

would cease to be a burden on taxpayers. This would, moreover, encourage and stimulate building and other forms of wealth production. The supply of living accommodations in Madison would keep pace with increasing demand, and students would not be compelled to pay unreasonable prices. There would, moreover, be increased demand for labor, increased wages and increased purchasing power. The result would be prosperity.

This lesson in political economy should long ago have been taught by the economic department of every university. Is the University of Wisconsin in any way responsible for Governor Philipp's evident ignorance on that subject? Whether it is or not, it will certainly be responsible for any continued ignorance on his part.

This Leaflet can be had in any quantity desired, at the cost of printing, 20 cents per hundred, of the American Economic League, Blymyer Building, Cincinnati, O.



GOVERNOR PHILIPP NEEDS ECONOMIC INSTRUCTION.

Governor Philipp, of Wisconsin, finds the popularity of the State University a drawback instead of an advantage. It is attracting so many non-resident students that he declares in his message to the Legislature their presence **"has created a competition for living accommodations and as a result the expenses, which resident students have to meet, have been materially advanced."** Evidently the Governor is not equal to this problem, for he has no other remedy to suggest than discouragement of the non-residents, although they all pay tuition fees. But since the university maintains a department of political economy, the trained experts, which this department probably contains, should be able with little difficulty to solve the really very simple problem that is perplexing the Governor.

The university is attracting population to Madison, the Governor says. This causes increased demand for accommodations, he further remarks. Accommodations are not increasing in

proportion to demand, he lets be inferred, for he says that prices are being advanced accordingly. There seems then to be business opportunities in Madison that are not being utilized. **There is a steadily increasing demand for living accommodations which is not being met. What is the matter? The trouble must be an economic one, for there are plenty of vacant lots in Madison on which new accommodations can be built. Yet in spite of increasing demand they are not being built upon. What is the matter? Either the owners won't allow them to be built upon, or something else is hindering builders. The university economists, acquainted with local conditions, can surely point out the particular obstacle.**

Pending the time that they do this let the fact be noted that Wisconsin, in spite of its reputation as a progressive State, is still so backward as to raise its revenue on the fallacious theory that taxes should be levied according to ability to pay. It, therefore, discourages improvements by increasing a man's taxes every time he puts a

house or any other improvement upon his land. Naturally many landowners prefer, under these circumstances, to keep their land vacant, and depend for profit on the increase in value that may be produced by the presence and industry of others. In this case the university seems to be attracting population to Madison to increase the value of Madison lands. But this increased value goes into the pockets of people who had little or nothing to do with producing it, and the Governor, noting that the expenses of Madison residents are being thereby increased, actually holds the university responsible.

The real trouble is with the State's fallacious taxation system. Instead of the general property tax the State should derive all of its revenue by taking in taxation, values created by the community. It should stop penalizing through taxation the men who build houses or make other improvements. The increased value of Madison lands, caused primarily through the university's presence, would automatically increase the revenue needed for the university's support, and the institution