*"Take Taxes Off Industry!"*

# THE BULLETIN

OF THE MANUFACTURERS AND MERCHANTS FEDERAL TAX LEAGUE

VOL. IV. CHICAGO, SEPTEMBER 1925. No. 6.

## SYDNEY TAKES LEAD BY TAXING LAND VALUES

How the large city of Sydney, Australia, has out-distanced all other cities in the same country, not only in population, but in better social and economic conditions for her people, through the simple device of shifting the tax burden from improvements to land values, is being effectively told by Alderman J. R. Firth of Sydney, who is now on a visit to America and other continents. A portion of Alderman Firth's valuable address on this topic, as delivered in England, will be found elsewhere in this paper.

## LAND-VALUE TAXERS TO HOLD WORLD MEET

Announcement has been received that the Danish Joint Land Values Committee and the United Committee for the Taxation of Land Values in England have decided to co-operate in convening in Denmark the "Third International Conference to Promote the Taxation of Land Values and Free Trade,"—the Conference to be held in August of 1926. The announcement reads in part as follows:

The Conference will begin with a session of a couple of days in Copenhagen, and thereafter visit various towns and country districts and interesting institutions and establishments in Denmark, both on the Islands and on the mainland of Jutland;

It will continue its sessions during this tour by gathering in the evenings for Conference business at various stopping places en route;

It will visit some of the People's High Schools and Agricultural Colleges which are such a distinctive and important feature of Danish social life;

Special facilities will be given to study Danish agriculture and its methods, the Danish land system, co-operative dairies and other co-operative undertakings.

The Conference will return to Copenhagen and conclude with a meeting or a day's session there.

Notice of intention to take personal part in the Conference should be sent to the United Committee for the Taxation of Land Values, 11, Tothill Street, London, S. W. 1, where the correspondent resides in any country other than Denmark, Norway or Sweden; and from these latter, notification should be sent to Messrs. F. Folke and Abel Brink, 15, Monradsvej, Copenhagen. For those who in any event are unable to travel to Denmark, the intention is to open a roll of honorary members, and it is hoped that many will associate themselves with the Conference in that way.

Announcement will be made later of other arrangements—membership fee, probable expense of travel, papers or addresses to be discussed, etc.

Recalling the remarkable success of the Second International Conference on the Taxation of Land Values which was held in Oxford, England, in 1923, this next Conference to be held in Denmark in 1926 will be watched with interest.

# The Strong Point in the Keller Tax-Relief Bills

Our Washington brethren seem to have lost sight of the real purpose of revenue legislation. In all of the dispatches purporting to come from the Administration leaders the heaviest stress is laid on tax **reduction** and only a minor part on tax **adjustment**. Yet it is in the adjustment of the tax burden rather than in the reduction of it that the major importance of the issue lies.

Everybody believes in tax reduction, of course. And everybody should have it so far as government efficiency will allow. But if a reduction of two or three hundred million dollars in the cost of a government that is now collecting more money than it needs, is all that the business interests of the country may expect from Congress, then it is not worth making much of a fuss about.

A reform in our federal tax laws is infinitely more important than a mere reduction of the burden simply because the gain to be obtained from such a reform is infinitely greater. Everybody knows that a pack-horse can carry a much heavier load if it is saddled squarely on his back than if the load is strapped to his left hind leg. So with industry. Its powers for carrying on production are immeasurably greater with a properly distributed revenue burden than with a wrongly distributed one.

So far, however, the only proposal that has been made, not merely to reduce, but to adjust the federal tax burden in harmony with sound economic principles, is the proposal of Congressman Oscar E. Keller of Minnesota. When Congress meets again Mr. Keller will re-introduce his bills to **remove** about one billion dollars of taxes from industry and enterprise and to raise that much more revenue from the socially-created values of lands and natural resources. It is a constructive proposal—sound, logical and absolutely just. Let Congress see to it that these bills go through.

## ARTICLE XIII

# Prof. Richard T. Ely Exposed!

(This is the thirteenth of a series of articles by Mr. Jorgensen showing how a gigantic, nation-wide scheme, backed by special interests, engineered by Prof. Ely of Northwestern 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.)

By EMIL O. JORGENSEN

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[Note: Topics 28, 30 and 32 have been omitted from this issue and will be published later.]

### 31—That Tax-exemption of Buildings Has Resulted in DECREASING Home Ownership Instead of INCREASING It

So anxious, indeed, is Prof. Ely to discredit the singletax doctrine of Henry George and to create the impression that the taxation of land values is injurious to home ownership, that he is quite willing once more to resort to falsehood. Speaking further of the effect of shifting taxes from improvements to land values ("Elements of Land Economics," p. 286) he says:

"A deliberate use of taxation for social control of property utilization to balance production is found in the New York law enabling municipalities to exempt new buildings until 1932. The ultimate purpose of this law was to set up inducements to build more homes for the relief of the housing shortage. In application, however, the law has not accomplished all the desired results, in that the exemption of houses has only increased the tax burden on the land. Not only in this instance, but also in the cases of other cities where taxes on the land are proportionately higher than on other forms of property, the inducement to acquire land for residential utilization has been lessened."

*Land value tax has increased home ownership*

The truth, of course, is just the reverse. The deflection of taxes from buildings to land values has **not lessened** "the inducement to acquire land for residential utilization" either in New York or anywhere else; on the contrary, it has vastly **increased** it. And that Prof. Ely himself is well aware of this is quite evident from the fact that he publishes the above, not **after**, but **before** his so-called "research" Institute has had the time to make any researches!

*The result in New York*

Take the case of the New York law which Prof. Ely mentions. This law, which exempted new dwellings of a certain size from taxation for a period of ten years (provided construction was begun on them before April 1, 1924) certainly did not result in a **lessening** of home building operations; instead it resulted almost at once in a building activity never before **equalled** in the city. Two years and one month after the law had gone into effect Mr. Lawson Purdy, former President of the Department of Taxes and Assessments in New York ("Tax Facts," June, 1923) said:

"In the year before exemption, plans were filed for one-family, two-family and multi-family dwellings to house 14,323 families. We ought to file plans an-

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## LLOYD GEORGE HAS A NEW SENSATION

Lloyd George of England, thirsting to regain the power in British politics that he once held, has recently attempted a new stunt. As a means of ending the unemployment problem, reclaiming productive areas, adopting a small-holdings policy, etc., he is proposing that England go into the real estate business by buying out the landlords and nationalizing the land.

Although not a new it is an interesting proposal—coming as it does from Lloyd George. It is doubtful however if his latest scheme will ever materialize. As the Chicago Daily News (Sept. 19) well states:

"Mr. George's proposal is more radical than that of the single-taxers, since it involves complete nationalization of the land. For fifty years England has had a small group of advocates of land nationalization, but the sudden conversion of a magnetic and popular statesmen to their doctrine brings it for the first time, within the realm of practical politics. So far as the landlords are concerned, they should greet the plank with enthusiasm. Large British estates have been unable to pay taxes and have had to be broken up. The tendency toward small holdings is marked. Land purchase acts of the Irish type have been suggested for England even by tories. But nationalization at a stroke involves a colossal fiscal transaction, and the middle classes are certain to raise formidable objections to heavy borrowing by the state for the benefit of landlords and tenants. Moreover, land nationalization would give a tremendous stimulus to the movement for nationalization of coal mines, railroads and water power.

Nationalization is socialism, and Lloyd George is asking the liberal party to take a long and fateful step towards socialism."

The Daily News is right. Nationalization is "a long and fateful step towards socialism." For that reason it will probably never get beyond the talking stage.

## THE HIGH COST OF TAXING BUSINESS

"In addition to their income tax," said Mr. Frank G. Whisner, president of the National Lumber Manufacturers' Association recently, "corporations are required to pay the federal government a capital stock tax. Corporations have followed different methods in figuring this tax, and there are as many as 20,000 disputed revisions yearly. It is understood that the capital stock tax section is now planning to re-examine the 300,000 odd annual capital stock tax returns for past years with a view to an impartial readjustment according to a common rule. All future returns will be subject to a similar over-hauling, perhaps, years after the taxpayer has, as he supposes, fully met all tax obligations."

# 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. September 1925. No. 6.



## PROF. RICHARD T. ELY SETTLES DOWN FOR BUSINESS

In the May issue of this paper we called attention to the rumors going around at the time that Prof. Richard T. Ely and his so-called "Institute for Research in Land Economics and Public Utilities" might soon have to bid good-bye to the State University of Wisconsin.

In the June issue we were able definitely to announce that the worthy professor had "decided" to move and that he had succeeded in affiliating himself with Northwestern University in Evanston—a privately-endowed institution where, with less danger of interference, he might continue his activities and build up a great national machine for the molding of public opinion in the particular direction that he and his chief supporters want it to go.

The professor's removal from Wisconsin University to Northwestern took place, as we also announced, on July 1. Although temporarily quartered in the Commerce Building in Evanston his future home and that of his Institute will be the seventh floor of the new million dollar Wieboldt Hall now being erected on the McKinlock campus near the heart of Chicago.

Meanwhile the headway that Prof. Ely has made to build up his machine for the miseducation of the public is positively astounding. For one thing the man has already secured a clutch on the numerous economic classes in the university—classes where, by word of mouth, both he and his subordinates can not only instill into the minds of the students the particular ideas he wants them to have, but guide them away from the particular truths he does not want them to know. As the Chicago Sunday Tribune of September 20, says:

### N. W. U. PLANS NEW COURSE IN REAL ESTATE

Will Also Include Land Economics

Northwestern university school of commerce will begin a special group of courses in the field of land economics and real estate next Wednesday, September 23. These courses will not be merely "lecture courses" but will require a considerable amount of reading and home study. Instead of following the practice of miscellaneous lectures by a large number of individuals, each course will be definitely in charge of one instructor.

All of the instructors are members of the regular faculty, or of the staff of the Institute for Research in Land Economics and Public Utilities, which recently has become affiliated with Northwestern university.

States Require Examinations

"The vocation of the realtor is rapidly assuming a distinctly professional character, as is evidenced by the fact that many states have passed laws requiring examination or conformity to certain standards on the part of those who wish to engage in this field of activity," said Dean Ralph E. Heilman.

"The National Association of Real Estate Boards is urging such a measure for all states, and the same body is recommending a thorough program of university education in land economics and real estate.

Calls Courses Best

"It is no exaggeration to say that this curriculum of Northwestern constitutes the most highly developed group of courses ever offered by any American university in this important new field of science."

The courses to be offered by Northwestern this year are as follows: "National Land Policies" by Prof. Richard T. Ely; "Elements of Land Economics," by Prof. George Wehrwein; "Real Estate Practice," Prof. A. G. Hinman; "Real Estate Merchandising," Prof. Hinman; "Land Systems," Prof. Mary L. Shine; "Real Estate Valuation," Frederick M. Babcock; "Real Estate Finance," Elmer A. Claar; "Problems of Property," Prof. Herbert Simpson; "Taxation of Land," Prof. Simpson; "Urban Land Economics," Prof. Hinman; "Principles of Land Economics," Prof. Wehrwein; "Land Income," Prof. Ely; "Round Table in Economic Theory," Prof. Ely; "Seminar in Urban Land," Prof. Herbert Doran; "Seminar in Land Problems," Prof. Wehrwein.

To Be Given in Evanston Also

The same courses, together with additional ones, will be offered for day students on the Evanston campus of Northwestern.

The Institute for Research in Land Economics and Public Utilities, in affiliation with Northwestern University, is headed by Dr. Richard T. Ely, Ph. D., LL. D., director of the institute, research professor of economics.

Pretty good, isn't it? But the miseducation of the young men and women who come to Northwestern university is a mere speck in Prof. Ely's elaborate program. That infinitely larger part of the American public that he cannot influence by means of the spoken word he proposes to influence by means of the printed page. A vast encyclopaedia consisting of more than fifty books (eleven of which have already appeared), besides a host of reports, pamphlets and bulletins, will, he tells us, be published on land economics and related subjects by his "research" Institute.

But this is not all. He will also make liberal use of the columns of magazines, newspapers, and particularly of his own quarterly "Journal of Land and Public Utility Economics"—the third number of which is already out. The distinct value of this last publication is much greater than appears on the surface. Heretofore whenever the "unearned increment" of any monopolistic organization was endangered by legislation Prof. Ely has been obliged to write the defending arguments directly and specially for that organization—something which does not look well for a university professor to do. With his "Journal of Land and Public Utility Economics," however, this little defect is corrected. All the professor needs to do now is to publish his "scientific findings" in the Journal and then allow those for whom the "findings" were prepared, to reprint from it. In this way the transaction is given a much better appearance, the real reason behind it becomes harder to trace and—ah—well, less suspicion is aroused, don't you know.

In any event such is the method by which Prof. Ely proposes to influence the minds of those whom he is not able to reach by word of

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## NEWS NOTES

New York City's real estate is now valued at $17,000,000,000—the total increase for 1926 being $2,077,000,000.

The November issue of "The Libertarian"—a monthly magazine published at Greenville, S. C.,—will be devoted entirely to Henry George and the singletax movement begun by him.

Mr. George H. Duncan of New Hampshire, Field Lecturer for the Henry George Lecture Association passed through Chicago recently on his way to California, Oregon and Washington where he will lay the message of rational taxation before various business bodies in those states. A well attended dinner was held in his honor in Chicago by the Chicago Singletax Club.

Mrs. Anna George de Mille, daughter of Henry George, has presented to the New York Public Library an extensive collection of manuscripts and books written by, or relating to, Henry George and to single tax. Among the manuscripts are 1700 letters addressed to George between 1854 and 1897, six volumes of his copy press letter books between 1869 and 1882 and his diary between 1855 and 1896. —American Economic Review.

### RENTED HOMES UN-AMERICAN

When men find it cheaper to rent homes than to own them, when the pressure of taxation becomes so great that it requires building and real estate corporations to meet it, when young married couples find detached homes impossible and must resort to a modern form of cliff dwelling, when ownership moves away from individuals and becomes more and more centered in syndicates, then a change is coming over the United States that is un-American. And if it is our system of taxation that is at the bottom of it, then our taxation is un-American. Any system which taxes the American citizen out of ownership into tenancy cannot by any stretch of loyalty be termed American. And an endeavor to remedy such a state of affairs in the interest of restoring widespread ownership to citizens cannot by any stretch of imagination be described as un-American.—Dearborn Independent.

### THE LOST SOUL

A few years ago the late lawyer, L. A. Russell of Cleveland, received a call from two old ladies whom he had known when he was a boy.

"Oh, Mr. Russell, we need your help! We have received a blank from the tax assessor, who says we must make a full list of all our property for taxes," exclaimed one.

"That is the law," said Mr. Russell.

"Oh but, Mr. Russell, we have so little. We have to pinch so hard to live respectably. Even a few dollars would make a great difference. This tax would take nearly half our income."

The ladies were in tears over the prospect. By questioning, Mr. Russell learned that their property consisted of furniture, some old jewels and pictures, a savings bank account drawing 4 per cent interest, a few shares of stock in a foreign corporation and a small mortgage. It was a small income. Mr. Russell advised them to write to the assessor that they had no taxable property.

"Oh but, Mr. Russell, that would be telling a lie! We can't do that! We are members of a church."

"Well," said the lawyer, "I'm a lost soul anyway; I will do it for you.

"Oh, dear Mr. Russell, will you be so kind?" exclaimed the old ladies in chorus and they left the law office in a happier mood.—Howard Morrill Holmes in Ohio State Journal.

The Bolshe fist, the Social (f)ist,
The Tarif fist, the Militar (f)ist,
And the cream of all these honeyed fists,
The profit-taking, business-baiting taxi-fist.
A. G. F.

## PROF. RICHARD T. ELY EXPOSED! — Continued

nually, just to keep pace with the increase, for about 30,000. In the two years and one month, from February 26, 1921 to March 31, 1923, plans were filed to house 110,549 families in one- and two-family houses, and 99,838 families in multi-family houses. The estimated cost of these houses is an aggregate of $936,388,600.''

But perhaps these figures, for comparative purposes, do not cover a sufficient period of time. Let us then look at the figures presented by Mr. Edward Polak, Register of Bronx County in New York, before the National Tax Relief Convention of the Manufacturers and Merchants Federal Tax League[89] held in Chicago in November of 1923. At this Convention Mr. Polak said in part:

''After this tax-exemption law was passed plans began, as if by magic, to be filed in the City of New York for one- and two-family houses and apartment houses. The mortgage lending institutions that had refused for a long time to lend for building purposes opened their coffers and money poured into the mortgage money market. Builders who had been idle for years started building operations. Labor in the building industry became in great demand; wages began to rise, and the high wages and steady employment attracted a large number of skilled mechanics in the building industry from other cities.

The following tables showing the number of plans filed and buildings erected before and after the tax exemption, have been compiled from the Building Department of the five Boroughs comprising the Greater City of New York, and they prove that the tax exemption law was the main inducement for the erection of new buildings for dwelling purposes:

PLANS FILED FOR DWELLING ACCOMMODATIONS (ALL BOROUGHS) IN THREE YEARS AND TWO MONTHS **BEFORE** THE TAX EXEMPTION LAW WENT INTO EFFECT

(January 1, 1918 to February 25, 1921)

| Boroughs | Dwellings | Families | Estimated cost | Tenements | Families | Estimated cost |
|---|---|---|---|---|---|---|
| Manhattan .. | 56 | 73 | $ 3,874,250 | 84 | 3,693 | $31,682,912 |
| Bronx ...... | 945 | 1,244 | 8,106,512 | 129 | 4,570 | 12,827,750 |
| Brooklyn .... | 8,793 | 12,496 | 62,109,485 | 408 | 5,545 | 17,973,510 |
| Richmond .... | 3,380 | 3,553 | 8,199,152 | —— | —— | —— |
| Queens ...... | 11,237 | 11,730 | 54,034,107 | 90 | 797 | 5,383,686 |
| Total .... | 24,411 | 29,096 | 136,323,506 | 711 | 14,605 | 67,867,858 |

PLANS FILED FOR DWELLING ACCOMMODATIONS (ALL BOROUGHS) IN TWO YEARS AND SEVEN MONTHS **AFTER** THE TAX EXEMPTION LAW WENT INTO EFFECT

(February 26, 1921 to September 30, 1923)

| Boroughs | Dwellings | Families | Estimated cost | Tenements | Families | Estimated cost |
|---|---|---|---|---|---|---|
| Manhattan .. | 247 | 497 | $ 6,531,276 | 416 | 19,491 | $132,153,500 |
| Bronx ...... | 8,659 | 12,597 | 68,506,824 | 999 | 38,476 | 147,101,400 |
| Brooklyn .... | 32,290 | 47,884 | 256,293,585 | 3,516 | 39,249 | 161,395,600 |
| Richmond .... | 6,458 | 7,437 | 23,841,143 | 4 | 179 | 910,000 |
| Queens ...... | 38,716 | 59,096 | 231,831,105 | 895 | 11,234 | 45,266,000 |
| Total..... | 86,370 | 127,511 | 587,053,933 | 5,830 | 108,629 | 486,826,500 |

So here we have it. These figures, whose authenticity cannot be disputed, conclusively show that the house building activity in New York was over five times as brisk **after** the tax-exemption law went into effect than it was before. In the thirty-eight months **before** the law took effect plans for a total of only 25,122 dwellings and tenements, sheltering 43,701 families and costing $204,191,362, were filed. In thirty-one months **after** the law took effect, plans for a total of 92,200 dwellings and tenements, sheltering 236,140 families and costing the huge sum of $1,073,880,433, were filed! Yet Prof. Ely unblushingly tells us that the result of the tax-exemption law in New York was to **lessen** the ''inducement to acquire land for residential utilization!''

But let us not stop with New York. Prof. Ely says that his statement also holds good ''in the cases of other cities where taxes on the land are proportionately higher than on other forms of property.''

Suppose then we take a look at Pittsburgh, Pennsylvania. Pittsburgh is a city that in 1913 enacted a law to cut the tax burden on all its buildings down to fifty per cent and to raise that much revenue from the value of land. The Pittsburgh law has now been in effect over ten years. If Prof. Ely be right is should, in this time, have reduced home ownership in the ''smoky city'' almost to a minimum. But what are the facts? The facts are just the contrary. Instead of **decreasing** construction for residential purposes the law has immensely **increased** it.

*The result in Pittsburgh*

No one, perhaps, is better qualified to tell of this law and its general effects than the Chief Tax Assessor of Pittsburgh, Mr. Thomas C. McMahon. Speaking also before the National Tax Relief Convention of the Manufacturers and Merchants Federal Tax League[90] held in Chicago in November of 1923, Mr. McMahon said in part:

''The 'graded tax law,' as it is popularly called in Pittsburgh, was enacted in 1913. It has been in operation about ten years and is considered now beyond the experimental stage. Under this plan the tax rate levied upon buildings will be cut in two, but to avoid a sudden disturbance of the existing order, the law provided that this should be accomplished by gradual stages. The bill creating this system was passed in the year 1913, and became effective in 1914. It provided that the tax rate on buildings should be reduced at the rate of 10% every three years until the rate on buildings would be 50% of the rate levied on land. . . . In 1925 the final reduction on buildings will take place and from that time until there is a change in the law the rate will be 100% on land and 50 % on buildings.

* * * * *

[89]See Report of this Convention, pp. 25-33.

[90]See Report of this Convention, pp. 65-70.

### BENEFITS OF THE 'GRADED TAX LAW'

Among some of the effects of the law which have come to my attention, I would cite the following:

First: It has reduced the taxes on the great majority of homes, as it is only in exceptional cases that the valuation placed upon a home is not equal to or greater than the value of the land. We estimate that not less than seventy thousand home owners have received a direct reduction in taxes from the operation of the graded tax law.

Second: This law has greatly stimulated the building of houses. A comparison recently made with other large cities shows that, taking the total amount of building permits together with the increases in population, Pittsburgh leads all the other cities of her class. This comparison, which was made for the years 1914 to 1920, inclusive, shows that we have had, in proportion to the increase in population, 25% more building than New York, 57% more than St. Louis, 65% more than Philadelphia, 66% more than Cleveland, 87% more than Buffalo, 186% more than Detroit, and 238% more than Baltimore.

The building boom is still on and during the year ending June 30th, 1923, there were as many building permits issued by the City of Pittsburgh as were issued during any five year period prior to 1918.

Third: The law has a tendency to stabilize land values and discourage speculation, as vacant or poorly improved land pays a larger share of the taxes through the automatic shifting to the land of the amount taken off of the improvements. The increased tax on land, however, has not been sufficient to check the rise of land values, as a large increase in the city budget last year was entirely taken care of by increased assessments on real estate, and it was not necessary to raise the millage. For the year 1924, we do not anticipate that any increase in the tax rate above that of 1924 will be necessary, although the expenses of the city will be increased, as the new buildings will produce sufficient revenue to take care of this increase.

Fourth: To further illustrate the beneficial results of the graded tax law, we have compiled from our records some comparative figures to show who are the chief beneficiaries under the graded tax law. It is true that this law has encouraged all kinds of building throughout the city, but a study of the matter shows that the home owners are realizing a much greater benefit than any other group of property owners.

### HOME OWNERS BENEFIT MOST

For instance, we have taken the two most highly improved blocks in the downtown business section, which are entirely built up and contain many of the finest buildings in the city, and this study shows that in these two blocks we have an assessed land value of $13,146,350, as against an assessed building value of $9,874,000.

In a high class residential district in the Fourth Ward, where land values are fairly high, the total assessed land value was only $208,155, while the total assessed building value was $437,900.

A typical block in the workingmen's district in the Thirteenth Ward was also examined and this shows a total assessed land value of only $66,482, as against a total assessed building value of $149,484.

### BUSINESS INTERESTS GAIN, TOO

But the benefits, of course, have not been confined to home owners. The commercial and industrial interests of our city are greatly benefited by the Pittsburgh tax plan. This is perhaps most strikingly illustrated when we contrast the complete exemption of all personal property and machinery from taxes under the Pittsburgh plan, with the exceedingly heavy taxes levied upon personal property of large business concerns in competing cities. For instance, we might cite two large manufacturing concerns in one of the leading cities of the middle west, one of which pays taxes on a personal property assessment of $7,705,970 in connection with their plant having a real estate assessment, including land and buildings, of only $3,280,940. In the second instance, another manufacturing concern has the enormous personal property valuation of $1,915,490, while its total real estate valuation is only $539,870. One of the leading department stores of that city is taxed upon a personal property assessment of $1,540,900, which almost equals its real estate assessment of $1,570,630. If these concerns were located in Pittsburgh, none of this personal property would be taxed at all by the city.

### SATISFACTION WITH 'GRADED TAX LAW' GROWS

Attempts have been made to repeal this law at every session of the Legislature except the last one. These movements were instigated by the big landed interests and in 1915 the bill repealing the law was only defeated after it reached the Governor. Since then the opposition has grown less and less aggressive, and instead of opposing the law, there is a general tendency to work for its further extension, such as its application to the school taxes and a further gradual reduction of the rate on buildings.

It is possible that there will be further efforts to destroy it, but I feel that the plan is now too well established to be overthrown. The present city administration is in favor of the law, the newspapers are unanimous in its support, and the leading civic organizations are giving it enthusiastic backing.

The principle involved in this system of taxation is just, it is based on sound economics, and it will do more to solve the housing problem and abolish slums than anything else. It points the way to better living conditions, especially in our cities.

The advantages of the graded tax law, together with the exemption of machinery and personal property in the city of Pittsburgh, enables our city to offer superior conditions for the owning of homes and for the carrying on of business enterprises, both manufacturing and mercantile, over those of any other large city in the country.''

This, again, it will be seen, is a mighty long ways from Prof. Ely's assertion that the effect of tax-exemption of buildings has been to **lessen** the inducement to acquire land for home building purposes!

But let us not confine our observations to the United States alone. Let us turn for a moment to the large city of Sydney, Australia. In Sydney land value taxation, to some extent, has been in force ever since 1908, while since the year 1916 the whole of the municipal revenue burden has been levied on the value of the land only, exclusive of all improvements. It is a city therefore where the singletax principles of Henry George have been tried out more thoroughly perhaps than anywhere else in the world. If, then, Prof. Ely be right Sydney is a city where the inducement to build homes should by this time have come to a dead standstill. But how very opposite the result has been may be gathered from an illuminating address made by one of Sydney's most distinguished citizens—Alderman J. R. Firth. Speaking in

*The result in Sydney, Australia*

## PROF. RICHARD T. ELY EXPOSED! — Continued

Westminster, England, on May 12, 1925, Alderman Firth in part said:[21]

"In Sydney there has been an enormous development. In the seventeen years from 1908 to 1924 our population has grown from 550,000 to just over 1,100,000 and by Sydney I mean the City and the surrounding forty metropolitan municipalities. How that population has spread out, with no overcrowding or congestion, I will explain. There has been an extraordinary building boom, interrupted in some degree only during the years of the war. The returns for 1924 show that the number of new buildings brought to completion and connected with the water supply is the largest on record. The official figures, says the **SYDNEY DAILY TELEGRAPH**, of 24th December last, 'indicate that the building boom has been more than maintained, as the building trades are busier than ever. The result is that the City is being transformed day by day, and as the old landmarks disappear modern and palatial premises fill their places.' The 'old land marks' referred to mean shanties and antiquated tumble-down buildings. Here are the official figures of new buildings in the metropolitan area as published in the **SYDNEY MORNING HERALD** of 24th December, showing the results for the last eleven years:

| | Buildings Completed | Cost £ |
|---|---|---|
| 1914 | 10,546 | 6,775,548 |
| 1915 | 7,632 | 5,124,464 |
| 1916 | 6,283 | 4,479,118 |
| 1917 | 5,401 | 3,595,992 |
| 1918 | 4,998 | 3,726,896 |
| 1919 | 5,830 | 4,788,804 |
| 1920 | 10,015 | 9,273,659 |
| 1921 | 8,537 | 9,655,163 |
| 1922 | 9,084 | 9,917,963 |
| 1923 | 10,450 | 10,133,116 |
| 1924 | 12,180 | 14,346,071 |

### THE SPREAD OF POPULATION

These figures speak for themselves. With all our progress, I have heard some astonishing statements since I came to this country. One is that our system of land value rating [what is called "rating" in England and Australia means "taxation" in the United States.—Editor] has forced us to crowd buildings on the land and go in for cramped development. Of course, if you said that in Sydney people would laugh at you. But some people say it here, and the amazing thing is that they seem to believe such a story. The statement is totally as variance with the facts. Remember that the population of the city and its suburbs has grown from 550,000 in 1908 to just over 1,100,000 in 1924. If you examine the figures of population for each of the districts of Sydney, you will find that in the city and the suburbs immediately adjacent, the population has been almost stationary. The increased population, all but a fraction of the half-million we have added, has settled in the suburbs where land had been 'held for a rise.' The vacant areas have been peopled and the houses have spread themselves out, because the inhabitants have not been held in by a ring fence of monopoly prices for land. I could give many examples to illustrate this spread of population where room was awaiting it. Thus the municipality of Canterbury, five miles from the central area had a population of 4,000 people in 1901; to-day it has over 50,000 people and I think I would be correct in saying that every one of the houses there has sunlight all round it. In my own borough of Strathfield we have made use of our powers under the law to limit houses five to the acre and we have neither terrace houses nor semi-detached houses. Each is a detached house. The growing population has got land cheaper than it otherwise would, and this has ensured liberal space for each house, larger than was provided before the new system came into operation. The subdividers of land, brought into competition with one another by the working of land value rating, found that small lots did not sell readily; they had to offer generous-sized lots, and to attract the new householder they found it paid them at the same time to gift land to the public for playgrounds, tennis courts and the like. The new system has also made it easy for local governing bodies to acquire land for parks and other open spaces.

### PRIVATE ENTERPRISE PROMOTED

I would like to give you some further thoughts and facts in regard to housing. The whole of our increased population has been settled where it ought to be settled, where there is plenty of land and sunlight. If you tax land values heavily enough, and exempt buildings, private enterprise will provide the houses quickly enough. We have had some experiments—only a few I am glad to say—with State and Municipal housing schemes; these experiments were tried only to be abandoned, after much extravagance and loss and not a few complaints about corruption. We do not want and we do not need any more such schemes. We have left things to private enterprise and private enterprise, freed from land speculation and from taxes on buildings, has succeeded. We only wish it could be freed also from the heavy cost of the tariff.

### A TALE ABOUT 'SKYSCRAPERS'

Another astonishing allegation against land value rating is that it promotes the building of 'skyscrapers.' I do not know the exact meaning of a 'sky scraper'; but if the term is used in the sense of something objectionable—a building not only abnormally high but hideous to look at and an obstruction shutting out air and light from other buildings—then emphatically we have no 'skyscrapers' in Sydney. As a fact, our tallest building is 13 stories high and it was erected before the system of land value rating came into operation. Moreover, we have a building law which limits the height of buildings to 150 feet and no building may be carried higher than the width of the street it faces. As to our new business premises in the city, any visitor to Sydney would bear me out in saying that they are palatial. They are beautifully lighted, splendidly equipped with lifts, etc., and in every respect a credit both to their builders and to the city.

### HOUSING STATISTICS

Housing statistics are of some interest. In Sydney, in 1901, the number of persons per occupied dwelling was 5.42; in 1921 the figure was 4.92. The number of one-roomed dwellings in New South Wales in 1911 was 20,321; in 1921 it had fallen to 12,787. In 1911 the two-roomed dwellings numbered 14,596; in 1921 they numbered 14,072. Thus in these ten years 8,058 one and two-roomed houses had disappeared. In the same period, the proportion of dwelling houses of four rooms and upwards increased from 81.4 per cent to 86.3 per cent. Again I find that the proportion of dwellings with seven occupants or more has declined in these ten years from 22.1 per cent to 18.7 per cent. I am quoting the New South Wales Year Book for 1923 and the figures do not look as if we had gone in for congestion or over-crowding; far from it.

### HOUSES AND GARDENS

Let me deal with one more alleged objection. It has been suggested, I find, by some people, who I am afraid allow neither reason nor experience to guide them, that land value rating prevents a man from having a garden round his house. The facts are that where the people dwell in Sydney, the rule is five or six houses to the acre and as a rule therefore the gardens are one-fifth to one-sixth of an acre. If you take the case of a man who has a house within a garden 50 feet by 150 feet, the whole site being worth £200 he is assessed at £200. The rates levied at 4d. in the £ on £200 land value amount to £3 6s. 8d. a year. If we had the old system of taxing the annual value of the house and the land, it is calculated that the rates in the district would be 3s. in the £ of annual value. The assessment of the house and land (nine-tenths of the annual value) would be approximately £80 and that same man would be paying £12 (about $58.40 in U. S. money) in rates. But under the new system he pays £3 6s. 8d. (about $16.22). If that discourages a man from having a garden, I do not know what would encourage him.

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### LAND VALUE RATING HAS COME TO STAY

We do not tax buildings or machinery or any improvements in Sydney. We encourage the expenditure of capital and the employment of labour. We make it pay to USE land. We make it a losing game to withhold land from use. We make it pay to pull down shanties and to erect beautiful buildings in their place.... In short, the new system is of immense benefit to the man who uses his land well, by taking from his shoulders the burdens he had to bear when improvements were taxed and land values were largely exempt.

After our experience of the benefits of the rating of land values, we have come to the conclusion that we will not tolerate any proposal to go back to the old system. On the contrary, we are going forward."

Thus we might go on giving one illustration after another but it is unnecessary. Wherever throughout the world the principle of land value taxation has been applied to any appreciable extent and for any length of time, the results have always been similar to the results in New York, in Pittsburgh and in Sydney, Australia. Instead of being **lessened**, as Prof. Ely says, the inducement to acquire land for residential utilization has been immensely **increased**.

(To be continued.)

## PROF. R. T. ELY SETTLES DOWN FOR BUSINESS—Cont'd.

mouth. And that his vast encyclopaedia of books, reports, bulletins and other literature will be accepted as final authority by the public without any question he has taken the pains to appoint as Trustees to his Institute eight prominent men—eight men the names of whom are absolutely crushing! They include besides himself Albert Shaw, editor, Review of Reviews; M. B. Rosenberry, Justice, Supreme Court of Wisconsin; Henry C. Taylor, former chief, Bureau of Agricultural Economics, U. S. Dept. of Agriculture; John H. Finley, Associate Editor, New York Times; W. S. Kies, Kies & Company, New York; Former Governor Frank O. Lowden of Illinois; and Gen. N. W. MacChesney of MacChesney and Becker, Chicago. (If it is not telling tales out of school it might be stated that Mr. MacChesney is also a Trustee of Northwestern University as well as the general counsel for the National Association of Real Estate Boards.)

But even this "eminently respectable" bodyguard is not all. As a still further guarantee that the misinformation, errors, fallacies and falsehoods now being written into his encyclopaedia will be swallowed by the public without any hesitation the professor is in the process of forming what he grandly calls the "National Advisory Research Council"—a Council which will be composed of a large number of university men from different parts of the country whose names are not only crushing but positively killing! So far this Council includes the following:

Professor B. H. Hibbard, University of Wisconsin
Dean Edmund E. Day, College of Commerce, University of Michigan
Professor Frank A. Fetter, Princeton University
Dean Ralph E. Heilman, School of Commerce, Northwestern University
Professor C. O. Ruggles, University of Ohio
Professor E. R. A. Seligman, Columbia University
Professor John D. Black, University of Minnesota
Dean Charles M. Thompson, College of Commerce, University of Illinois.

On top of this again Prof. Ely, aided by the beneficiaries of special privilege, is making a vigorous and systematic effort to exalt himself to the skies with the result that his fame is spreading and his high reputation steadily rising. Former governor Lowden of Illinois, for instance, says of his book "The Elements of Land Economics,"—a book in which the Henry George philosophy of taxation is dissected, disemboweled, embalmed and buried in two short paragraphs—that "it is the most valuable contribution made to the subject I have ever seen." The Chicago Journal of Commerce styles him "the foremost authority of the day in the field of land economics." And the Review of Reviews, after printing a photograph of the professor showing him in full regalia, calls him "the most eminent teacher of political economy who has ever influenced the thinking and work of American students and publicists!"

How long, O Lord! How long?

### TALKS vs. VOTES

"Language as given for the concealment of thought," quoted the wily citizen. "That is perfectly correct," answered Senator Sorghum. "If every man voted the way he talks we'd have all kinds of reform in no time."—Washington Star.

Two sweethearts from Chicago were rambling around, when they came to a movie.

The young man ran his eye over the front of the building. It rested on a title in large letters—"The Woman Pays."

"Jean," he said, "I think we'll go in here."

[21] See "Land and Liberty," London, June, 1925, pp. 122-126.