OF THE MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE

VOL. IV. CHICAGO, MARCH, 1926. No. 9.

THE CASE OF PROF. RICHARD T. ELY

Five Reasons Why His "Institute for Research In Land Economics and Public Utilities" in Northwestern University is a Fraud

By EMIL O. JORGENSEN

A Dean in Harvard University has written the Manufacturers and Merchants Federal Tax League the following letter which is typical of many others received:

"Your circular regarding the 'expose' of Prof. Richard T. Ely's 'Institute for Research in Land Economics' in Northwestern University is at hand.

"This looks to me like a vicious attack on a teacher simply because he does not agree with your views on the singletax. Whether the singletax theory be right or wrong teachers should be perfectly free to express their opinions about it. An attack like yours is, therefore, contemptible to say the least.

"I notice you call Prof. Ely's Institute a 'fraud' and charge him with not being 'fair and impartial and disinterested' in what he is doing. Since I have the fullest confidence in Prof. Ely and his research Institute I should like to know the reason for such serious charges."

We are very grateful for the opportunity to answer this letter publicly.

In the first place we have not, as the Dean supposes, attacked Prof. Ely because he disagrees with our views on the singletax. We have attacked him simply because he is not what he represents himself to be—a fair and unprejudiced and disinterested investigator in the field of land economics. Had the good Dean read our book "False Education in our Colleges and Universities"* before writing his letter, he would have been well aware of this fact.

No one recognizes better than the Manufacturers and Merchants Federal Tax League the right of every teacher to his own opinions, and no one is more willing than the League to defend that right. But this is not a case against an ordinary teacher in economics; it is a case against a so-called "scientific investigator" in that branch of knowledge.

The Teacher vs. the Investigator

Now between a teacher and an investigator in economics there is as wide and fundamental a difference as there is between an ordinary man in the street and a man in the jury box. A man in the street may without much objection be prejudiced against a citizen accused of a major crime, but a man in the jury box who is prejudiced against such a citizen cannot be tolerated for a single moment. For while the prejudices of the first may do little or no harm to the accused, the prejudices of the second may be instrumental in sending him to the gallows—perfectly innocent though he may be.

Just so with the teacher as compared with the scientific investigator. The ordinary teacher of economics may be prejudiced against a certain reform without doing any serious injury to that reform, but a "scientific investigator" upon whom all eyes are turned and whose "findings" are considered conclusive, may, if prejudiced against it, cause a reform to be condemned upon which the welfare, indeed, the very safety of civilization depends!

Hence, it is not because Prof. Ely, as a teacher, disagrees with the singletax that our assault upon him has been made; it is only because, as an investigator in economics, he is not "fair" and "impartial" and "disinterested" as he pretends to be.

This brings us automatically to the Dean's second point—the charge that the "Institute for Research in Land Economics and Public Utilities" is a fraud. In our book "False Education"* we have given five major reasons for this charge as the worthy Dean would have known had he taken the trouble to read it.

Prof. Ely's Life-long Attitude Towards the Singletax

Before taking up these five reasons, however, let us glance for a moment at Prof. Ely's attitude towards the Henry George reform previous to the organization of his "research" Institute in 1920.

It is a well-known fact that all his life Prof. Ely has been opposed to the taxation of land values. Particularly has he been bitter towards the singletax. His closest friends not only admit this but the glaring omissions, fallacious arguments and numerous misrepresentations to be found in the books published throughout his long teaching career conclusively prove it. His life-long friend and associate, Prof. John R. Commons, writes as follows:[1]

"I know as a matter of fact that Prof. Ely has not changed his fundamental views on the singletax nor on applications of the singletax idea during the forty years of his teaching and writing on taxation."

(Continued on page 2)

*"False Education in our Colleges and Universities," by Emil O. Jorgensen. Published by the Manufacturers and Merchants Federal Tax League, 1346 Altgeld St., Chicago, Ill. Price, cloth, $1.50; paper, $1.00.

[1] In a letter to the author dated September 23, 1924.

DENMARK AGAIN STEPS FORWARD

Predictions that Denmark will be the first nation in the world to adopt the reform proposed by Henry George may very likely come true—if the present trend of legislation is any criterion.

Denmark has not only made a complete valuation of all its land as distinguished from the improvements but in 1922 it passed the first revenue law leaning in the direction of the singletax. In August of that year an Act was passed by the legislature and signed by the king levying a national tax of one and five-tenths mills in the dollar on the selling value of all land in the kingdom, with the tax on improvements being reduced to a corresponding extent. In that law provision was also made for an extension of the same principle for local purposes.

In accordance with this provision a bill was introduced into parliament in 1924 to cut down to a very large extent the local tax on improvements and personal property and to raise the tax on the value of the bare land to a corresponding degree. This bill, with some modifications, passed the Lower House on February 11 of this year by a vote of 103 to 26. Its passage in the Upper House is looked for in the next few months.

Meanwhile the issue of the singletax is being discussed in Denmark as never before—in Parliament, on the platform and in the press—and sentiment in favor of it is steadily and continuously increasing.

LOWER LAND PRICES AID AGRICULTURE

Since 1920, says the Farmers' National Council in Washington, D. C., the selling price of farm lands in the United States has been reduced about $17,000,000,000, or approximately one-third. The present asking price of farm lands is probably too high by about this same amount, but in 1920 land rent constitued from 20 to 26% of the cost of production of many farm products. The recent reduction in the selling price of farm lands instead of being a disadvantage is a permanent advantage, not only to American consumers of farm products but to farmers themselves as well in the long run, since they must reduce the costs of production to enable them to compete successfully with most American farm products in foreign countries. Farmers cannot combine to dump their surplus abroad at a profit, and all farm relief measures before the present Congress directly or by implication urge farmers to reduce their products, except cotton, to practically the domestic demand.

Does your neighbor know about the BULLETIN? Why not tell him about it?

NEW TAX LAW WILL RESULT IN DEFICIT

A tax fight of much larger proportions than the one just concluded seems to be in store for the next session of Congress. According to Under Secretary of the Treasury Winston the revenue law just past will result in a deficit for the fiscal year 1927 of $319,000,000.

UNIVERSITY STUDENTS NOT GIVEN THE FACTS

How completely in darkness the leading educational institutions of the land are keeping the students regarding the great economic remedy proposed by Henry George is beautifully illustrated in many communications now being received by the Manufacturers and Merchants Federal Tax League. The following letter from a third-year student in the University of Kansas is of more than usual interest:

Lawrence, Kas., March 9, 1926.

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

Gentlemen:

I have just recently come into contact with your Bulletin, and as a student find it very interesting and stimulating.

I wonder if you will help a group of students in 7 colleges and universities near Kansas City, Missouri, to study social and economic problems, by sending us any literature you may have for distribution for use in a conference we are to hold in Kansas City the 10th and 11th of June, 1926.

This is the first conference in which students are to be free to speak that has ever been held in our section. No adult organization is in any way connected with us to influence our opinions.

Therefore, it is very important that we have ALL the information possible, and EVERY OPINION represented. You represent a school with which I am entirely unfamiliar, after three years of college.

Can you arrange for some speaker to present singletax views to our group, and also send us as many leaflets, pamphlets, or lists of materials as you can spare? (We can use 100 judiciously).

I notice on your state list of vice-presidents, you have a K. C. man. If you think he would speak, I can have our Kansas City representative see him.

As we are not subsidized, any advertising notice in your columns would perhaps help to reach some middle western college, or some thinker of about our own age, who would welcome this opportunity to hear modern problems discussed from all angles.

MIDWEST STUDENTS' CONFERENCE,
(S) Clarence O. Senior,
University of K. Representative
904 Louisiana Ave.

Needless to say the League will furnish all the information it has available and will endeavor to procure the desired speaker. Meanwhile it congratulates Mr. Senior and his fellow students in taking the matter into their own hands.

"Where have you been?"
"In the hospital getting censored."
"Censored?"
"Yes. I had several important parts cut out."

THE BULLETIN

of the Manufacturers and Merchants Federal Tax League

Published Monthly, except August, In the Interest of Lower Taxes on Industry by the Manufacturers and Merchants Federal Tax League

Telephone Buckingham 7134
1346 Altgeld St., Chicago, Ill.

Editor, Emil O. Jorgensen.

Entered as second-class matter April 9, 1923, at the post office at Chicago, Illinois, under the Act of March 3, 1879.

Subscription price, $1.00 per year.

Vol. IV. March, 1926. No. 9.

THE DENMARK INTERNATIONAL CONFERENCE

We are pleased to publish herewith the tentative program of the International Conference on the Taxation of Land Values and Free Trade which will be held in Copenhagen, Denmark, in July of the present year.

TENTATIVE PROGRAM

Tuesday, July 20—
9 A. M. Reception of members with speech of welcome.
2 P. M. Meeting. Subject: "Economic Justice and World Peace."
Wednesday, July 21—
9 A. M. Meeting. Subject: "Unemployment."
2 P. M. Meeting—together with the smallholders deputies demonstration at the monument of liberty.
Thursday, July 22—
Excursion to Elsinor (Hamlet town) and Frederiksborg.
Evening in Tivoli.
Friday, July 23—
9 A. M. Meeting. Subject: "The Housing Problem."
2 P. M. Meeting. Subject: "The Importance of Free Trade in the Recovery of Europe."
Saturday, July 24—
9 A. M. Meeting. Subject: "The Taxation of Land Values in Practice."
2 P. M. Meeting. Subject: "Land Valuation."
7 P. M. Dinner.
Sunday, July 25—
8 A. M. Departure for Roskilde with excursion to a colony of small holders.
4 P. M. Departure for Odense.
Monday, July 26—
9 A. M. Meeting. Subject: "Henry George and Denmark Historically."
2 P. M. Excursion to colony of small holders.
7 P. M. Meeting. Subject: "Division of Land in Germany."
Tuesday, July 27—
9 A. M. Meeting. Subject: "The Historical Development of Danish Land Legislation."
2 P. M. Meeting.
From July 28-31—Journey to public meetings in Jutland. Aarhus and Esbjerg.

The meetings in Copenhagen will be held in the building of Parliament in Christiansborg Castle.

In Odense at the school for small holders.

Every friend of the Henry George movement in the United States, who can possibly do so, should attend this conference. It promises to be not merely the biggest and most interesting but the most important conference of its kind that has ever been held. Those who cannot possibly be present are urged to enrol as honorary members—the fee for which is five dollars ($5.00). This fee should be sent to the United Committee for the Taxation of Land Values. 11, Tothill St., London, S. W. 1, England, who are the promoters of the conference outside of the Scandinavian countries. Any information regarding the conference will be gladly supplied by the United Commitee upon request.

THE CASE OF PROF. RICHARD T. ELY—Continued

Similarly Prof. Samuel W. Mendum, an intimate friend of Prof. Ely's and for many years associated with him, says:[2]

"There is, of course, a wide gulf between Ely's school of economic thought and the singletax school of thought. A month ago I heard an old friend say that the singletax was the only subject that Ely got mad about. Usually he won't say anything about it. Students in my day couldn't induce him to discuss it."

It is clear, then, that Prof. Ely was hostile to the singletax previous to the formation in 1920 of his "Institute for Research in Land Economics and Public Utilities." Whether this hostility (which has distinctly increased in recent years) has been due, as many believe, to the professor's passion for land speculation and to a fortune reaped from the "unearned increment" is difficult to say. In any event his long and deep-seated prejudice against the Henry George reform casts a significant shadow on the task in which he is now engaged.

His "Research" Institute is Formed

We come then to the main point.

In 1920, as already stated, Prof. Ely formed his "Institute for Research in Land Economics and Public Utilities" now in Northwestern University. The purpose of this Institute, he tells us, is to make an exhaustive investigation of all problems pertaining to land and taxation and their proposed remedies—the object being, of course, to find the correct solution of these problems. This investigation, he goes on to say, will require maybe one hundred, maybe five hundred years to complete[3] and will involve the writing of "more than fifty books, besides numerous reports, bulletins and scientific monographs."[4] Moreover, the Institute, he assures us, will conduct this sweeping investigation with the utmost "fairness" and "impartiality" and with the strictest regard for "science" and "truth."

To quote the professor's own language:[5]

"The Institute accomplishes its purpose through impartial scientific investigation. Its method of handling a question is to gather all the facts upon it obtain-

(Continued on page 3)

[2]In a letter to Charles H. Ingersoll of Newark, N. J., dated Jan. 28, 1926.

[3]"It is, therefore, no wild guess to say that two hundred or five hundred years from now our Institute may be rendering more far-reaching service to mankind

NEWS NOTES

Now that the federal inheritance tax has been cut in two, a nation-wide effort is being started to boost the rates in the states.

On Thursday, April 15, at 6:30 P. M., the Chicago Single Tax Club will hold a dinner at the Central Y. M. C. A., 19 S. La Salle St., Chicago. Mr. Henry H. Hardinge will speak on "Modern Education in Economics" and Emil O. Jorgensen on "The Case of Prof. Richard T. Ely." Toastmaster, Alderman Wiley W. Mills. All Chicago members are urged to attend.

The Commonwealth Land Party is assembling a group to attend the International Conference on the Taxation of Land Values to be held in Copenhagen between the 20th and 31st of July. The delegation will leave July 3rd on the "Republic" and return August 10th on the "Leviathan." Mr. James B. Lindsay, chairman of the Ohio State Committee, 700 Rose Building, Cleveland, Ohio, will be pleased to supply any further information.

Owing to the growing sentiment throughout the world in behalf of the Henry George theory of taxation "Revista Del Impuesto Unico" published at 91 Esmeraldo, Buenos Aires, Argentine Republic, advises the League that in forthcoming issues of its journal it will carry an "English Page" to promote a better understanding of the movement in the Argentine. Very welcome news indeed!

The Editor, Waldemar Prömmel further says: "'False Education' gratefully received and shall be treated. Meanwhile heartfelt congratulations on your powerful and valiant work."

"The Ely organization and the Department of Agriculture at any rate are working harmoniously in one direction. Both are collecting agricultural data, placing like interpretation on it and freely distributing a mass of literature in defense of land speculation, minimizing in the public mind the evil effects of tenancy. If this prostitution of our educational institutions and our governmental branches continues unopposed there is nothing save a dark future ahead for the American farmer."—"The Farm," Jacksonville, Ill., April 1, 1926.

THE UNITED COMMITTEE FOR THE TAXATION OF LAND VALUES

11, Tothill Street
London, S. W. 1.

February 24, 1926.

My dear Mr. Jorgensen:

I owe you a letter, but have been exceptionally busy these past few weeks. A great deal of my correspondence is lamentably behind, but I must write you now.

Let me thank you right away for the presentation copy of your book. It was good of you indeed to remember me for this favour, and I appreciate the gift. It is a great work, a work of art, a trenchant exposure of the Professor, and ought to be in the library of every English speaking disciple of Henry George. The book ought also to be in the hands of what you Americans call "near" single taxers—limited and unlimited.

Please send us without delay 12 copies of the cloth edition and 36 copies of the paper covers, together with account for same. You shall have payment by return of post. We shall advertise the book in "Land & Liberty" and otherwise make it known to our people here.

of those who deal with these problems.

"In a phrase the aim of the Institute is SCIENTIFIC ECONOMIC SERVICE; THE METHOD IS TO LOOK AND SEE THE FACTS."

Or as he expresses it elsewhere:[6]

"We who belong to the staff of the Institute for Research in Land Economics and Public Utilities have a love for truth as such, and this love of truth we share with all men who are engaged in scientific pursuits. This is our first and all-including objective."

A fine and noble objective! But the unpalatable fact is that the above statements by the professor are not true. The Institute he has formed for "research in land economics" does not propose, as he claims, to conduct its wide investigation either in a scientific, an impartial or a disinterested manner; it proposes to conduct it in a manner just the opposite. It does not intend, as its own acts prove, to search for economic truth but to hide this truth—particularly the truth revealed by Henry George. It is therefore, as we have sufficiently shown, a sheer humbug and a fraud.

Let us now see the chief reasons, as given in our "False Education," for this charge.

Why the Institute is a Fraud—Reason No. 1

The first reason for charging Prof. Ely's "Institute for Research in Land Economics" with being a fraud is because it starts out on its long task by laying down its conclusions before it has gathered its facts. In the first three books published by the Institute and entitled "The Outlines of Land Economics"—three books written by Prof. Ely himself for the guidance of the Institute and upon which all other works of his organization are to be based—in these first three books the taxation of land values as proposed by Henry George is given no hearing whatever but is condemned in every possible shape, form and manner.

Now it is the firm belief of the followers of Henry George that a full and impartial investigation of the singletax would lead to an overwhelming approval of it—a belief that is based upon the distinct satisfaction the singletax has given wherever it has been partly tried out and of the wholesome effects it has had upon industry, agriculture, homeownership, unemployment and economic conditions in general.[7]

Whether or not an unprejudiced investigational body would reach the same conclusion is not for us to say. Certain it is, however, that no Institute for "scientific research" such as Prof. Ely claims his to be, can condemn a reform in advance of its investigations. It can no more do so than a doctor can write a prescription before he has made his diagnosis or a judge pass sentence on a man before he has heard the evidence.

Why the Institute is a Fraud—Reason No. 2

The second reason for stamping Prof. Ely's Institute as a fraud is because, just as it begins its long task by **condemning** the great reform proposed by Henry George, so does it also commence its far-reaching "researches" by **approving** the policy of a sales tax. In the three "Outlines of Land Economics" above mentioned—three volumes prepared by Prof. Ely himself for the direction of his associates and upon which the superstructure of the Institute is to be built—in these first three volumes the most ingenious arguments are advanced, not for **abolishing**, but for **increasing** the taxes now shifted to the people in the higher price of goods.

To quote a single instance:[8]

"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."

Now the truth is that these consumption taxes and other indirect levies which the professor says "must be employed to a larger extent" are taxes that should be severely condemned and not approved. They are taxes that increase the cost of living, cripple industry, hamper trade and fall with far greater weight upon the poor than upon the rich. They are taxes that, in centuries past, have engendered riots and revolutions, turned flourishing communities into howling deserts, laid upon thriving cities the dead hand of stagnation and brought nation after nation within the course of a few generations and sometimes within a few decades, from the heights of affluence and power down to the very depths of poverty and degradation.

The famous statesman, William Pitt, long ago admitted 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."

Exactly so! The people will pay the indirect taxes and not know it. They will grumble and wail about hard times but "they will not

[6]From a speech delivered by Prof. Ely before the annual meeting of the American Railway Development Association, held in St. Louis in 1923.

[7]See "False Education in our Colleges and Universities," by Emil O. Jorgensen, pp. 159-183. Published by the Manufacturers and Merchants Federal Tax League, 1346 Altgeld St., Chicago, Ill. Price, cloth, $1.50; paper, $1.00.

[8]"Outlines of Land Economics," by Richard T. Ely, Vol. III, p. 93.

"The great source of the treasury was the 'alcabalas,' or excises—taxes of 5 or 10 per cent on an article every time it was sold—on the axe when sold to the butcher, on the hide when sold to the tanner, on the dressed hide sold to the shoemaker and on his shoes. All this did not bear its full fruit till later times, but by the 17th century it had made Spain one of the two most beggarly nations in Europe—the other being Portugal."

It may, then, safely be said that the indirect, or sales tax, policy advocated by Prof. Ely is a policy to be condemned and not approved. Of course, what the actual verdict of a scientific body would be after making the proper investigations can here only be surmised, but the fact that Prof. Ely's Institute urges such a policy **before** instead of after it has made its proposed inquiry proves it to be, not a bona fide "research Institute" but a "propaganda Institute" in disguise.

An Objection Answered

But it may be said: "Prof. Ely's condemnation of the Henry George reform and his approval of a sales tax policy at the time his Institute was organized, was simply the result of investigations conducted by him previous to this date."

This argument, however, is ridiculous—and will rarely be put forth in good faith. If Prof. Ely already knew the answer to the land and tax question at the time his Institute was organized, why, then, was such an Institute formed? The fact is that Prof. Ely's so-called "investigations" of the Henry George reform, as well as of the sales tax, previous to the establishment of his Institute—these "investigations" could not have been real investigations for two reasons: (1) because it is known that he was already prejudiced against the one proposition and in favor of the other, and (2) because his supposed "findings" regarding both propositions are wholly at variance with the facts.

Why the Institute is a Fraud—Reason No. 3

The third reason for calling Prof. Ely's Institute a fraud is because all of its references have been made to literature that opposes the exemption of improvements from taxation while no references have been made to literature that favors such exemption. In the three "Outlines of Land Economics" above mentioned the total number of books, authors and publications to which the reader is directed for further information is more than two hundred and thirty. Out of this total number, however, there is not a single book or author (save one) that advocates the lower taxation of improvements and the higher taxation of land values—and the name of Henry George is not even mentioned. Exactly the same thing is true of the lengthy bibliography contained in the "Elements of Land Economics" by Ely and Morehouse, which is the fifth volume of the Institute's Land Economic Series.

Now this failure to refer the reader to any literature (barring one weak book) that leans in the direction of the singletax cannot be excused on the grounds of ignorance. There is no man living who knows more about the singletax—both in theory and practice—than Prof. Richard T. Ely. Prof. Ely has been acquainted personally with many of the leading men of the movement since it originated over forty years ago; he has read the chief works of Henry George himself, of Thomas G. Shearman, of C. B. Fillebrown, of Louis F. Post, of Max Hirsch, of J. Dundas White and of other eminent writers too numerous to mention; and he has watched the adherents of Henry George grow from a mere handful of people in the '80's to a large multitude in almost every nation on the globe.

Moreover, he has followed closely the advance of legislation and has studied carefully its effects. He has seen the satisfaction the singletax has given wherever it has been tried out to any appreciable extent—in Pittsburgh and Scranton in Pennsylvania;[9] in the irrigation districts of California;[10] in the provinces of western Canada;[11] in the English speaking towns and cities of South Africa;[12] in the states and shires of Australia (including the large city of Sydney with its population of 1,100,000 souls);[13] in Denmark;[14] and in New Zealand where more than half of the governing bodies in the nation now raise all their local revenue by a singletax on land values.[15] The fact, therefore, that Prof. Ely in his first books has nowhere referred his readers to any literature favoring this far-reaching reform but has only referred them to literature that is hostile to it again proves his Institute to be, not as he claims, impartial and unprejudiced but the reverse.

Why the Institute is a Fraud—Reason No. 4

The fourth reason for terming the Institute a fraud is because the total number of fallacies and economic absurdities to be found in the first four volumes written by Prof. Ely for the Institute far exceeds the number that common sense can allow. Although the list is by no means exhaustive thirty-two of these errors have been treated at considerable length in our book "False Education" to which, for further information, the Dean is respectfully referred.

What are some of these fallacies and absurdities? Well, there is the statement, for example, that capital—a product of labor—is easier to monopolize than land.[16] There is the further statement that improvements in the means of production and transportation tend to reduce

[9]See "False Education in our Colleges and Universities," by Emil O. Jorgensen, pp. 162-164. Also Report of the National Tax Relief Convention of the Manufacturers and Merchants Federal Tax League, 1923, pp. 65-70, 300-308.

[10]"False Education in our Colleges and Universities," pp. 168-169.

[11]Ibid., pp. 170-172.

[12]Ibid., pp. 176-177.

[13]Ibid., pp. 164-167, 177-180.

[14]Ibid., pp. 175-176.

[15]Ibid., pp. 181-183.

[16]Ibid., p. 38.

THE CASE OF PROF. RICHARD T. ELY—Continued

land values instead of increasing them.[17] Again, there is the argument that the rent of land has not risen during the last hundred years but has remained stationary;[18] that there is more unearned increment in wages and interest than there is in ground rent;[19] that speculation in land is an asset to a community instead of a liability;[20] that high land values are not harmful to society, but beneficial;[21] that most land is owned by poor people and not by rich people;[22] that the separation of land and improvements for assessment purposes is not practicable, but impracticable;[23] that indirect taxes are not heavy but easy to be borne;[24] that consumption taxes will not hurt the poor but will hit the rich people;[25] that to take the socially-created rent of land is confiscation, but to take the earnings of capital and labor is not confiscation;[26] that the singletax means, not individualism, but socialism and communism;[27] that the singletax would substitute public ownership for private ownership of land;[28] that the adherents of Henry George are declining in numbers instead of increasing;[29] that high wages for labor are not a preventive, but a cause of unemployment;[30] that the interests of land speculators are not less important than the interests of home builders, but more important;[31] that tax-exemption of buildings has resulted in decreasing home ownership instead of increasing it;[32] that tenancy is a step upward in the agricultural scale and not a step downward;[33] that a large precentage of tenant farmers is not to be deplored but to be desired,[34] etc., etc.

Now, of course, the best of men can make mistakes but, as the Dean must realize, such an overwhelming number of illogical ideas, misleading statements and glaring blunders could not be committed by anyone having Prof. Ely's high reputation as a scientist, without there being some ulterior purpose in view.

Why the Institute is a Fraud—Reason No. 5

The fifth reason for charging the Institute with being a fraud is because of its close affiliation with, and friendship for, the private monopoly interests who are supporting it financially—interests whose hunger for special tax favors and legal privileges of all kinds is a matter of common knowledge.

Take, for example, the National Association of Real Estate Boards. This large association, which consists of approximately six hundred local real estate boards throughout the United States and whose hostility to anything that leans towards a land value tax, as well as whose approval of anything that leans in the direction of a sales tax, is well known: this large national association is inseparably connected with Prof. Ely's "research" Institute.

Not merely is the National Association of Real Estate Boards one of the leading, if not the leading, financial supporter of the Institute but its officials play a most important role in the management of the Institute. Harry G. Atkinson, for example, who, as Dean of the United Y. M. C. A. Schools placed that large institution's stamp of approval upon Prof. Ely's works, is now Director of Divisional Activities for the National Association; Ernest M. Fisher, the Assistant Executive Secretary of the National Association is on Prof. Ely's personal "research staff"; while Nathan W. MacChesney, the General Counsel of the National Association, is a member on the Institute's Board of Trustees.

This close connection and friendship between the Institute and the self-seeking organizations who are financing it—and there is friendship of the most intimate kind because Prof. Ely has repeatedly thrown the full influence of his Institute to these organizations whenever their special privileges have been in danger[35]—this close connection and friendship between one and the other conclusively proves that the Institute is not, as Prof. Ely solemnly insists, "unbiased" and "disinterested" in the task it has undertaken.

The Charges Summed Up

We beg, therefore, to remind the Dean again that we have not attacked Prof. Ely because he disagrees either with the singletax or with anything else; we have attacked him simply because he is not honest and sincere in his efforts as he piously pretends to be.

Let us now sum up the evidence in support of these charges.

We have seen that throughout his whole life Prof. Ely has been hostile to the reform proposed by Henry George—a fact alone which must disqualify him as a suitable worker in the field of impartial economic research. We have seen further that he has begun the long task of his Institute in a most unfair and prejudiced manner: (1), by condemning the singletax theory of Henry George—both in whole and in part—in advance of his investigations; (2), by placing his stamp of approval upon a larger amount of sales and consumption taxes before any of his proposed researches in the field of public revenue have been made; (3), by referring his readers to no literature that favors the shifting of taxes from improvements to land values but referring them only to literature that opposes such a policy; and (4), by making in the fundamental books which he has written for the guidance of his Institute a much greater number of false assumptions, errors and misstatements regarding the taxation of land values and its related subjects than reason can possibly allow. Finally, we have seen that his Institute is not merely financed by private funds but that it is financed in the main by certain selfish organizations seeking to enrich themselves still more at the expense of the public at large; that these organizations have a powerful voice in the management of the Institute; and that Prof. Ely has repeatedly thrown the full influence of his Institute to these organizations whenever their special privileges have been threatened with legislation.

We may, then, lay it down as an established fact that the Institute for Research in Land Economics and Public Utilities is not a genuine "research Institute," as Prof. Ely solemnly affirms, but is a "propaganda Institute" in disguise. It has for its object, not the finding of economic truth, but the hiding of it. It is, therefore, a pure deception and a fraud and has no place in an American university.

Poisoning the Entire Educational System

But our story is not yet ended. Were the evil effects of Prof. Ely's bogus Institute to get no farther than the campus of Northwestern University nothing would be said. Unfortunately, however, this is not the case. A supreme effort is being put forth both by Prof. Ely and the chief organizations which are subsidizing him, to extend the influence of his Institute into all parts of the country—an effort that for genuine shrewdness and magnitude has never been paralleled in modern times.

Not merely is the utmost precaution being taken to guard the Institute from suspicion[36] and attack but the number of its text books is being fast increased and its teaching force as rapidly expanded.[37] Although the Institute is barely five years old Prof. Ely has already launched, under its auspices, one monthly paper and one large quarterly journal;[38] has written and edited eleven of its proposed fifty volumes on land economics and related subjects with sixteen more volumes in preparation;[39] has turned out of its classrooms three crops of graduate students and teachers; and has definitely established, via the National Association of Real Estate Boards, connections with more than two hundred schools, colleges and universities in the nation. In 1922 the Institute's connections with American educational institutions, secured through the National Association of Real Estate Boards, numbered less than 12;[40] in 1924 these connections had increased to 125, and at this writing (March, 1926) they have reached the number of 210.[41]

Thus not merely is the Institute, under the direction of Prof. Ely and the privilege-seeking interests behind him, corrupting Northwestern University alone but it is endeavoring, under the false pretense of "research," to poison the entire educational system of the country.

How long will the American people allow it to continue?

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[16]Ibid., p. 53.
[17]Ibid., pp. 47-48.
[18]Ibid., p. 51.
[20]Ibid., p. 63.
[26]Ibid., pp. 112-113.
[27]Ibid., p. 117.
[28]Ibid., p. 118.
[29]Ibid., p. 167.

[35]"False Education in our Colleges and Universities," pp. 188, 190.

[36]The following news item sent out from the National Association of Real Estate Boards under date of April 3, 1926, regarding the Institute's short course for teachers to be held in August speaks for itself:

"A full list of instructors has been named for the national short course in real estate to be held at Northwestern University under the joint auspices of the National Association of Real Estate Boards, the University, and the Institute for Research in Land Economics and Public Utilities. The Institute will be held primarily to give special training to the teachers of real estate courses now offered in approximately 300 cities over the country."

[38]The "Institute News," published at Northwestern University and the "Journal of Land and Public Utility Economics," published by the A. W. Shaw Co., in Chicago.

[39]See "False Education in our Colleges and Universities," p. 188.

[40]Ibid., p. 189.

[41]Referring to a conference to be held in Chicago for the purpose of promoting "real estate education" throughout the country the National Association of Real Estate Boards in its "News Letter" of March 27, 1926, says:

"The Institute for Research in Land Economics and Public Utilities, which joined with the national real estate organization and representatives of the Y. M. C. A. schools at a national conference held three years ago in drafting a standard course in real estate now being offered in approximately 210 cities, has been asked to take part also in the present conference."
