

AN OPEN LETTER TO SUPT. WILLIAM J. BOGAN

Why the "Elementary Principles of Economics" by Ely and
Wicker is an Undesirable Textbook, a Danger to
Education and Should be Dropped from
the Public Schools of Chicago

By

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“RESOLVED, that we denounce Professor Ely and his Institute as an insidiously dangerous factor in the social and educational fabric of our country.”

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“RESOLVED, that we most earnestly protest against the use of public schools and educational system of our country by any private concern or organization in behalf of selfish and class interests against the general and public welfare.”

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—*American Federation of Labor.*

AN OPEN LETTER TO SUPT. WILLIAM J. BOGAN

EDUCATION PROTECTIVE ASSOCIATION OF AMERICA, Inc.,
1344 Altgeld Street
CHICAGO

April 13, 1929.

Mr. William J. Bogan,
Superintendent of Schools,
Chicago, Ill.

My dear Mr. Bogan:

We have recently learned that one of the approved textbooks used in the public schools of Chicago is the "Elementary Principles of Economics" by Richard T. Ely and George Ray Wicker (fourth revised edition)—a textbook that is published by the Macmillan Company.

This book, we are informed, is also to be found in many other parts of the United States. It is to be found in New York City, in Philadelphia, in Baltimore, Worcester, Milwaukee, Memphis, San Francisco and in hundreds of other large towns and cities—or in an estimated total of about 1,800 high schools.

After making a thorough examination of its contents, however, we are persuaded that this textbook is not a desirable or proper one to be laid before our boys and girls—in other words, that it is carrying propaganda designed to advance the interests of certain huge corporations at the expense of the whole people—and we therefore respectfully request of you that it be stricken from the approved list and summarily dropped from the public schools of this city.

You are no doubt aware that certain large special interests in the United States are now making a supreme effort to use our public school system to carry on propaganda for their own private benefit. The Federal Trade Commission, for instance, has recently disclosed the fact that the public utilities are engaged in a national campaign to encourage private ownership and to discredit public ownership and to this end are subsidizing professors, financing "research" bureaus and paying textbook writers in our colleges and universities to mold public opinion in the desired direction. Referring to the Federal Trade Commission's investigation and its findings, Prof. Irving Fisher of Yale in the Chicago Daily News of July 2, 1928, said:

"University teachers have been employed as representatives of the utility companies; university extension courses have been planned for the main purpose of combatting public ownership; textbooks condemning public ownership written by men employed by the utility companies have been 'introduced' into the public schools in several states; millions of dollars have been expended to send out speakers and to flood the country with literature condemning undertakings by the public in the interests of the public; highly paid lobbyists haunt the halls of legis-

lative bodies to further the interests of the power companies and to block legislation on behalf of the people; elections have been 'influenced' and officials have been 'approached' by representatives of these companies."

Or as Secretary J. W. Crabtree of the National Education Association stated in his address before the annual convention of the Association held in Minneapolis, July, 1928:

"While the evidence in the hearing of the Federal Trade Commission is not yet complete, it appears to show that these utility service bureaus have attempted to carry out the definite purpose of getting propaganda into the schools; that they employed scores of college professors to lecture in schools and colleges; that they used their influence, through school channels and through publishers of text books, to force changes in texts satisfactory to their purpose—many changes having actually been made; that in some states between \$50,000 and \$100,000 was used, a part of which was used to reach children in the schools and students in high schools and colleges; and that salaries and part salaries were paid to those on the payroll of institutions. The selfish end is shown in forcing a text book to omit reference to Samuel Insull's gift of thousands to political parties.

"To overlook this insult to the intelligence of school authorities would open the gates for a flood of propaganda. To let these agencies, because of their millions and the strength of their organizations, have the right of way at this time would mean that all other agencies must also have free access to the schools. The political party in power may not be condemned for its failure to go after the sins and crimes of its previous political managers and office holders, but the standards and ideals of our profession would not justify our Association's soft-peddling a matter as grave as this even though there may be the danger that a few educators chance to be involved. Owing to the power of these agencies in some localities and states, it may be unwise and dangerous for a given educator to raise his voice against what is going on, but there is no such handicap on the actions of this Association as a whole. Perhaps individuals need this type of backing. Your Secretary therefore feels forced to recommend that the Association strongly denounce the purpose and efforts of the utility service bureaus to carry propaganda into the schools and that it appoint a committee to look into the whole propaganda question and report at the next annual convention."

Now it is our firm belief that the fourth revised edition of the "Elementary Principles of Economics" by Ely and Wicker is one of the textbooks that is thus carrying propaganda, not merely for the public utilities but for still larger selfish interests, and that the text should for this reason not be allowed in the public schools of Chicago. That you need have no doubt as to the soundness of the basis for this belief we beg to lay before you the following facts.

I

You will note that in Chapter XXIII of this book—the chapter dealing with the subject of public utilities—the authors (pp. 260-262) state:

"When services of a monopolistic nature are performed by the public, great economies can often be secured by combining various services, such as water, gas, and electric lighting. We should note, however, that similar economies may be procured under private management through combination, under public regulation, of several privately owned companies in such closely allied fields.

* * *

"A quarter of a century ago, when the laws and administrative machinery

for control were new and untried, evasion and political corruption were all too frequent; and while private businesses of monopolistic character were not the sole offenders in these respects, they bore the brunt of public condemnation chiefly because their services were public in character. . . . At the present time, it is not an exaggeration to assert that privately owned public utility interests have accepted completely the principle of public regulation—not the principle merely, but the facts of regulation, in quantity and kind of service to be rendered, in the prices to be charged, in the amounts and kinds of securities to be issued, and in the rates of return on these securities.”

Now all this, it is declared upon high authority, is just contrary to the facts.

It is admitted that the privately owned public utility interests have “accepted completely the principle of public regulation” but this, it is said, is only because these interests are able to appoint or influence the men whose duty it is to do the regulating¹; that instead of being effectively controlled for the benefit of the whole people the privately owned utilities, with the aid of the courts, are able to get practically everything they want²; and that the principle of public regulation has therefore proved to be, not a success but a complete failure³—one of

¹“The principle of state regulation by permanent commissions was put forward in this country a few years ago as a statesmanlike method of protecting the people from the exactions of the public service corporations, while at the same time giving the corporations a fair deal. We now find that all the corporations have been converted to the idea of regulation. They not only welcome it but insist upon having it. They are so enthusiastic over it that they help write the laws and appoint the commissioners.”—*Delos F. Wilcox in an address before the conference of American mayors held at Philadelphia, November 12-14, 1914* (See “*Annals of the American Academy of Political and Social Science*, January 1915, p. 8).

“One of the most alluring delusions concerning utilities is the scheme of regulation by state commission. In nearly every instance state laws looking to that end are either openly or secretly promoted by utility corporations. From the standpoint of the people regulation has been a failure. From the standpoint of the private owners, it has been a success.”—*Senator George W. Norris, “Plain Talk” Magazine, July, 1928.*

²“Today the interests which bitterly fought state regulation twenty-five years ago are the advocates and defenders of the principle. . . . With the aid of the courts, the commission is balked at every turn in its effort to regulate in the public interest.”—*The “Capital Times,” Madison, Wisconsin, January 30, 1929.*

“The present state utility commissions are hopelessly inadequate. They are devoid of power, acting in the capacity of an advisory committee, subject to the actions of the courts. Holding companies are not within the jurisdiction of the commissions.”—*“Industrial Power,” August, 1928.*

³“States and cities have no control over their utilities. . . . Public regulation is an empty dream.”—*J. F. Christy, “The Power Trust vs. Municipal Ownership,” 1928, pp. 58, 59.*

“State control does not control. It has been weighed in the balance and found wanting. . . . Private companies bring a host of highly paid witnesses to all rate hearings and the people, poorly represented, do not have a ghost of a chance. Often when a state regulatory body finds for the people the matter is taken into court and if the court upholds the findings there is a modification of rates. But it is easy to modify rates, giving an apparent reduction which later proves to be a still higher rate.”—*J. D. Ross, Superintendent of the Municipal Light and Power System of Seattle (“Public Ownership,” October, 1928, p. 187.)*

“Regulation by commissions is a delusion thoroughly discredited.”—*Wallis J. Spaulding, Commissioner of Public Property of the City of Springfield, Ill., (“Public Ownership,” September, 1928, p. 161).*

“The regulation of public service corporations is a failure.”—*Prof. Arthur Benson Gilbert, “American Cities: Their Methods of Business,” p. 135.*

“So we have had this theory of regulation on trial now for a great many years and in every possible form. And what are the results? Not a single problem has been solved; not a single evil of private ownership has been removed. . . . In fact, there is every reason to believe that, from the standpoint of the general welfare, things are even worse after our years of experience with regulation than they were before.”—*Carl D. Thompson, “Municipal Ownership” (Huebsch), pp. 67, 68.*

the "shrewdest pieces of political humbuggery," as one writer states it, "that has ever been placed upon the statute books";⁴ that the extent of "evasion and political corruption" is not less today than it was at the time the policy of regulation was adopted but much greater—millions of dollars now being spent annually by the public utilities to "sweeten" candidates for office, to influence elections and to "bribe" officials in our municipal, state and federal governments;⁵ that there has been no reform in "the amounts and kinds of securities to be issued and in the rates of return on these securities"—on the contrary, the sale of inflated securities to the public,⁶ the overcapitalization of plants and equipment and the pyramiding of "watered" stocks, have increased at an accelerating rate until today, according to Gifford Pinchot, six power interests control nearly "two-thirds of the country's electrical power,"⁷ have "a capital inflation of not less than \$3,000,000,000," and levy a tribute on the people exceeding \$210,000,000 a year.⁸ Finally, it is said, not a single instance can be shown where "similar

"Regulation legislation solves the public service corporation problem completely in favor of the corporation. I venture the statement, without fear of contradiction, that no shrewder piece of political humbuggery and downright fraud has ever been placed upon the statute books."—*Daniel W. Hoan, "The Failure of Regulation," p. 62.*

"I am satisfied that the franchise corporation is more largely responsible for the corruption of the American city than any other agency."—*Frederic C. Howe, "Annals of the American Academy of Political and Social Science," January, 1915, p. 207.*

"Every privately owned utility in the world is actively engaged in politics. The Power Trust mixes into politics in the election of aldermen in the smallest village of the country. It is in politics in the election of every governor. It is in politics in the election of every member of the House of Representatives and every Senator. It contributes liberally in every presidential campaign. And it never expends a cent that it does not expect to get back—and actually does get back with enormous profit on the investment. . . . There is no greater menace in public affairs today than that of the corruption of the civic and political life by the private corporations."—*J. F. Christy, "The Power Trust vs. Municipal Ownership," pp. 44, 45.*

"It becomes more apparent every day (thanks to the investigation being carried on by the Federal Trade Commission) that the light and power monopoly is the most far-reaching and corrupting influence in American politics today."—*Willis J. Spaulding, Commissioner of Public Property in the City of Springfield, Illinois ("Public Ownership," September, 1928, p. 158).*

"The ability of the power monopolists in getting the public to subscribe for their securities cannot be ascribed entirely to their pre-eminence as world financiers. They market their securities principally through banks controlled by them and through a dozen or less underwriting houses also subject to their control.

"The power financiers are able to say what securities the public shall put its money into, and what not, mainly because of their blacklisting policy. . . . Everything is in that commitment contract except the most important thing of all. That is the unwritten but thoroughly understood threat: IF YOU DON'T SELL THE PUBLIC WHAT WE TELL YOU TO SELL, YOU WILL GET NOTHING MORE TO SELL. SELL WHAT WE SAY OR QUIT THE SECURITY BUSINESS. . . . Such a sales system added to tremendous financial strength and influence explains how the power monopolists during the last seven years have been able to raise billions of dollars from the public for the development of their monopoly."—*Gifford Pinchot, "The Power Monopoly—Its Make-Up and Its Menace," pp. 9-10.*

"The records show that the 41 big holding companies control a little more than 82 per cent of all the electric power generated in the United States. The records further show that almost 83 per cent of the country's population depends upon the 41 power giants for the electric energy they need. . . . The General Electric-Insull-Morgan-Mellon-Byllesby-Doherty six-sided power monopoly controls but little less than two-thirds of the country's electrical power, and has a little more than two-thirds of the country's population at its mercy for its electric energy and service."—*Gifford Pinchot, "The Power Monopoly—Its Make-Up and Its Menace" (Milford, Pa., 1928), pp. 3, 6.*

"These balance sheets show the 35 big power corporations, listed above as controlled by the six-sided power monopoly, as having total assets of more than \$8,000,000,000. A study of these assets in the light of facts available about their acquisition by pyramid capitalization, indicates a capital inflation of not less than \$3,000,000,000, which at the 7 per cent limit would authorize extortionate rates to the tune of \$210,000,000 a year."—*Gifford Pinchot, "The Power Monopoly—Its Make-Up and Its Menace," p. 9.*

economics can be procured under private ownership" as have been procured under public ownership⁹—that the rates charged by the privately owned plants are frequently two and three and four times the rates charged by the municipally owned plants,¹⁰ and that were the total light bill in the United States based upon the light rates that prevail in the publicly owned super-power system of Ontario, Canada, the people would save, according to Judson King and Senator Norris, a total of \$713,000,000 a year.¹¹

So vast is the difference between what public ownership advocates say against private ownership and what Dr. Ely in the revised edition of his "Elementary Principles of Economics" says in favor of private ownership, and so impressive are the facts presented by the public ownership men to back up their case, that it is difficult to understand how Dr. Ely, in view of these facts, could have made the unsupported statements that he has. Indeed, there are excellent grounds for saying that Dr. Ely does not really believe these statements himself.

If we turn back, for instance, to the earlier editions of his works—particularly to his college text, the "Outlines of Economics," as well as to the "Elementary Principles of Economics"—we discover to our amazement that Dr. Ely's teachings in the matter were just opposite to what they are today. In the first edition of these books we find that Dr. Ely not merely sets forth the utter futility of state regulation,¹²

⁹"I challenge Professor Ely, or any representative of the electric power interests to quote a single instance, where there has been such a combination which has served the public at rates as low as are secured under public ownership."—*Chester C. Platt, Batavia Times, New York, Dec. 22, 1928.*

¹⁰After discussing the large reduction in rates that followed municipal ownership of electric light and power plants in Los Angeles, Tacoma, Springfield and other cities, Mr. J. F. Christy (*"The Power Trust vs. Municipal Ownership,"* p. 82) says:

"If still further proof is demanded by the reader that the Power Trust rates never have and never can equal the rates of the publicly owned plants, due to the overhead capitalization and valuation schemes of the Power Trust, let us quote a few examples. Here are some reductions in rates which were secured by the cities throwing off the yoke of bondage of the power monopoly and starting municipal plants of their own: Before municipal ownership Cleveland, Ohio, paid a maximum rate of 15.5 cents per kilowatt hour, now the rate is 3 cents maximum; Winnipeg, Can., formerly paid 20c but after resorting to municipal ownership the rate went down to 8c maximum; Toronto, Canada, formerly 8 cents, now under public ownership 2.2; Pasadena, Cal., formerly paid the private company 15c maximum and now the maximum under municipal ownership is 5c; Jamestown, N. Y., paid 10c, but now pays 5c; Lincoln, Nebraska, paid 12c but now pays 5c; Seattle, Wash., paid 20c but now the maximum is 5.5c; Anderson, Ind., paid 10c but now pays 6c; Fort Wayne, Ind., paid 10c but now pays 7c; Richmond, Ind., paid 15c but now pays 7c; Eugene, Oregon, paid 15c and now pays 9c.

"The rates in Ontario under public ownership and service at cost are the lowest on the continent, and especially as they apply to the ordinary small consumer. There are thirty-eight cities whose retail rates average less than 3c a kilowatt hour. There are eight cities, viz., Barrie, Brantford, Minco, Niagara Falls, Ottawa, Stratford, Waterloo, and Welland, having a retail rate of 1½c a kilowatt hour or less."

¹¹See speech entitled "Public vs. Private Ownership of Electric Light and Power," p. 3, by U. S. Senator George W. Norris of Nebraska. Printed in the Congressional Record, February 29, March 5 and March 9, 1928.

¹²"It is perfectly plain that monopolies cannot be left to manage themselves. What shall be done? Two answers, and only two, are possible. Such enterprises must be regulated by the State or they must be owned by the State. State regulation we have already considered at length. Its object is to secure a safe, efficient, and inexpensive service to the public. What has been the result? . . . Private enterprise when it becomes monopolistic ceases to be enterprising, and cannot be made so by regulation."—Richard T. Ely, "Outlines of Economics," 1893 edition, pp. 298-299.

"But we must take natural monopolies out of politics. It has never been done, and it is an impossible thing to do—absolutely impossible. No gas-works, no water-works, no street-car lines, no steam railways are so thoroughly in politics as those in the United States."—Richard T. Ely, "Problems of Today," 1888, p. 130.

"It is in the matter of expense that our judgment of regulated private monopoly must

but denounces private ownership of public utilities as wasteful,¹³ undemocratic,¹⁴ odious,¹⁵ bad for politics¹⁶ and government,¹⁷ dangerous to society¹⁸ and objectionable in every way. At the same time he vigorously advocates public ownership as the most efficient,¹⁹ economical,²⁰ progressive,²¹ and desirable policy²² of handling our public utilities that can possibly be adopted.

be most severe. Our telegraph service costs twice what it ought, and is, of course, less patronized and less serviceable for that reason. Our railway rates are needlessly high, according to the confession of prominent railway officials. Our municipal street-car service is a scandal and an oppression. Why do we not regulate prices as they should be? Because government is 'influenced,' and the continuance of private monopolies will make this 'influence' ever more powerful and subtle."—Richard T. Ely, *"Outlines of Economics,"* 1893 edition, p. 300.

¹³"Indeed, it has been estimated that, in the matter of railway construction and operation in the United States during the past fifty years, economic resources have been wasted which, had they been economically applied, would have been sufficient to build comfortable homes for all the men, women and children now in the country. There is, therefore, a large basis of reason in the claim of those who maintain that public ownership of such monopolies would be more economical than the policy of private ownership and management has been."—Ely and Wicker, *"Elementary Principles of Economics,"* 1904 Edition, p. 188.

¹⁴"Monopoly is inherently objectionable. Even if its owners are magnanimous and unselfish, which has hardly been true up to date, the centralization of the power of industry in a few hands, with its enormous resulting wealth, is undemocratic, and makes the many dependent upon the few. Such a dependence, not of man upon society, but of society upon a despot, would be a paternalism more odious than any that a government has ever offered. The reaction against the mediaeval system which we have before considered was due in no small degree to the monopolies established by royal grant, which were one of its most hateful features. The experience of all the past teaches one lesson: *private monopolies are intolerable in a free country.*"—Richard T. Ely, *"Outlines of Economics,"* 1893 edition, pp. 295-296.

¹⁵"Monopolies with respect to ownership and management may be divided into two classes, public and private. The postoffice is a public monopoly and is a national blessing. The telegraph is a private monopoly, and the fact that it is so is nothing less than a national calamity. Private monopolies are odious. They are contrary to the spirit of the common law and of American institutions and wherever or whenever they exist, are a perpetual source of annoyance and irritation."—Richard T. Ely, *"Problems of Today,"* 1888, p. 108.

¹⁶"Not a year passes that the country is not shocked by the disclosure of bribery and corruption in connection with the granting or extension of franchises or in some one of the many ways by which monopoly in private hands seeks to secure privileges, to free itself from duties, or to escape from deserved punishment."—Ely and Wicker, *"Elementary Principles of Economics,"* 1904 edition, p. 189.

¹⁷"A lawyer prominently identified with monopolistic concerns has declared in a recent public address that the 'ante-natal tax' which such companies are obliged to pay, that is, the bribery necessary for securing franchises, constitutes a regular element in the expenses of their business. This is one reason why our city governments are expensive."—Ely and Wicker, *"Elementary Principles of Economics,"* 1904 edition, p. 189.

¹⁸"It is in harmony with the principles of our institutions that there is a rapidly developing sentiment in favor of public ownership of those enterprises which from their nature cannot be subject to competition. These become more numerous and important and more dangerous in private hands as civilization advances."—Richard T. Ely, *"Outlines of Economics,"* 1893 edition, p. 304.

¹⁹"Our cities long ago discovered that the water supply was so essential that it could not be intrusted to private enterprise, and while private ownership of water works is not unknown it is distinctly a discarded policy. Municipal ownership of lighting plants is rapidly increasing, and municipal ownership of street railways has begun. . . . Our post office is a more efficient service by far than any private service in the country. . . . The management of municipal service in the lighting, etc., has proved more efficient than that of private companies, if we may judge from the testimony of those cities which have tried both methods and have almost, if not quite, uniformly preferred public ownership."—Richard T. Ely, *"Outlines of Economics,"* 1893 edition, pp. 300-302.

²⁰"When services of a monopolistic nature are performed by the public, great economies can often be secured by combining various services, such as water, gas, and electric lighting. Moreover, a better management is likely to result. It is only a popular superstition, now apparently passing away, that private enterprise is always and everywhere superior to public enterprise."—Ely and Wicker, *"Elementary Principles of Economics,"* 1904 edition, p. 188.

²¹"Nor is it true that private enterprise always excels public enterprise in the matter

Since Dr. Ely was thus in earlier years an ardent apostle of public ownership and since the case for public ownership is, in the light of the facts presented, much stronger today than it was a quarter of a century ago, the question arises why has he now revised his "Elementary Principles" so as to favor private ownership?

The only logical answer that can be given is that he has been influenced to make such a revision by the private utility companies.

And that this is the correct answer an abundance of evidence goes to show. If you will examine carefully the attached chart which I have marked "Exhibit A" you will observe that Dr. Ely is the founder and director of an "Institute for Research in Land Economics and Public Utilities;" that this Institute is privately supported and is located in the very university of which Samuel Insull himself is a trustee; that it is financed very largely by the utility corporations, both singly and collectively—the National Electric Light Association alone having given the Institute some \$75,000 during the last three years; and finally that the Institute has upon its staff, its Board of Trustees, and its so-called "Advisory Research Council," not merely many men who have long been friendly to the privately owned utilities, but men who are officially connected with them and who, as the investigation of the Federal Trade Commission has shown, are bending every effort to see that the propaganda of these corporations is injected into the schools and colleges of the land.

II

But it is not merely because we believe the revised "Elementary Principles of Economics" is carrying propaganda for the utility corporations that we urge it be dropped from the schools; the same text is also, we are convinced, carrying propaganda for a much larger selfish interest—the National Association of Real Estate Boards.

If you will turn to pages 474-477 of the book, for instance, you will observe that it discourages the reader from giving any further consideration to the taxation of land values and particularly to the single tax proposition of Henry George. George's single tax proposition, the book suggests, is defective and objectionable in every way. For one thing it "would be unsatisfactory as a revenue producer"—yielding too much revenue in one place and too little in another—thereby giving rise to "many other fiscal difficulties." For another thing it would be "discrimination against the owner of land and in favor of the owners of other productive agencies." Besides this it would be "confiscation of the entire value of the land." Again it would fail to "compensate

of initiating improvements."—*Ely and Wicker, "Elementary Principles of Economics," 1904 edition, p. 188.*

²²"Under the head of safety must also be considered the relation of these great enterprises to social order. The obviously unfriendly relations between these corporations and their numerous and well-organized employees is a constant menace to the order of society. Strikes suspend traffic vital to public interest, and when prolonged and bitter, result in riots and train wrecking, imperiling the most important interests. Under State management such dangers are minimized. Government employees do not strike or use dynamite. They are usually reasonably though not exorbitantly paid, and are not irritated by excessive toll, by oppressive conditions of service, or by the thought that unreasonable incomes are accruing, through their efforts, to private individuals."—*Richard T. Ely, "Outlines of Economics," 1893 edition, p. 301.*

an individual for an **unearned decrement**" and would therefore be unethical and unjust. Moreover, it would cause a "further waste of our natural resources," result in the "inefficient employment of capital and labor required for its development," and in this way "operate contrary to the policy of true conservation." Finally, it would have many "administrative difficulties" and while these difficulties would be less in urban than in rural territory "insolvable practical problems would continually arise." Thus from every standpoint, the book suggests, Henry George's proposal for a single tax on land values is impractical, unsound, unwise and unjust.

Now all this, it is said, is absolutely false and misleading. Henry George's plan of abolishing all taxation except that on land values, according to many sincere and intelligent people, is not defective either fiscally, economically, ethically or politically. On the contrary, no more practical, sound, just or important reform has, in their opinion, ever been proposed.

Whether or not they are correct in this opinion is not for us to say. The fact remains, however, that many conservative economists, philosophers and statesmen now frankly admit the justice and wisdom of going, if not the whole way, at least a long distance in the direction of the single tax principle. For instance:

Irving Fisher, Professor of Economics, Yale University, says:²³

"Premising that so important a change should not be made abruptly, I favor the gradual reduction so far as possible of taxes on the products of labor and taking instead the economic rent of bare land."

Frank D. Graham, Professor of Economics, Princeton University, says:²⁴

"The real unearned income is that which accrues to an individual without his having done anything which contributes to production. Of the several types of such income the most important is that which issues from the site-value of land. The recipient of such an income does nothing to earn it; he merely sits tight while the growth of the community about the land to which he holds title brings him an unmerited gain. . . . Society creates the value and should secure it by taxation."

Raymond T. Bye, Professor of Economics, Pennsylvania University, says:²⁵

"I believe that we should increase the taxation of land, exclusive of improvements, at the same time that we decrease the taxation of the improvements thereon. Such taxation of land should be increased gradually, not suddenly; and if extended over a long enough period of time, it would not be unwise to raise the tax to the point where it would appropriate to the state the greater part, if not the whole of, the economic rent."

Glenn E. Hoover, Assistant Professor of Economics and Sociology, Mills College, says:²⁶

"The site-value of land is so obviously a socially created value that few, if any, theoretical economists worthy of consideration will deny it. Unfortunately,

²³Quoted in "Significant Paragraphs from Henry George's *Progress and Poverty*," by Dr. Harry G. Brown (*Robert Schalkenbach Foundation, New York, publishers, 1928*), p. 77.

²⁴*Ibid.*, p. 78.

²⁵*Ibid.*, p. 79.

²⁶*Ibid.*, p. 79.

for reasons which appear utterly inconclusive, many of them oppose any effort to single out this value as a special object of taxation."

John Dewey, Professor of Philosophy, Columbia University, says:²⁷

"Ever since first familiarizing myself with the principle of the so-called Single Tax, I have regarded it as both theoretically and practically sound, and an indispensable basis of much needed social reform."

Harry Gunnison Brown, Professor of Economics, Missouri University, says:²⁸

"If taxes were removed, for the most part, from other capital and were concentrated on land, several consequences would follow. . . . It would remove heavy tax burdens some of which rest in large degree on wages; it would add to the net returns on capital; it would discourage speculative holding of land; it would make more easy the acquiring of land for production or for homes and so would facilitate the change from tenancy to ownership."

Theodore Roosevelt, late president of the United States, said:²⁹

"The burden of municipal taxation should be so shifted as to put the weight of taxation upon the unearned rise in value of the land itself, rather than upon the improvements."

Charles A. Beard, Professor of History and Politics, says:³⁰

"It is a well known fact that the value of ground in our large cities increases with astonishing rapidity—not through the effort of the owners or of any single private individual, but through the growth of industry and population. . . . One may certainly conclude that a gradual increase in the municipal taxation that falls on land, as distinguished from improvements and different forms of personal property, is much to be desired."

Samuel Gompers, late President of the American Federation of Labor, said:³¹

"I believe in the Single Tax. I count it a great privilege to have been a friend of Henry George and to have been one of those who helped to make him understood in New York and elsewhere."

William C. Gorgas, late Surgeon-General of the U. S. Army, said:³²

"I am a Single Taxer. . . . The Single Tax would be the means of bringing about the sanitary conditions I so much desire. . . . For sanitation is most needed by the class of people who would be most benefited by the Single Tax."

John Moody, Wall Street Publisher and President of Moody's Investors' Service, says:³³

"As a practical business man, and more or less a student of methods of taxation in general I want to say that the Single Tax is absolutely sound, effective and logical. . . . It would make it impossible for speculators, get-rich-quick men and other schemers to hoodwink the great American public to 'invest' a billion dollars or more every year in fictitious values in mines, oil wells and countless

²⁷Letter to Mr. E. B. Swinney quoted in "The Libertarian," Jan., 1925.

²⁸"The Taxation of Unearned Incomes" (Lucas Bros., Columbia, Mo.), pp. 100, 107.

²⁹"The Century Magazine," October, 1913.

³⁰"American Government and Politics," p. 765.

³¹Address in San Francisco, Dec. 1, 1913.

³²Address in Cincinnati, O., Sept. 28, 1914.

³³In a letter dated August 30, 1920, to William C. DeMille, Hollywood, Cal.

other fraudulent schemes. . . . This may seem a broad statement to some; but thirty years of business life in the heart of American commercial activity convinces me that it is absolutely true."

H. J. Davenport, Professor of Economics, Cornell University, says:³⁴

"I believe that the principle at the heart of the Single Tax agitation—that the fiscal revenues should be derived from the social estates (the regalia principle in ultimate essence), from the sources to which the justification for private property do not attach—is right and vastly important. The rents of mines, forests, water falls, franchises, town lots and also, if practicable, of agricultural lands, should be retained as fiscal properties."

These testimonials from men of the highest professional standing and honor in their respective fields clearly show that the anti-single tax statements set forth in the "Elementary Principles of Economics" by Ely and Wicker are false and misleading.

But it will be said, the authors' statements, notwithstanding their fallacies, may have been made in perfectly good faith. There is an abundance of evidence, however, to indicate they have not. Dr. Ely has never been friendly to the single tax idea, he has always criticized it, but his criticisms in the past have never been so numerous or self-contradictory as they are at the present time.

For instance, Dr. Ely used to say that land—the earth—differed from the other factors of production in that it is a natural monopoly, and that "the most tremendous practical consequences" flow from the fact that it is such a monopoly. Thus in his "Problems of Today," published in 1888 (pp. 112-113) he says:

"There is one natural monopoly which stands apart by itself with peculiar qualities. It is land. Land was not made by man but was given to man ready made. It was a gift of nature, or, if you please, of God. But so much was given and no more. The amount that man can add to land or take away from it is so utterly insignificant as to be unworthy of notice. The most tremendous practical consequences flow from the fact that land is a natural monopoly, and the so-called land question deserves all the attention it is receiving. . . . Unfortunate as has been some of the phases of the agitation of Henry George, I cannot but think that the world owes him a debt of gratitude for placing in so clear a light before the masses the fact that land is a natural monopoly."

Today, however, Dr. Ely says just the opposite. Now he asserts that land is not a monopoly, either natural or otherwise; that it is subject to "fuller and freer competition" than capital; that it "requires more care and gives smaller returns" than standard investments of other kinds; and that its influence in the production and distribution of wealth is of no practical consequence. Thus in his "Outlines of Land Economics," published in 1922 (Edwards Brothers, Ann Arbor, Michigan, Vol. II, pp. 52, 53, 73) he states:

"Of all the factors of production land is the most difficult to monopolize. Monopoly of land has often been attempted but rarely with success. . . . In land ownership there is usually the freest and fullest competition, so that the returns yielded by land are reduced to a lower level than the returns to fluid capital. Land requires more care and gives smaller returns in proportion to what is put

³⁴"American Economic Review," March, 1917.

into it in the way of capital and enterprise, than standard investments of other kinds. . . . It is a curious thing that people speak of land as a monopoly, when it, of all things, is the least monopolizable."

Again Dr. Ely used to concede that it would not be difficult, at least in cities, to separate the economic rent of land from the rent for the improvements. Thus in the first edition of his "Outlines of Economics," published in 1893, p. 366, he says:

"It is easy in cities to separate pure economic rent from rent for improvements and it is done a thousand times a day."

But now even this concession has been withdrawn. In the last edition of his "Elementary Principles," p. 476, for example, he states:

"Passing over numerous other economic or political objections, we must notice (4) the administrative difficulties; how is economic rent to be separated from the income due to improvements on the land? These difficulties would be less with urban lands than with farm lands, but insolvable practical problems would continually arise."

These striking inconsistencies between his earlier and his later writings clearly indicate that Dr. Ely's extraordinary hostility to the single tax, as set forth in the revised edition of his "Elementary Principles of Economics" is not sincere.

But now the question arises, if Dr. Ely is not sincere why, then, has he gone to such lengths—such unusual lengths—to oppose the Henry George idea? Evidently, it is only because he has been prompted to do so by the land speculation interests. These interests have billions of dollars to lose by any measure leaning in the direction of the Henry George reform and billions of dollars to gain by any measure leaning away from it, and since they, too, are subsidizing Dr. Ely and providing him with funds and facilities to mold public opinion in the "proper" direction, such extraordinary hostility as he has displayed in his "Elementary Principles" to the single tax idea, is to be expected.

That there may be no doubt about the matter I attach hereto a second chart which I have marked "Exhibit B." If you will examine this chart closely you will observe, not merely that many of the staff members, officers and trustees of the Ely Institute are intimately connected with the National Association of Real Estate Boards, but that the Ely Institute is making "an intensive study of the taxation of urban land values"; that a large amount of literature opposing any increase in the taxation of land values and definitely advocating a decrease in such taxation is being prepared by the Institute; and finally that the National Association of Real Estate Boards, through its Educational Department, is putting forth every effort to get this literature into the schools, colleges and universities of our country.

III

But the "Elementary Principles of Economics" is, if the above is any evidence, not merely surreptitiously turning the minds of our high school boys and girls against Henry George's proposed single tax on land values; it is also, we are convinced, surreptitiously turning the

minds of these boys and girls in favor of a system of indirect taxation—i. e., taxes on sales of goods and articles for consumption. On page 478 of the text, for instance, we read (bold face ours):

"Growing public expenditures suggest another consideration: namely, the necessity of finding new sources of public revenues. . . . Among the new sources of revenue most widely debated in recent years is the sales tax. We cannot here enter into a detailed discussion of this form of taxation; we should observe, however, that a sales tax law could be so framed as to attain that wide diffusion of taxation over many individuals and over many commodities, **which is so desirable in a tax measure**; but there are many other possible measures which could be devised so as to place part of the increasing burdens of public expenditures on consumption and diffuse them widely."

Now here again, we are advised, is a teaching that is just opposite to the truth. Taxes on sales and consumption goods are not taxes that are "so desirable;" on the contrary they are, it is contended, among the worst taxes that can be devised. They are unequal, unfair and grossly unjust and because they are inevitably shifted to the people in higher prices they tend to fall upon the poor much harder than upon the rich. They are therefore simply an effective means of enabling the few to plunder the many—and to plunder them without their knowing just how they are being plundered. As William Pitt long ago stated 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."

Because they are of this character taxes on sales and other indirect taxes on consumption have been denounced again and again, not merely by economists, but by organizations representing the agricultural, laboring, business and professional classes. The American Farm Bureau Federation, for example, at its annual convention held at Atlanta in 1921, declared—

"We are opposed to the principle of a general sales tax or any similar plan such as the General Manufacturers Tax."

Likewise the American Federation of Labor at its annual convention held in Denver in the same year passed this resolution:

"Resolved, that the American Federation of Labor in convention assembled declares against the imposition of a retail or general sales tax or turnover tax, or any other tax on consumption."

So manifestly unequal and unjust are these indirect taxes on sales of goods and articles for consumption, and so pronounced is the opposition to them on the part of large classes of people, that it is difficult to understand how the senior author of the "Elementary Principles" can earnestly tell his readers they are "so desirable." Indeed, there are good grounds for saying that he does not believe any such thing himself. If we again turn back to his earlier writings we find in fact that Dr. Ely used to hold a view that is precisely the opposite to what he now teaches. In his "Problems of Today," published in 1888, for

instance, Dr. Ely calls indirect taxes on consumption, not taxes that are "so desirable," but "the worst kind of taxes and the most unjust."³⁵ He points out that they are shifted from producers to consumers and keep growing "like a snowball rolling down hill";³⁶ that their cost of collection is high and "necessitates an army of spies and informers";³⁷ that they are "an underhanded kind of taxation,"³⁸ "interfere with liberty,"³⁹ "obstruct trade," and "foster monopoly";⁴⁰ and last but not least that they raise prices, increase pauperism and lower the level of civilization. To quote the Doctor's own words:⁴¹

"Indirect taxation does not discriminate between the last dollar of the poor widow and the dollar which is only one in an income of a million. It raises prices, reduces the value of income, and forces some who are already near the awful line of pauperism to cross it, and thus puts to death higher aspirations in a class of citizens and lowers the level of civilization."

In view of this how can Dr. Ely now tell his readers that indirect taxes on sales of goods and articles for consumption are "so desirable?" Evidently it is only because the National Association of Real Estate Boards and other special interests which are subsidizing his Institute want such an idea to be taught. For just to the extent that public revenues can be raised by indirect taxation, just to that extent can taxes on the "unearned increment of land values" be reduced, and just to the extent that taxes on land values are reduced, just to that extent will the profits of these special interests be increased.

IV

But there are still other reasons why we believe that the revised "Elementary Principles of Economics" is carrying propaganda for the benefit of the real estate boards and the privately owned utilities.

In the preface of this revised edition you will note the authors state that "An entirely new section of Land Economics has been included." If we now turn to this new section on Land Economics, which is printed at the very close of the book, we find that it is in a very large measure an advertisement of the work being done by Dr. Ely's "Institute for Research in Land Economics and Public Utilities" as well as of the books which are being edited by him and published by The Mac-

³⁵"We have in a tax like this what is called a regressive tax, a tax which increases as the income decreases—the worst kind of a tax and the most unjust."—Richard T. Ely, "Problems of Today," 1888, p. 7.

³⁶"The retailer finally sells them to you and to me, but by this time the tax has been turned over several times and has grown like a snowball rolling down hill."—Richard T. Ely, "Problems of Today," p. 6.

³⁷"The cost of collection of indirect taxes is high and necessitates an army of spies and informers."—Richard T. Ely, "Problems of Today," p. 10.

³⁸"Indirect taxes are imposed on people without creating so much discontent as direct taxes and without causing so close a scrutiny of the method in which the proceeds of taxation are expended because the mass of men do not realize that they pay taxes every time they purchase dry goods or groceries. They are an underhanded kind of taxation."—Richard T. Ely, "Problems of Today," p. 11.

³⁹"They thus interfere with liberty of movement and obstruct trade in a thousand ways."—Richard T. Ely, "Problems of Today," p. 10.

⁴⁰"Indirect taxes foster monopoly and discourage the small producers."—Richard T. Ely, "Problems of Today," p. 10.

⁴¹Ibid., p. 10.

millan Company. We discover also that at the very end of this section—the very last words in the book, in fact—there is a footnote advising the student that “An excellent single treatise on the subject, published in this series, is Ely and Morehouse, ‘Elements of Land Economics.’”

Now what is this book—the “Elements of Land Economics”—which the student is informed is “an excellent single treatise on the subject?” Who prepared it and what does it contain?

If we turn to the preface of this “excellent treatise” we encounter indications that it is anything but excellent—that it has been written with the aid, advice and encouragement of various men whose records and connections are not such as to inspire great confidence in their impartiality. A list of these various men with their connections follows:

Richard T. Ely—Founder and director of the “Institute for Research in Land Economics and Public Utilities”—a privately financed Institute located in Northwestern University and subsidized by the public utilities and the real estate boards.

Edward W. Morehouse—Son-in-law of Dr. Ely and a staff member of the Ely Institute.

B. H. Hibbard—Professor of Agricultural Economics in the University of Wisconsin, advisory member of the Ely Institute and author of a special article written for the National Association of Real Estate Boards to defeat the Ralston-Nolan bill (H. R. 12,397) in Congress. (The Ralston-Nolan bill purposed to reduce the federal tax burden on the products of human industry by about \$1,000,000,000 and raise that much more revenue from the privilege of holding lands and natural resources valued in excess of \$10,000.)

George S. Wehrwein—Professor of Agricultural Economics in the University of Wisconsin, staff member of the Ely Institute and co-author with Prof. Ely of the “Outlines of Land Economics”—three foundation books intended to guide the members of the Institute in their work of research but in which the Institute’s major conclusions have been laid down in **advance** of its investigations.

Ernest M. Fisher—For several years a staff member of the Ely Institute and later Educational Director for the National Association of Real Estate Boards.

Ralph E. Heilman—Dean of the School of Commerce in Northwestern University, advisory member of the Ely Institute and member of the “Committee on Cooperation with Educational Institutions” of the National Electric Light Association.

H. G. Atkinson—For several years Dean of the United Y. M. C. A. Schools and later Director of Divisional Activities for the National Association of Real Estate Boards.

Arthur J. Mertzke—For several years Executive Secretary of the Ely Institute and later Educational Director for the National Association of Real Estate Boards.

Edmund E. Day—Dean of the School of Commerce of Michigan University, advisory member of the Ely Institute and a member of the “Committee on Cooperation with Educational Institutions” of the National Electric Light Association.

Martin G. Glaeser—Professor of Economics in the University of Wisconsin, staff member of the Ely Institute and author of the “Outlines of Public Utility Economics.” (The manuscript of Prof. Glaeser’s textbook was not merely financed by the Ely Institute but, according to testimony given before the Federal Trade Commission, it was submitted to various public utility repre-

sentatives and censored by officials of the National Electric Light Association before it was published.)

Herbert U. Nelson—Executive Secretary of the National Association of Real Estate Boards.

It hardly needs to be said that a book prepared under the direction of men with such records and connections is not a safe book to recommend to our high school boys and girls. The information it contains and the lessons it teaches must inevitably be colored—colored to fit the views of the corporations from which the men's favors, contributions, salaries and dividends have been received.

And if we examine the contents of this "excellent treatise" we find this to be perfectly true. The "Elements of Land Economics" by Ely and Morehouse constantly strives to instill into the mind of the reader exactly those ideas which the large corporate interests want. It not merely repeatedly suggests for one thing that the tax on the value of lands and natural resources should be reduced but that indirect taxes on the products of labor, and particularly on sales of goods and articles for consumption, should be increased. On pages 331-332 of the book, for example, we read:

"Heretofore our system of income and property taxation has taxed the earnings and the accumulation of wealth. The field of indirect taxation, or taxes upon expenditures for consumption has been inadequately developed. . . . This field of indirect taxation is a rich source of revenue, and this revenue can be obtained without harmful consequences, and even with positive benefit."

V

Let us get back again to the "Elementary Principles." Let us turn this time to the title page. You will notice on this title page that the senior author, Richard T. Ely, Ph. D., LL. D., is featured as the "Director of the Institute for Research in Land Economics and Public Utilities" in Northwestern University. This is done, of course, partly out of courtesy to the author but mostly to create confidence in the student's mind and to impress upon him the high standing and scientific value of the book.

Enough, however, has been said in this letter, we believe, to indicate to you that Dr. Ely's Institute in Northwestern University is quite the opposite of what it pretends to be. It is not a scientific and disinterested research bureau, as the good Doctor says, but is, as the findings of various organizations, including the Federal Trade Commission, have shown, a propaganda bureau in disguise. The American Federation of Teachers, for example, after spending a year investigating the Ely Institute reported in 1927, not merely that it was being financed in large part by private corporations with selfish interests to serve but that it was "misusing the conception of research," and "masquerading under false colors" (see Appendix) while the Chicago Federation of Men Teachers after a similar investigation passed a resolution publicly denouncing the Ely Institute as "an insidiously dangerous factor in the social and educational fabric of our country."

What more need be said? The foregoing facts conclusively prove that the fourth revised edition of the "Elementary Principles of Ec-

onomics" by Ely and Wicker is an undesirable high school text and is not to be trusted. We have seen—

(1) That it favors the far-reaching policies sought by the privately owned public utilities and the real estate boards;

(2) That Dr. Ely himself in the early years of his teaching career was a vigorous and outstanding opponent of these selfsame policies;

(3) That many of the statements he now makes in behalf of these policies are not merely subject to dispute but are clearly false and misleading; and

(4) That his shift of position from an opponent to an advocate of these far-reaching policies cannot be explained by any process of logic or reason but can only be explained by the fact that he is now being subsidized by the very interests that want these policies—the public utilities and the real estate boards.

Can such a textbook safely be allowed to remain in the public schools of this city? Clearly it cannot. To permit it to do so is to throw human reason and experience to the winds and to invite social disaster. For our public schools are the nurseries of American citizenship. They are the institutions in which the minds of our boys and girls are molded—molded at their most impressionable age. Hence to permit these institutions to be corrupted, to permit them to be used secretly for carrying on propaganda for the benefit of the utility corporations and the land speculation interests as against the welfare of the whole people—let us repeat, to permit these public institutions to be used for this purpose is not merely to commit, as Secretary Crabtree of the National Education Association has said, a "crime against youth" but it is to strike a deadly blow at the very pillars upon which our democracy stands! Truly has Dr. Clarence C. Little, the resigning president of Michigan University said:

"There is no place in American education for outside influence, no matter how beneficial it may appear, or how attractive may be the bait. Where you are dealing with other people's money and other people's children is no place to admit outside influence."

Or to quote the words of Senator George W. Norris:

"Our public school system is dear and sacred to the heart of every patriotic citizen, and the man or woman who undertakes to undermine that system of public education by secret and false propaganda and misrepresentation is an enemy to our country."

We, therefore, again respectfully request that the "Elementary Principles of Economics" by Ely and Wicker be stricken from the approved list and promptly dropped from the public schools of Chicago.

Yours very sincerely,

EDUCATION PROTECTIVE ASSOCIATION OF AMERICA, Inc.,

(Signed) EMIL O. JORGENSEN,

Secretary.

APPENDIX

THE ELY INSTITUTE — A Menace to
the American People

Some Resolutions and Reports

“The introduction by selfish private interests into the public schools of text-books prepared by them or under their direction particularly when they deal with controversial questions in the field of economics or politics is not to be tolerated. The impropriety of the adoption of textbooks having such origin for use in the schools requires no argument nor should disapproval of them wait on a study of their accuracy or impartiality.”—**Senator Thomas J. Walsh.**

CHICAGO FEDERATION OF MEN TEACHERS

(Resolution Adopted April 16, 1926)

WHEREAS, Professor Richard T. Ely has established an Institute for Research in Land Economics and Public Utilities, now connected with the Northwestern University,

WHEREAS, this Institute, claiming a neutral and impartial attitude towards the subjects of its investigation, is supported by funds obtained from that group whose interest is bound up with the existent methods of taxation,

WHEREAS, the work of Professor Ely and of the institute has been shown to have disregarded the duty of clear definition of terms without which scientific procedure is impossible, and, further, has been shown to have been offered by them and used by the selfish interests by which their work is financed for the purpose of propaganda for existent methods of taxation,

WHEREAS, the basic books prepared by or under the direction of Professor Ely as outline for the research of the Institute have been shown to abound in fallacies of economic theory, all of which fallacies tend toward supporting existent methods of taxation and opposing any experimentation for improvement and belie their pretense of impartiality by laying down in advance the conclusions which should mark the end of the research,

WHEREAS, numerous instructors, trained in Professor Ely's institute, have found places in various institutions of general education throughout the country there to become propagators and defenders of the doctrines of the institute,

BE IT RESOLVED by the Chicago Federation of Men Teachers that we denounce Professor Ely and his institute as an insidiously dangerous factor in the social and educational fabric of our country and that we bring them to the attention of the American Federation of Teachers at the Tenth Convention in order that the convention may examine the question and take such action as in its judgment may best serve to promote justice, progress and the welfare and safety of American institutions.

AMERICAN FEDERATION OF TEACHERS

(From Report of the Education Committee, Adopted July, 1927)

"The American Federation of Teachers has always vigorously defended academic freedom and your committee believes that a peculiarly dangerous attack on academic freedom is involved in the present conduct, control, and financing of the Institute for Research in Land Economics and Public Utilities. . . . Your committee finds that this Institute is misusing the conception of research, and the offense is the more serious and far-reaching because it inescapably involves a great privately endowed university. . . . We gladly grant that scholars of high integrity may and do legitimately serve private foundations. But the issue here is one of a masquerade under false colors. We have an Institute affiliated with Northwestern University, and vouched for by Northwestern as a genuine institute of research. This Institute is largely supported by private groups, and it is obvious that much of that support would cease the moment the announced results of the research ran counter to the economic interests of those groups. . . . Closing the door in advance to any solution, however distasteful or wrong that solution may seem to the director of the Institute and his trustees and backers, vitiates any claim to disinterestedness, and degrades research to the level of special pleading."

AMERICAN FARM BUREAU FEDERATION

(Resolution Adopted December, 1928)

"RESOLVED, that no propaganda of private interests be permitted in our tax-supported schools from the kindergarten to the university, inclusive."

ILLINOIS FEDERATION OF LABOR

(From Report of the Committee on Schools, Adopted September, 1927)

"Nor is it surprising to find that while the Ely Institute receives from Northwestern University the use of valuable facilities, it is also largely financed by private foundations and organizations, among them the National Association of Real Estate Boards—nor that last June the National Association of Real Estate Boards doubled its dues for the avowed purpose, among others, of aiding research and education. . . . This unnatural union of university and research in the interest of supporting groups, must react disastrously on the university. It seems to your committee an acute and insidious form of a disguised control of higher education."

METHODIST EPISCOPAL CHURCH

(From Report of the Social Service Committee, Rock River Conference, October, 1928)

"The Federal Trade Commission recently brought to light the fact that certain private corporations have secretly paid college professors and other leaders of public opinion to declare the rightfulness of private ownership of public utilities.

"We do not presume to pass judgment, but we cannot but condemn this particular method of carrying on propaganda in support of any kind of ownership."

AMERICAN FEDERATION OF LABOR

(Resolution Adopted November, 1928)

WHEREAS, Exposures of the Federal Trade Commission have shown that the special interests are seeking every opportunity to use the public schools to spread their propaganda; and

WHEREAS, It has also been shown that there is gross misuse of the conception of research, institutes posing as research institutes being in reality propaganda institutes subsidized by special interests; and

WHEREAS, The American Federation of Labor believes that the public schools of this country which belong to the people, with their varying political and economic convictions, should provide for the presentation and the discussion of both sides of controversial questions, but should not be exploited for the purpose of advocating the particular conviction or beliefs of any groups; and

WHEREAS, The American Federation of Labor has always actively opposed the use of the schools and universities of the country for propaganda of any nature; therefore, be it

RESOLVED, That the American Federation of Labor goes on record as unalterably opposed to all efforts of private or public service corporations and of real estate boards and other private corporations to inject covert propaganda into the public schools and universities; and, be it further

RESOLVED, That the American Federation of Labor condemn as unworthy the confidence and trust of the American people those institutions which have been proven to be subsidized by special interests and which are carrying on, under the guise of disinterested research, propaganda in favor of the interests which are subsidizing them, and, be it further

RESOLVED, That the American Federation of Labor oppose all efforts to have text books specially prepared by and for these interests introduced into our tax-supported schools, colleges and universities, and use its influence to have such specially prepared text books removed where now in use; and, be it further

RESOLVED, That the American Federation of Labor standing Committee on Education be instructed to continue its studies of text books used in tax-supported schools with these considerations especially in mind and to forward information concerning these matters at the earliest possible date to state federations, central labor bodies, local unions and affiliated national and international unions.

THIRD HENRY GEORGE MEMORIAL CONGRESS

(Resolution Adopted September, 1928)

WHEREAS, the purpose of our schools, colleges, and universities is to carry on, not special propaganda for the few, but impartial education for the many, and

WHEREAS, numerous investigations have disclosed the fact that the Institute for Research in Land Economics and Public Utilities, directed by Prof. Richard T. Ely in Northwestern University, has accepted hundreds of thousands of dollars from the National Association of Real Estate Boards, the public utilities and other monopolistic corporations and is now putting out through our schools and colleges—and under the pretense of “disinterested research”—teachers and text-books hostile to the welfare of the masses and advantageous to the privileged organizations from which its contributions are received; be it therefore

RESOLVED, that the Third Henry George Congress in convention assembled in Chicago, September 10-13, 1928, denounce the aforesaid Ely Institute in Northwestern University as a threat to economic freedom, a menace to democracy and a grave danger to the future welfare of the American people.

NATIONAL LEAGUE OF TEACHERS' ASSOCIATIONS

(Resolution Adopted July, 1928)

WHEREAS, the findings of the Federal Trade Commission of the United States Government have revealed the fact that a nation-wide and insidious propaganda of prodigious proportions has been and continues to be carried on by the private power companies of this country, and,

WHEREAS, this propaganda has attacked the entire public school and educational system of the country, undertaking to censor and revise existing text books, hiring college professors and prominent educators to write and deliver lectures under academic auspices without disclosing their private power company connections; establishing and subsidizing bureaus of so-called research under high sounding names in universities, paying the expenses of college professors to attend conferences conducted under private company auspices and otherwise attempting to introduce their propaganda into the public schools, and,

WHEREAS, the public schools and educational system of the country constitutes the very citadel of American democracy upon which its future depends, and,

WHEREAS, the Classroom Teachers are the ones who must use these censored text books and literature and are held responsible for the proper guidance and training of the youth who are to become our future citizens, therefore be it

RESOLVED, that we most earnestly protest against the use of the public schools and educational system of our country by any private concern or organization in behalf of selfish and class interests against the general and public welfare; and, be it further

RESOLVED, that we call upon the general public to give closest attention to the findings of the Federal Trade Commission that they may be informed and fully aroused to the peril involved; and particularly do we urge upon the press of the country their solemn duty to give the facts and findings of the Commission the prominence and publicity which their overshadowing importance demands.

PUBLIC OWNERSHIP LEAGUE OF AMERICA

(Resolution Adopted July 26, 1928)

WHEREAS, the findings of the Federal Trade Commission have disclosed the existence of a nation-wide conspiracy on the part of the private utility monopolies of this country to revise the text books and to influence and employ the teaching force in order to prejudice the minds of our youth in the schools, colleges and

universities against municipal and public ownership and in favor of private ownership, and,

WHEREAS, the findings of the commission have shown that the success of this effort has been so great and far reaching as to threaten the integrity of the whole educational system of the country, and,

WHEREAS, the "Institute for Research in Land Economics and Public Utilities," directed by Prof. Richard T. Ely at Northwestern University is one of the agencies which is subsidized by the public utilities and which is putting out, under the cloak of "disinterested research," teachers and text-books hostile to municipal ownership and favorable to the private corporations from which its subsidies are received; and,

WHEREAS, in many other universities, notably Harvard, the state universities of Ohio, Pennsylvania, Colorado, Minnesota, Wisconsin, and other states as well as in the public schools of Connecticut, Nebraska, and elsewhere, similar conditions have been shown to exist; now, therefore, be it

RESOLVED, that the Conference of the Public Ownership League of America held at Seattle and Tacoma July 23-26, 1928, condemn all such dishonest, undercover and deceptive methods of propaganda and protest most earnestly against their use by utility monopoly agencies in prostituting public education to the purposes of private profit against the public interests; and be it further

RESOLVED, that the Public Ownership League urge upon public spirited people everywhere to do everything in their power to rid the public schools, colleges and universities of the United States of these baneful influences; and that all candidates for regents of universities, members of school boards and others having in charge the policies of educational institutions be carefully scrutinized and interrogated as to their position and views regarding these matters, all to the end that the educational system of the country shall be maintained at all times free and untrammelled.

INDIANA STATE TEACHERS' ASSOCIATION

(Resolution Adopted October, 1928)

"The investigations of the Federal Trade Commission have revealed one type of propaganda to mold and control the course of study of our public schools. Many organizations besides the utilities are attempting to use the schools to strengthen their cause, biasing public opinion or limiting the freedom of teachers in seeking and teaching the truth. We are opposed to all such movements, whether by propaganda or legislation. We believe the schools should be safeguarded in order to give teachers initiative and independence in preparing our children for life in a democracy."

FEDERAL TRADE COMMISSION

(Report, 1928, p. 240)

"The right of industry to present its case before the bar of public opinion is unquestioned, provided such presentation is made openly in the name of the industry and therefore without even a semblance of deception such as may be involved in subsidizing authors, teachers, universities, or research organizations in order that inspired text-books or other materials may be given greater credibility because issued over the names of supposedly impartial writers, research organizations or institutions of learning. Where this is done, the general public may well question whether the scientific attitude and integrity of established institutions of higher learning are not being undermined. Truly, no greater calamity could happen either to industry or to the public than for educators, or educational institutions, to become the paid mouthpieces of economic groups."