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Fairhope Colony on Mobile Bay

An Alleged Application of the Single Tax

A Brief Review by Alfred J. Wolf
A Resident Single Taxer

Introductory

An attempt is herewith made to present a statement of facts the accuracy of which challenges successful denial. A unique situation is portrayed wherein the personal factor, though important, has been treated without feeling of personal grievance and with as much moderation as regard for truth will allow. The Fairhope colony is viewed by its friends as an important new departure in applied economics, and it has excited the curiosity of its neighbors. If it furnishes a valuable object lesson in government or in bettering the condition of its people, it behooves all good citizens to take heed. If, on the contrary, it has failed to realize the aims and pretensions of its founders, it may serve as a warning to other enthusiastic, though deluded, social reformers. The deductions drawn are shared with the writer by the great majority of the residents of Fairhope and by practically all living on adjacent territory. My purpose in publishing this article is to reply more fully to the many letters of inquiry I have received and to guard innocent and confiding single taxers against repeating the mistake of coming here without a fuller knowledge and a better understanding of the situation, than is afforded them by the Courier, or other Fairhope corporation sources.

WHY I CAME TO FAIRHOPE.

I take the liberty of presenting a chapter of my personal history and of my efforts to inform myself about the colony prior to leaving my former domicile. A few years ago I was engaged in business in Seattle, Wash. I was advancing in years and had grown weary of the ceaseless care and disappointments of business life, and, though I had not acquired a competency, I decided to retire. My mind sought some quiet spot where a small income, moderate employment and congenial associations would enable me to pass my declining years in peace and comfort. From its inception I had known of Fairhope, and had heard of it at intervals thereafter. For two years my thoughts had turned toward the colony and during that period I regularly read the Fairhope Courier. I was aware that neither Henry George nor any of his prominent disciples approved the colony plan as a means of demonstrating his theory and that very few, if any, of them endorsed the Fairhope experiment. I knew, furthermore, that not one publication of single tax sympathies had yielded its approval or support. At the same time, I observed that the colony had survived for ten years and the columns of the Courier indicated growth and prosperity. I had always been most agreeably impressed by the personal characteristics of single taxers. During many years which I had largely devoted to traveling and lecturing in behalf of the single tax, I had found them to be of superior intelligence, peaceable and tolerant, readily moved to enthusiasm for a noble cause and closely knit together by endeavors to make it known and secure its adoption. Quite naturally, I assumed that Fairhope was made up of just such material and this attracted me the more. As I could not afford a mistake I proceeded cautiously and for months corresponded with many persons, including the secretary of the colony. Though not fully persuaded, I finally decided to extend my investigations to the spot. For several weeks after my arrival I remained in doubt, but at last, when I recalled the keen competition and inadequate returns elsewhere, I decided to stay. At that period, building was active, and hammer and saw were heard on every hand where now silence reigns. I was induced to believe that a demand for cottages and consequent high rents made that form of investment profitable, and accordingly I erected several houses.

Owing to my activity in the movement I was widely known to single taxers, and upon reaching Fairhope I was greeted with an effusive, and, of course, gratifying welcome. My disposition toward the leaders had always been friendly and my admiration for their faith and courage was unbounded. Hence, I repelled with warmth the approaches of dissatisfied lessees who had been stigmatized as "kickers." Like them, it remained for me to discover that my enthusiasm and zeal for a grand principle had been virtually exploited, and that I had been hypnotized by the glamour which seems to similarly affect all early arrivals. It

required many months to learn that my mind had been insidiously charged with false suggestions and that the most efficient agent had been the Fairhope Courier, of which more hereafter.

WHY I DID NOT JOIN THE CORPORATION.

When I decided to remain I fully intended to join the corporation which owns the land and rules the colony, but I postponed my application because I needed the hundred dollar fee. As all membership fees are understood to be devoted to the purchase of additional acreage and none was then needed, the delay seemed justified. Today I have excellent reasons for believing that my application would not be welcome because by having the audacity to object to an impracticable plan and an unamendable constitution, I had become "persona non grata." The lack of confidence in their own cause is made evident by the management's intolerance of criticism and their habitual substitution of personal abuse for argument when replying to their critics. A common reply is the taunt, repeated with parrot-like monotony, "Well, you knew all about the colony before you came," which, as I have tried to show, is impossible with the means available, and seems to be designedly so made. Some times the phrase is varied with "If you don't like the way *we* run the colony, why don't you get out?" The rank impertinence of such an utterance is made manifest by the difficulty, if not impossibility, of selling without great sacrifice, improvements on corporation land. When there is further considered the fact that men who have labored and scrimped for years to provide a home for their families cannot lightly sacrifice or abandon their property, as many have done, and start again in a new and untried locality—the heartless meanness of such language is painfully apparent. The sole response that the helpless colonist can offer is "Had I but known the truth I would assuredly not have come to Fairhope." The single taxers alone who have been lured into coming and who have built or farmed, and, subsequently, were compelled to leave because unable to exist, would have trebled the present population had they remained.

THE STORY AND THE PLAN.

The Fairhope Industrial Association was organized in 1894 in Des Moines, Iowa, and its purpose was "to establish and conduct a model community or colony free from private monopoly, and to secure to its members therein equality of opportunity, the full reward of individual efforts and the benefits of co-operation in matters of general concern." (Constitution, Art. II.) Several years later the Association was succeeded by the Fairhope Single Tax Corporation. No mention is made

of the Single Tax in the constitution of either organization. The original scheme or plan embodied a number of the Socialistic or semi-socialistic theories and doctrines at that time advocated by the Populist party, in which some of the founders of the colony were leaders, or at least very active. It was only after the abandonment of these and certain co-operative experiments, that the title "Single Tax" was adopted, because it seemed to be the only theory that might be made to work. I propose to make plain that the Fairhope colony plan is very far indeed from being an application of the Single Tax, or in any way or degree a demonstration of the economic philosophy of Henry George.

That clear headed, practical thinker proposed, as a far reaching measure of social and economic reform, the gradual abolition of every form of taxation and the substitution of a Single Tax upon the value of land, regardless of use. In other words, to take ground rent as the sole source of public revenue. In order to avoid friction and the disturbance of business interests, he proposed to utilize the existing and familiar machinery of taxation to collect ground rent. Titles to land would remain, as at present, in the hands of owners with full power to sell and bequeath. Mr. George not only did not countenance the Socialist plan of land nationalization, or governmental landlordism, involving the leasing of sites, as is the case in Fairhope, but he distinctly and emphatically opposed it. The reform which he advocated was intended to affect only the so-called "incidence" of taxation and to induce certain social consequences which would increase wages, render capital more profitable and generally raise the standard of human comfort.

In January, 1894, a small party settled upon a tract of 140 acres on Mobile Bay, Alabama, which had been purchased with membership fees. Additional land has since been acquired through gifts of sympathizers, including 2,200 acres presented by Mr. Joseph Fels. The possessions of the corporation now aggregate about 4,000 acres. No land is sold, but sites are leased by lot or acre for 99 years, subject to an annual ground rent fixed each year by the corporation alone. The lease provides, however, that this rent shall be based upon the value (manifestly selling value) of the land. Evidently this stipulation was inserted to establish a basis for estimating rentals and for the assurance and protection of the tenant. Nevertheless, no adequate method of ascertaining land values has ever been adopted, and indeed, many claim that none is feasible because of the entire absence of competition for sites. New comers must accept the rental already determined, and thence forward must abide by the decision of the corporation as final and without appeal. Once a year the lessees are graciously invited to submit complaints and objections, which the corporation may wholly disregard, and the tenant must perforce submit.

A GUESSING CONTEST.

At a certain period each year the executive council engages in a guessing match in which they arbitrarily decide the rentals without reference to the demands of equity, as set forth by Single Taxers, who rightly contend that the rental value of land can be correctly determined only by the competition in an open market of those persons who desire to rent land. Nowhere outside of Fairhope is such purely one-sided action as to rentals under long leases known or tolerated. Future rents, even one year ahead, are always uncertain, and occupants are constantly apprehensive of an advance, while very few outsiders will lease land that is subject to such unusual, uncertain and inequitable conditions. As an inevitable result, dissatisfaction is constant and universal and growth is severely checked. Such a phase of paternalism was never anticipated by the father of the Single Tax, to which, indeed, it is less related than to Socialism.

INCOME AND OUTGO.

The income of the corporation, apart from gifts, arises wholly from ground rents which, in 1907, are estimated at about \$2,600, of which total over one-half (about \$1,400), goes for State and County taxes. Of the remaining \$1,200, the school gets \$600, to be increased in 1908, and for salary, printing and office expenses, the secretary absorbs most of the balance. Nothing then remains with which to pay the treasurer's salary of \$100; operation of water works, about \$300; telephone service, about \$50, and not one cent for roads, bridges and other needed public work. To aggravate the situation, the corporation is said to concede that, for the present, the rent limit has been reached and that no general increase dare be attempted in the face of existing conditions. Such a glaring deficit wholly negatives the claim that Fairhope is a demonstration of the Single Tax, for such a fiscal situation would not be possible under that system. It can be readily proved that the ground rents of any established community will suffice for its reasonable and legitimate running expenses. In this case, the corporation is so poor that needed public work must be done, if at all, by unpaid volunteer labor, or the means must be provided by begging from outside friends. Can there be a plainer exhibition of downright helplessness and humiliating failure? A "demonstration" forsooth! And this is proclaimed as "making good theories work."

"THE PEOPLE CANNOT BE TRUSTED."

There now live permanently on corporation land about 350 people. The entire voting power resides in the resident members of the corporation and their wives, the latter voting merely by virtue of the marital relationship, and these voters constitute, all told, barely one-tenth of the entire population. Recently, in response to repeated demands for a

more democratic form of government, the council appointed a committee to draft certain constitutional amendments which were submitted to a meeting of the corporation. Without debate, and very shortly after the meeting was opened, the amended constitution was laid upon the table by the paltry vote of 7 to 3, four in the affirmative being by women, who vote only by courtesy. Precisely, as in ordinary ward caucuses, the "management" had foredoomed their own bantling, notwithstanding their prior affectation of friendly concern. The sole explanation of this treacherous and contemptuous performance was offered by the secretary, who publicly declared that "the people cannot be trusted." Of a total list of 135 lessees, he declared that only 45, including the doubtful ones, were single taxers. His statement was conservative, for there are in fact scarcely 35 Single Tax lessees, and of these the majority are known to be opposed to corporation policies. So little of a Single Tax community is Fairhope, so far as concerns its people, the Socialists undoubtedly outnumber Single Taxers. A sorry outcome, truly, of a "demonstration" that has covered more than a dozen years. And, finally, after years of agitation, the constitution remains unaltered and government by landlord survives.

GOVERNMENT BY LANDLORD.

To shed light upon this contention that "the people cannot be trusted," I beg to present a few of the transactions of the corporation in order to suggest a comparison.

In 1901 a printed appeal was mailed to Single Taxers throughout the country soliciting money with which to build a steamboat. As an inducement, the circular urged that the investment would be "perfectly safe" because the vessel would be kept "fully insured." This guarantee was incorporated in a deed of trust signed by the Association and by Mr. E. B. Gaston, secretary of the Association, as trustee for the subscribers. The money came and the boat was built and was operated until November, 1905, when she was totally destroyed by fire. Then it transpired that not one dollar of insurance had ever been carried, and thus the confiding subscribers lost every penny of their "safe" investment. The hull, which was built in Fairhope by amateurs, quickly decayed, and the machinery deteriorated so rapidly that the vessel had to be completely reconstructed in Mobile. There is still owing to the firm which did the work over \$5,000, payment of which was shirked by the corporation, which took refuge behind a statute which confines liability for repairs to the vessel itself in the absence of a special agreement. The creditors maintain that they trusted the corporation because of the assurance which was given them by its secretary that Mr. Joseph Fels would guarantee the payment of their account, but Mr. Fels disclaims responsibility and refuses to be bound. The corporation owns abundant assets, but still this just indebtedness remains unpaid.

This repudiation is thought to have worked irreparable injury to the credit of the corporation in Mobile, and it even places the principle which it pretends to represent, in bad odor there.

In 1905, lessees were induced by the corporation to subscribe to a fund to build a pumping plant at a guaranteed estimate of cost. When completed, the actual outlay almost doubled this estimate and a debt of nearly \$2,000 was incurred, which remains due and unpaid. It is no consolation to the subscribers to know that they cannot vote upon the management of this public utility which their money has built.

A telephone system was installed at a cost of nearly \$800, which was paid for out of ground rents. The system never had 30 connections, and the service was wretched. It was put out of commission by a storm, and the corporation, having no funds, handed the plant over to a regular telephone company, which charges for service.

LESSEES CANNOT BORROW OR SELL.

The anomalous mixture of government and landlordism which distinguishes Fairhope land tenures, the light soil, the lack of manufacturing industries, the undemocratic administration and taxation without representation—these combine to foment discontent, which is all but universal, and which would require very little provocation to cause it to burst into open revolt. There is one noteworthy, and to the lessees most deplorable effect of this bungling and its consequent dissensions and discord. The outside public will not loan money on Fairhope improvements and real estate men decline to undertake their sale. The corporation and its plan are looked upon by them as incompetent and impracticable, and the risk as extra hazardous. Can such an extra ordinary situation be paralleled anywhere?

A MODEL OF INEFFICIENCY.

The affairs of the corporation, and, through its usurpation of authority, of the community, are administered by an elected executive council of five, which conspicuously fails to be representative of the intelligence and business efficiency of the population. The faction of the corporation which is now in control appears to embrace so little suitable material for office that a sudden vacancy in the council almost creates a panic and leaves a gap that is difficult and embarrassing to fill. Still another curious feature of this so-called Single Tax demonstration is that neither the corporation nor its council is composed wholly of Single Taxers.

In its entire 12 years few, if any, converts to the Single Tax are known to have been made, even within the colony, and no propaganda of any nature is conducted. In Mobile the remark is frequently heard that if Fairhope shows what the Single Tax can do, the speaker wants

none of it. Not only does the colony offer but the merest travesty of that doctrine, but it really serves as an obstacle to its acceptance by sensible and practical persons. In the colony itself, none of the blessings promised by Henry George are in evidence. Speculation in land is abolished, it is true, on corporation land, but to no greater extent than on all other land elsewhere that is leased and not sold. In the surrounding territory speculation in land is rife and values have risen. Pressing want is the rule in Fairhope, except among the very few who enjoy incomes from outside sources. Employment is so scarce that many of the able-bodied men are obliged to leave their families and seek work in other places. And, most fatal of all short comings, not one tax burden has been abolished. The corporation, does, it is true, assume the State and County taxes of its tenants on their improvements and personality, but it must be borne in mind that the tenants themselves supply from their ground rents the means of payment. Were each lessee to pay his own taxes, he would either pay less rent or he might enjoy a larger measure of public service.

A DELUDED PHILANTHROPIST.

The munificent financial contributions of Mr. Joseph Fels to altruistic objects displays an earnest desire to help his fellows. In various forms, he is reported to have invested over \$50,000 in Fairhope. I greatly fear, however, that these lavish gifts have not borne as good fruit as was intended. His donation of 2,200 acres was certainly ill-timed and unnecessary, and is actually a burden upon the struggling community. Three-fourths of all the land of the corporation is unoccupied and yields no income, but it does not escape the State and County tax assessor. The occupants of the other fourth pay taxes on this idle land out of their rents and are deprived of public services to that extent. Mr. Fels has asserted that land values around Fairhope are falling because of the influence of the colony. Were this true, there would be no need to forestall the future. Were the "experiment" really the success that is claimed, fees from new memberships and surplus ground rents could easily be made to provide a sinking fund to take advantage of these falling values whenever land was needed.

To an observant and disinterested mind, conversant with the Fairhope situation, it must appear inexplicable and almost amazing that a man of the business shrewdness and financial sagacity of Mr. Fels should persist in "pouring water into a sieve" as he actually does, through his continued gifts to a waning, useless and hopeless undertaking. One cannot help wondering to what misleading influence he has yielded or submitted an otherwise acute and ordinarily self-reliant intellect.

A responsible party offered to pay for the privilege of "turpentin-

ing" the Fels tract a sum that would have liquidated the corporation's most pressing indebtedness. The meeting called to consider this proposition manifestly favored its acceptance until Mr. R. F. Powell, speaking as Mr. Fels' representative, declared that such a grant would displease his principal, who threatened that, were his past gifts wasted, "a string would be tied" to his future donations. Whereupon the offer was rejected. Could there be a more convincing proof of the demoralizing effect of Mr. Fels' inconsiderate generosity? No one will venture to maintain that the freedom of action indispensable to democratic government is possible under such dictation. It may be added that not among the least of the evils flowing from Mr. Fels' financial help is that it has encouraged reckless expenditure, weakened self-reliance and placed a premium on municipal pauperism.

AN OLIGARCHY OF TWO.

The acts of the executive council, and, indeed, the general policy of the corporation, appear to be moulded and guided, if not actually directed, by two individuals, neither of whom, strange to relate, appears on the rent roll as a lessee. The secretary of the corporation, who is ex-officio likewise clerk of the council, has held that office continuously, except one year, since the settlement. He is also editor and publisher of the Fairhope Courier, and from these two occupations he derives the bulk of his income. He has been liberally assisted financially, presumably by Mr. Fels, and is not apt to countenance any measure which he fears his benefactor might not approve. His editorial habit is to "hunt with the hounds and run with the hare," whenever a change of policy is in the wind. Repeatedly he has affected to favor reforms which were subsequently squelched, apparently with his connivance, but certainly without his objection or protest. So common has this been his practice that it is now expected whenever an innovation is suggested which he pretends to approve, that he will ultimately try to kill it. Being the one constantly active man in corporation affairs and its official correspondent, his associates have learned to lean upon him, he being nothing loth, until, at last, the pyramid has been placed upon its apex. Democratic pyramids always stay upon their bases.

A careful review of the Courier files by one who, in the light of later revelations, recalls the earlier impressions received from that journal, discloses the unpalatable fact that a truthful picture of Fairhope is not to be found in its columns. I would be reluctant to accuse the editor of wilful misrepresentation, or intentional deception. Nevertheless, I feel compelled to say that were Fairhope just an ordinary land speculating scheme, "a trap to catch suckers," the identical methods would be adopted that characterize his utterances. Half truths, that are worse than lies, exaggeration of trifles, suppression of

vital information, and glossing over unpleasant occurrences, without positively falsifying, make it impossible for the intending colonist to learn the truth in advance, or, in the majority of cases, until after a residence of many months. The sympathetic Single Taxer is surely justified in feeling that he is entitled to franker treatment and to more brotherly consideration.

Mr. R. F. Powell is the trusted representative of Mr. Joseph Fels in Fairhope, and is president and manager of the Fairhope Improvement Company, in which Mr. Fels is the principal shareholder. This concern built a few cottages at one period, but recently a large part of its business has been to loan money at a generous rate of interest on the improvements of lessees, and it is reported to hold mortgages on a large portion of such property. These liens constitute a perpetual menace to the independence of the borrowers. This company now owns the steamer "Fairhope," plying to Mobile, the wharf restaurant, the pavilion, the cafe, the livery stable, the planing mill, and, in case of foreclosure proceedings, is likely to own a large share of the cottages. Mr. Powell is a pushing, energetic and ambitious gentleman and nature and cultivation have favored him with a vivid and inventive imagination. His temperament is sanguine to a degree that expansively affects his ideas and expressions to a degree that sometimes is extremely startling to sober-minded people. While not an official of the corporation, his intimate relations and influence with Mr. Fels and his position as controller of the one source of loans, lend him authority which, on his personal merit alone, he would scarcely enjoy. His action in the turpentine incident is a case in point.

Henry George's aim, and that which especially attracted his followers, was to encourage and establish democratic freedom, but how is this possible under the conditions just described? The most uncompromising supporter of "the plan" will hardly pretend that it has so operated as to cultivate that spirit of fraternal individualism which is the very soul of the Single Tax. What, then, can be expected of Fairhope under such guidance than a monstrosity that must repel the believer in pure democracy?

THE BRIGHTER SIDE.

Despite this unfortunate miscarriage of intentions which, though vague and misdirected, were originally inspired by well meaning benevolence, the question presents itself, can the colony be preserved and made to serve a useful purpose? My answer is that it can, provided that the government be wholly entrusted to the people and that the corporation confine itself to its purely legal duties as a landlord. The site of the colony is favored by nature with certain natural advantages

that suggest valuable commercial possibilities and which constitute its main asset. For both a summer and winter resort, location, climate and sanitary environment offer attractions that are certainly unsurpassed. Stretching along an extensive, beautiful and placid sheet of navigable water with direct access to the ocean, it is within easy reach of a thriving seaboard city and direct railway communication would quickly follow a decided growth. Indeed, such a connection is already contemplated, and can be easily and cheaply made, a line already being in operation through the county, a few miles east of this shore.

With a surface elevated at the water's edge and gradually rising inland, and a loose, open soil, perfect drainage is assured, there being no standing water, no malaria and few insect pests. Unlike the Pacific coast, the winters are dry and ordinary temperatures mild and equable. The summers are long but the heat does not enervate and is usually tempered by the Gulf breeze, while the nights are generally cool and sleep-inviting. Quite a number of Mobile families regularly spend the summer months in Fairhope, and winter sees visitors to this eastern shore from the North, Northwest and even from the Middle and Eastern States. Many persons have expressed a desire to build cottages and a considerable number have gone so far as to lease sites which they afterwards surrendered without building because they declined to place themselves entirely at the mercy of a landlord. Although some insist on owning their locations, their scruples might perhaps be overcome by a fairer method of determining rents. One practical plan would be to choose a board of two or four assessors, one-half of this number to be elected by the corporation, the other half to be elected by the non-member lessees; this body to select an additional person as arbitrator, and to fix the rents, subject to appeal to the entire body of renters, for final adjustment; or any other method that will accomplish the same equitable purpose. This change and such other modifications of the present cast iron plan as occasion may suggest, might attract visitors and home makers in constantly growing numbers, and these, in turn, would furnish employment to many workers.

Consider the story of the swift rise and marvellous expansion of Los Angeles, Cal., from a struggling Mexican village of adobe huts in a sage brush desert to a splendid city of 250,000 inhabitants. Notwithstanding its remoteness from populous centers, its considerable distance from salt water and a climate less salubrious than that of the region in which Fairhope lies, it presents an example by which the latter might profit, even under a land leasing system. Perpetually increasing revenues from ground rents, if devoted to public use, might then be made to furnish the demonstration that is impossible in the petty, ill-governed and dwindling community that now merely sojourns in Fairhope, a large proportion of whom would rejoice to get away.

CONCLUSION.

One need not be a pessimist on one hand, nor an optimistic fool on the other, to perceive the moral involved in this partial presentation. One may entertain undying faith that the full fruition of Henry George's plan to restore mankind to its inheritance, the land, will open to human vision ever-widening vistas of heaven on earth and, at the same time, he may discern that such a consummation can be brought to pass solely through the voluntary co-operation of all the people. Liberty, democracy and their forerunner, the Single Tax, cannot be bestowed under a mask of benevolence, or, still less, by compulsion. They must be acquired by the beneficiaries themselves as natural and inalienable rights in order that they may develop their full measure of blessings and become everlasting. Without democracy, the Single Tax would prove but a mockery of human hopes. Russia, for example, might raise its revenues by taking land values, and, withal, maintain autocracy, aristocracy, fleets and armies. But this would not be the fundamental reform contemplated by the Prophet of San Francisco, for its vital principle, democracy, would be wanting.

Hope need not be abandoned that Fairhope may yet be lifted out of the quagmire into which it appears to be surely sinking, and that it may be placed upon secure foundations. But unless it be made thoroughly democratic; unless the corporation shall surrender every governmental function and confine itself to its legal powers as a landowner, its impracticable enterprise will as surely perish and disappear as have scores of equally ambitious social experiments.

If, however, while there is still time and while there still survives a civic spirit, those in control of the corporation will acknowledge their mistakes and shortcomings and will recognize the inherent weakness of their scheme, and will then consent to place their undertaking on a rational and practical basis, the enthusiasm of earlier years, which has so sadly oozed away, may be revived. The people may be roused from their present indifference, if not hostility, and be persuaded to co-operate in such a form of self government as will ensure to Fairhope that success which its projectors have so signally failed to achieve. Expectation may then be realized that, with even so small an application of Single Tax principles as is possible under existing state and national laws, benefits will enure to the entire community that will arrest and hold the attention of observing and thinking people.

ALFRED J. WOLF.

Fairhope, Ala., September, 1907.