of New York—an organization that has been dead for many years!

Why all this sudden and feverish anxiety on the part of Prof. Ely's men to present the affirmative side of the Henry George doctrine, and not merely the negative side? And why is this presentation confined to Wisconsin University alone?

Of course, proper teaching in Wisconsin University is important. That's where the headquarters of Prof. Ely's Institute are; that's where the members of the organization meet their students face to face; and that's where, above all places, suspicion of unfairness must be avoided. But the teaching influence of Prof. Ely's organization is national in its scope and what is written for public consumption outside of Wisconsin University is ten thousand times more important than what is taught verbally inside of the University.

We confess we don't like it. Faithfulness to true teaching principles that is displayed in one locality only is not genuine. It reminds us of the young lady who wears her diamond in the presence of her betrothed but takes it off when she goes out among strangers. Moreover this sudden interest in the tax philosophy of Henry George is not healthy. There is danger that sooner or later it will die down as rapidly as it has sprung up—unless Prof. Ely and his men are brought to see the error of their ways. As the old saying goes—

"When the devil was sick, the devil a Saint would be,
When the devil was well, the devil a Saint was he."

NEWS NOTES

The total amount of tax-exempt securities in existence on Dec. 1, 1924, was reported to be $16,160,000,000. Of this $12,305,000,000 or 76.1% were issued by states, counties and cities, and $2,294,000,000 or 14.2% by the federal government.

The war is still levying its toll on the great ducal estates in England. In one day, according to John Gunther, Chicago Daily News correspondent, 295,000 acres were placed upon the market.

The automobile industry paid in 1923 $157,000,000 in federal taxes, in addition to some $313,000,000 in state and municipal taxes. The tax reduction obtained by the 1924 revenue law amounted to about $25,000,000.

Prosperity, it seems, is still "around the corner." Henry Dix, 19 years old, who had been working ten hours a day for 20 cents an hour in Norfolk, Va., quit his job and came to Chicago hoping to find something better. After four days of fruitless searching young Dix was found eating newspapers to stave off hunger. He was taken to the Jackson Park Hospital.

"Hallo, Maggie! How are you getting on at school?"

"Fine. I'm in the best position in the class."

"Splendid! Top, I suppose?"

"No; right at the foot, near the hot-water pipes."—Tit-Bits.

GET IT AND READ IT!

"Can you give me more information about the attempt in Denmark to transfer taxes from industry to land values," asked a good correspondent of us the other day. We replied we could and straightway sent him a copy of the "Report of the International Conference on the Taxation of Land Values," held in Oxford, England, in 1923.

Now this correspondent writes to thank us for sending the Report to him and to say that no one should be without a copy of this publication on his desk.

We know they shoudn't. The Report of the International Conference is a mine of information, not only about the movement in Denmark, but about the movement wherever the taxation of land values has taken root. If you haven't seen a copy of this incomparably valuable document, a half a dollar sent to the office of the Manufacturers and Merchants Federal Tax League, will quickly bring it to you.

Arden, Wilmington, R. F. D. No. 2,
Delaware, January 28, 1925.

Editor "The Bulletin":

Arden, the single tax village near Wilmington, Delaware, is entering its 25th year—the fiscal year beginning March 25th—without a public debt except a balance of $400 on the original land mortgage, which will be paid off the coming year. For 25 years, Arden, through its Trustees, has collected the ground rent, out of which fund it has paid the real estate taxes, maintained roads, and refunded to lease-holders of house-lots their automobile and business taxes. The house-lots are leased for 99 years, never sold. The two loan associations of Arden are crowded with applications for money for building and improvements. If this measure of success can be obtained without co-operation of State Government, what could be achieved if governmental obstacles were removed? The success of Arden led the same group of single-taxers who started Arden to buy the next farm and are developing it on the same lines under the name of Ardentown.

Yours very truly,
FLORENCE GARVIN.

PROF. RICHARD T. ELY EXPOSED! — Continued

ing—assuming a stable currency and a free market—can never rise in value; it can only fall in value.

Why is this true? It is true because land is nature-made. It has no cost of production. Its value is essentially a monopoly value. But a building or like improvement, on the other hand, is artificial; it is something that is produced, not by nature, but by capital and labor; and its value therefore is regulated primarily ~~by what it costs~~ to produce it.

Of course there may be cases where a strong sentiment or tion—the birthplace of a great poet or the death-place of a notor bandit, for example—is attached to a particular building that mak it a curiosity among sight-seers, and that tends to add to its value a time goes on, but these cases are so rare and exceptional that they have no place in a fundamental economic discussion. The general principle holds true that a building or other man-made improvement will—all things considered—never rise in value with the passing of time, but always fall.

Nor have the competency or incompetency of individuals anything to do with it, as Prof. Ely suggests. For individuals have no control over the natural laws that underlie the economic life of society. The most stupid owner of a piece of land cannot prevent that land from **rising** in value, if the community around it grows; and the most sagacious owner cannot keep a piece of land from **falling** in value, if the community around it disappears. Similarly, the shrewdest business man cannot, in a progressive society, make a given building go **up** in value without adding new improvements to it, nor can he, in any society—whether progressive or retrogressive—prevent that given building from going **down** in value, without constant attention and repair.

There may indeed be opposite movements in the value of buildings and the value of land, but never in the direction that Prof. Ely states.

5—That a Growing Population Does Not ALWAYS Increase Land Values

"There are some people," wrote Herbert Spencer in 1850, "who hate anything in the shape of exact conclusions. According to such, the right is never in either extreme, but always half-way between the extremes. They are continually trying to reconcile Yes and No. Ifs and buts, and excepts, are their delight. They have so great a faith in 'the judicious mean' that they would scarcely believe an oracle, if it uttered a full-length principle. Were you to inquire of them whether the earth turns on its axis from East to West, or from West to East, you might almost expect the reply—'A little of both.' or 'Not exactly either'."

This very properly may be said of Prof. Ely. Prof. Ely hates a full length principle—especially if it supports the Henry George theory of taxation—like a small boy hates castor oil. If he cannot deny the principle outright he seeks to weaken its authority by exceptions, ifs, ands and buts.

Take, for instance, the relation of population to ground rent—or the value of land. It is now recognized by all observing people and admitted by all economists, that an increase of population in a community results in an increase of land values in that community. Prof. Ely does not deny this; he frankly admits it. But on the other hand, he is not so sure about it. He believes that population might increase without any increase in land values; indeed, it

(Continued on page 3)

is even possible he says, for population to increase and land values, at the some time, to decline! His language follows ("Outlines of Land Economics," Vol. II. p. 59):

"On the other hand, if population is increasing there is no certainty that an increase in land values will result. We have no way of telling what rate of increase is needed to increase land values. We can have a growth of population co-incident with stationary or even declining land values."

The fact of course is that this is not so. Land values—that is to say, ordinary land values unaffected by speculation—cannot, as Prof. Ely says, **decline** in the face of a growing population; they can only **increase**. This is true because the supply of land—the earth—is rigidly fixed, whereas population—which makes the demand for land—is not.

Take a new country. So long as there is no population there will be no land values because there is no demand for the land. Let population appear however and land values will at once appear because a demand for the land arises. And just in proportion as the population grows so will the land values also grow, because the demand for the land correspondingly grows.

This is the case everywhere. The farm lands of the Mississippi Valley, for example, the coal fields of Pennsylvania or of Kansas, the business locations of San Francisco, New Orleans or New York, or the numerous other natural opportunities of the nation which in the time of Columbus were worth nothing, have now risen to scores, hundreds, thousands and even millions of dollars per acre, not because these opportunities are any bigger or better or different than they were then, but simply because the demand for their use has enormously multiplied.

The process by which a value attaches to land by virtue of the increase of population has never been better set forth than by Henry George himself in his "Progress and Poverty" (Book IV, Chap. II):

"Here, let us imagine, is an unbounded savannah stretching off in unbroken sameness of grass and flower, tree and rill, till the traveler tires of the monotony. Along comes the wagon of the first immigrant. Where to settle he cannot tell—every acre seems as good as every other acre. As to wood, as to water, as to fertility, as to situation, there is absolutely no choice, and he is perplexed by the embarrassment of richness. Tired out with the search for one place that is better than another, he stops—somewhere, anywhere—and starts to make himself a home. The soil is virgin and rich, game is abundant, the streams flash with the finest trout. Nature is at her very best. He has what, were he in a populous district, would make him rich; but he is very poor. To say nothing of the mental craving, which would lead him to welcome the sorriest stranger, he labors under all the material disadvantages of solitude. He can get no temporary assistance for any work that requires a greater union of strength than that afforded by his own family, or by such help as he can permanently keep. Though he has cattle, he cannot often have fresh meat, for to get a beefsteak he must kill a bullock. He must be his own blacksmith, wagonmaker, carpenter, and cobbler—in short, a 'jack of all trades and master of none.' He cannot have his children schooled, for, to do so, he must himself pay and maintain a teacher. Such things as he cannot produce himself, he must buy in quantities and keep on hand, or else go without, for he cannot be constantly leaving his work and making a long journey to the verge of civilization; and when forced to do so, the getting of a vial of medicine or the replacement of a broken auger may cost him the labor of himself and horses for days. Under such circumstances, though nature is prolific, the man is poor. It is an easy matter for him to get enough to eat; but beyond this, his labor will suffice to satisfy only the simplest wants in the rudest way.

"Soon there comes another immigrant. Although every quarter section of the boundless plain is as good as every other quarter section, he is not beset by any embarrassment as to where to settle. Though the land is the same, there is one place that is clearly better for him than any other place and that is where there is already a settler and he may have a neighbor. He settles by the side of the first comer, whose condition is at once greatly improved, and to whom many things are now possible that were before impossible, for two men may help each other to do things that one man could never do.

"Another immigrant comes, and, guided by the same attraction, settles where there are already two. Another, and another, until around our first comer there are a score of neighbors. Labor has now an effectiveness which, in the solitary state, it could not approach. If heavy work is to be done, the settlers have a logrolling, and together accomplish in a day what singly would require years. When one kills a bullock, the others take part of it, returning when they kill, and thus they have fresh meat all the time. Together they hire a schoolmaster and the children of each are taught for a fractional part of what similar teaching would have cost he first settler. It becomes a comparatively easy matter to send to the nearest town, for someone is always going. But there is less need for such journeys. A blacksmith and a wheel-wright soon set up shops and our settler can have his tools repaired for a small part of the labor it formerly cost him. A store is opened and he can get what he wants as he wants it; a post-office, soon added, gives him regular communication with the rest of the world. Then come a cobbler, a carpenter, a harness-maker, a doctor; and a little church soon arises. Satisfactions become possible that in the solitary state were impossible. There are gratifications for the social and the intellectual nature—for that part of the man that rises above the animal. The power of sympathy, the sense of companionship, the emulation of comparison and contrast, open a wider, and fuller, and more varied life. In rejoicing, there are others to rejoice; in sorrow, the mourners do not mourn alone. There are husking bees, and apple parings and quilting parties. Though the ballroom be unplastered and the orchestra but a fiddle, the notes of the magician are yet in the strain, and Cupid dances with the dancers. At the wedding, there are others to admire and enjoy; in the house of death, there are watchers; by the open grave, stands human sympathy to sustain the mourners. Occasionally, comes a straggling lecturer to open up glimpses of the world of science, of literature, or of art; in election times come stump speakers, and the citizen rises to a sense of dignity and power as the cause of empires is tried before him in the struggle of John Doe and Richard Roe for his support and vote. And, by and by, comes the circus, talked of months before, and opening to children whose horizon has been the prairie, all the realms of the imagination—princes and princesses of fairy tale, mail-clad crusaders and turbaned Moors, Cinderella's fairy coach, and the giants of nursery lore; lions such as crouched before Daniel, or in circling Roman amphitheater tore the saints of God; ostriches who recall the sandy deserts; camels such as stood around when the wicked brethren raised Joseph from the well and sold him into bondage; elephants such as crossed the Alps with Hannibal, or felt the sword of the Maccabees; and glorious music that thrills and builds in the chambers of the mind as rose the sunny dome of Kubla Khan.

"Go to our settler now, and say to him: 'You have so many fruit trees, which you planted; so much fencing, such a well, a barn, a house—in short, you have by your labor added so much value to this farm. Your land itself is not quite so good. You have been cropping it, and by and by it will need manure. I will give you the full value of all your improvements if you will give it to me and go again with your family beyond the verge of settlement.' He would laugh at you. His land yields no more wheat or potatoes than before, but it does yield far more of all the necessaries and comforts of life. His labor upon it will bring no heavier crops, and, we will suppose, no more valuable crops, but it will bring far more of all the other things for which men work. The presence of other settlers—the increase of population—has added to the productiveness, in these things, of labor bestowed upon it, and this added productiveness gives it a superiority over land of equal natural quality where there are as yet no settlers. If no land remains to be taken up, except such as is as far removed from population as was our settler's land when he first went upon it, the value or rent of this land will be measured by the whole of this added capability. If, however, as we have supposed, there is a continuous stretch of equal land, over which population is now spreading, it will not be necessary for the new settler to go into the wilderness, as did the first. He will settle just beyond the other settlers, and will get the advantage of proximity to them. The value or rent of our settler's land will thus depend on the advantage which it has, from being at the center of population, over that on the verge. . . .

"Population still keeps on increasing, giving greater and greater utility to the land, and more and more wealth to its owner. The town has grown into a city—a St. Louis, a Chicago, or a San Francisco—and still it grows. Production is here carried on upon a great scale, with the best machinery and the most favorable facilities; the division of labor becomes extremely minute, wonderfully multiplying efficiency; exchanges are of such volume and rapidity that they are made with the minimum of friction and loss. Here is the heart, the brain, of the vast social organism that has grown up from the germ of the first settlement; here has developed one of the great ganglions of the human world. Hither run all roads, hither set all currents, through all the vast regions round about. Here, if you have anything to sell, is the market; here, if you have anything to buy, is the largest and the choicest stock. Here intellectual activity is gathered into a focus and here springs that stimulus which is born of the collision of mind with mind. Here are the great libraries, the storehouses and granaries of knowledge, the learned professors, the famous specialists. Here are museums and art galleries, collection of philosophical apparatus, and all things rare, and valuable, and best of their kind. Here come great actors, and orators, and singers, from all over the world. Here, in short, is a center of human life, in all its varied manifestations.

"So enormous are the advantages which this land now offers for the application of labor that instead of one man with a span of horses scratching over acres, you may count in places thousands of workers to the acre, working tier on tier, on floors raised one above the other, five, six, seven and eight stories from the ground, while underneath the surface of the earth engines are throbbing with pulsations that exert the force of thousands of horses.

"All these advantages attach to the land; it is on this land and no other that they can be utilized, for here is the center of population—the focus of exchanges, the market place and workshop of the highest forms of industry. The productive powers which density of population has attached to this land are equivalent to the multiplication of its original fertility by the hundred fold and the thousand fold. And rent, which measures the difference between this added productiveness and that of the least productive land in use, has increased accordingly. Our settler, or whoever has succeeded to his right to the land, is now a millionaire. ~~Like another Rip Van Winkle, he may have lain down and slept;~~ still he is rich—not from anything he has done, but from the increase of population. There are lots from which for every foot of frontage the owner may draw more than an average mechanic can earn; there are lots that will sell for more than would suffice to pave them with gold coin. In the principal streets are towering buildings, of granite, marble, iron and plate glass, finished in the most expensive style, replete with every convenience. Yet they are not worth as much as the land upon which they rest—the same land, in nothing changed, which when our first settler came upon it had no value at all."

It may be said perhaps that there are places in the United States where ordinary land values have declined. This is doubtless true. But it does not alter in any way the general principle that an increasing population will increase land values. For in those particular communities where land values have declined, population, it will be found, has also declined, and where the population has gone there the land values also have gone.

Someone has said that land values are like a man's shadow. The comparison is well made. Land values follow population just as a shadow follows the movements of a man. If the man changes his position the shadow's position will change with him; if population shifts from one point to another, land values will also shift to the same point. To the extent that land values go down in one place they are destined to go up in another place.

While population is thus the main cause of land values, it is not however the only thing that contributes to the making of land values. There is yet another factor that tends most powerfully to give land a value above that which the mere number of inhabitants can give it. What this factor is we shall see in our next topic. Meanwhile enough has been said to show that while we can have an increasing population with **increasing** land values, we cannot, as Prof. Ely states, have an increasing population co-incident with stationary or **declining** land values.

6—That Invention, Discovery and Material Progress Have the Effect of REDUCING Land Values Instead of RAISING Them

The primary factor in the making of land values—i. e., ground rent capitalized at the current rate of interest—is, as we have seen, population.

But besides population there is, as has already been suggested, another factor that contributes very largely to the creation of land values. This second factor is what is known in political economy as "material progress"—invention, discovery, scientific knowledge, quicker transportation, better modes of production, improved methods of distribution, and the like. These all have the result of giving to land a value over and above that which population alone can give to it.

Thus, if population alone created land values, land values would not have risen in the United States during the last hundred years, as fast as they have risen. What is more, if population alone created

(Continued on page 4)

PROF. RICHARD T. ELY EXPOSED!—Continued

land values, then if population became stationary, land values would also become stationary.

But we know this is not the case. We know from a comparison with other countries that land values in the United States have increased much more rapidly than population has increased. We also know from observation that in communities where population has become stationary, land values have not become stationary, but have still kept on increasing. And we know too that this added increase in the value of land over and above what population has given it, is simply the result of the social and industrial progress that the people have made.

Even funnier therefore than Prof. Ely's contention that we may have **declining** land values in the face of an **increasing** population, is his contention that material progress—improvement in the modes of production, transportation and exchange—has the effect of **lowering** land values instead of **raising** them. Here is what he says ("Outlines of Land Economics," Vol. II, p. 58):

"Progress brings economy in the use of land, making the same area go farther toward satisfying the need for land. With a stationary population, if society progresses, a land supply, though constant in area, increases relatively through improvements in the utilization of agricultural land and through improvements in transport in the case of urban land. As a result land will fall in value."

Or as he states it elsewhere ("Elements of Land Economics," MacMillan, 1924, pp. 261, 262):

"The elevator, together with modern steel frame construction, has made 30-story buildings practicable. If Ford can supply the world with cheap fertilizer, we may see a revolution in agricultural production which may upset land values tremendously. A practical cotton picker may do the same for the South... In the case of farm land, it is safe to say that much higher land values would have resulted from the growth of population in the last 100 years if the development of farm machinery and agricultural technique generally had not tended to hold down prices.

....

"The relation between these factors may be stated as the law of the movement of land values: OTHER THINGS REMAINING EQUAL, IN A PROGRESSIVE SOCIETY WITH INCREASING WEALTH AND STATIONARY POPULATION, LAND VALUES WILL DECLINE."

Needless to say just the reverse of all this is true. Material progress cannot result in forcing the value of land **down**, as Prof. Ely asserts; it can only result in forcing it **up**. Why? Because there is no limit to human wants and consequently there is no limit to the long run and in the main to the value of land—the rent of ground—is a proposition that needs no further discussion."

The closer one examines Prof. Ely's theory that material progress results in decreasing the value of land, instead of increasing it, the more laughable does it become. For if this theory be correct then land lying adjacent to a railroad or public highway will be worth **less** instead of **more**, than land that is farther away. Then land values in a town with its various improvements will be **lower**, instead of **higher**, than land values in a desert where there are no improvements; and land values in a large city with its multitude of advantages will be **still** lower than the land values in a small town. Similarly, total land values in the United States with its high degree of civilization will be far **below**, instead of way **above**, the total land values in a nation such as Russia, India or China where civilization is much less developed.

Look at it in another way. If material progress reduces the value of land as Prof. Ely says, one might properly ask how much progress it would take to decrease the present land values in a large commercial center like Chicago or Detroit to one-half? How many more improvements would have to be made in these centers before the land values fell to zero? And again, how high would the buildings have to become, how numerous the subways and elevated lines, and how rapid the transportation, before the value of land fell below zero?

Maybe it will be objected that the value of land could not fall below zero. But according to the economics of Prof. Ely it can! If we take this famous scientist's word for it the value of land can not only fall **below** zero, but it can engulf with it the value of whatever improvements are upon the land! Listen to what he says ("Outlines of Land Economics," Vol. II, p. 73):

"Dwelling site rent can go down to zero, like any other land rent, or it can fall even below zero, and drag down with it the value of improvements."

It may be said with reasonable assurance however that Prof. Ely does not believe his own nonsensical stuff. Prof. Ely has made what is said to be a very handsome fortune in land speculation and is even now dabbling in various subdividing[1] and land selling schemes[2] that, whatever else may be said for it, is rather unbecoming for one holding the high chair of political economy in a famous state university. In any event it is not on record that Prof. Ely has reversed the practice of real estate promoters and sold land lying close to highways, street car lines and other public improvements for **less** than he has sold land lying far away from such improvements!

Just the contrary then of what Prof. Ely says is true: material progress does not have the effect of **decreasing** the value of land; it only has the effect of **increasing** it. And no one, it may be safely added, recognizes this fact better than Prof. Ely himself. As Dr. Adam Smith ("Wealth of Nations," Book I, Chap. XI) wrote one hundred and fifty years ago:

"Every improvement in the circumstances of the society tends either directly or indirectly to raise the real rent of land, to increase the real wealth of the landlord, his power of purchasing the labour or the produce of the labour of the people."

Or, as Prof. Thorold Rogers ("Six Centuries of Work and Wages") has succinctly stated it:

"Every permanent improvement of the soil, every railway and road, every betterment in the general condition of society, every facility given to production, every stimulus supplied to consumption, raises rent. The landowner sleeps, but thrives. He alone, among all the recipients in the distribution of products, owes everything to the labor of others, contributes nothing of his own. He inherits part of the fruits of present industry, and has appropriated the lion's share of accumulated intelligence."

(To be continued.)

"Monopoly Subsidizes Education, "Says La Follette

"Our universities, colleges and other educational institutions are cringing and fawning for the favors of predatory wealth. Big business must be cajoled and propitiated. Money however dirty or rotten is made a God. It may reek with the filth of the sweatshop, it may represent the labor of little children warped and dwarfed in body and mind, it may be coined from the anguish of broken homes, the horror of the trenches or the hell of war—it cannot be too vile or debased in its source—to devote to the cause of higher education.

"That is the spirit, aggressive or passive, which controls in most—if not all of our Universities and Colleges today."—Robert M. LaFollette in "LaFollette's Magazine," January, 1925.

demand for land. Human wants are endless, insatiable. As Henry George has said ("Progress and Poverty," Book II):

"Man is not an ox, who when he has eaten his fill, lies down to chew the cud; he is the daughter of the horse leech, who constantly asks for more.... The demand for quantity once satisfied, he seeks quality. The very desires that he has in common with the beast become extended, refined, exalted. It is not merely hunger, but taste, that seeks gratification in food; in clothes, he seeks not merely comfort, but adornment; the rude shelter becomes a house; the undiscriminating sexual attraction begins to transmute itself into subtile influences, and the hard and common stock of animal life to blossom and to bloom into shapes of delicate beauty."

As human wants, therefore, have no end, the logical effect of material progress—labor-saving machinery, invention, science, discovery, improvements in transportation, and so on—is to raise the standard of living, to elevate taste and refinement, and to make it possible for the people to consume a larger quantity and better quality of the necessities and comforts of life than they consumed before. Since all this necessarily increases the demand for land, the value of land inevitably tends to go up instead of down.

Experience shows this everywhere to be the case. As Henry F. Ring in his "Problem of the Unemployed," (pp. 64-65) says:

"That labor-saving inventions in themselves, as well as increase of population, directly increase the value of land and raise rent, is everywhere apparent. To illustrate:

"Electricity, the trolley line and the automobile have superseded the horse in the operation of street cars. Land miles away has been brought in point of time to the very centers of cities and thus greatly increased in value, and rents on such land have advanced accordingly. By the aid of barbed wire the cheap lands of the Southwest in the timberless districts have been fenced for a fraction of what it would otherwise have cost, and for this reason have been rendered more attractive to the homeseeker and the price of the land has on this account increased. Improvements in pumping water in great quantities, and also in harvesting processes, were applied some years ago to the cultivation of rice on the sour, flat prairies of Southern Texas, and these lands, within two or three years, doubled and quadrupled in value. Improved highways, telephone, light, water and street car service, all combine to make the land in connection with which such advantages can be enjoyed, more desirable, and the fact of its being more desirable adds to its selling price, and increases the rent which must be paid for the privilege of using it. So, also, good neighbors, good schools and good government make land more attractive and increase rents accordingly.... That not only increase of population but every thing which adds to the efficiency of labor and improves the conditions under which men live, simply adds to the

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[1] In the "Institute News" of May, 1924, we read:

"Dr. Richard T. Ely, director of the Institute, has recently been chosen to serve as a member of the board of directors of the City Housing Corporation, a limited dividend company organized to build better homes and communities in New York.... Eleven hundred lots in Long Island City comprise the purchase for the first project."

[2] Dr. Ely is also a director of the Fairway Farms Corporation, operating in Montana and North Dakota. Relative to this corporation the "Institute News" of October, 1924, says:

"During he first two weeks of October, a party consisting of Doctor Richard T. Ely, Professor B. H. Hibbard, Dr. George S. Wehrwein and Prof. M. L. Wilson made an inspection trip of farm lands in Montana, the object of which was to study the properties which the Fairway Corporation intends to buy or lease. This corporation has the loan of a considerable sum of money to be used to purchase or lease farms to experiment with the "agricultural ladder."

....The party spent one day in Minneapolis consulting with Mr. Quamme of the Federal Land Bank and others; one day in Fargo, North Dakota, where several farms were inspected; another day was spent in Sidney, Bainesville and Culbertson, Montana; and one day in Plentywood and Outlook, Montana. Other points in Montana at which the party inspected lands are Poplar, Havre, and Great Falls."