by the fabled fox to the goat—"If you had had brains like you have beard, you'd have looked before you leaped into the well."

There exists a continual struggle to drag the camel through the needle's eye to say nothing of straining at gnats and swallowing camels. It scarcely occurs to the poor dupes that the Astorbilts in the congregation aren't any less wicked than themselves but that their presence is necessary to lend realism to the farce.

There should be a clear-cut distinction between Christianity and religion. Christianity is of God and desires that all God's creatures should have free access to nature's bounty in a world designed for the development of both body and soul. Religion is of the devil and designed to perpetuate the privileged class while labor, of whatever kindred, nation or tongue is systematically robbed of its just deserts to the tune of forebearance, charity and hell-fire.

It is not only necessary to recognize the author of religion but his progeny should likewise be properly identified. Certain monopolistic practices have long been recognized and called by their right names but people still pour in their gold and bow themselves before "calves" having the same sinister and devastating influence beneath a more paternalistic guise.

Political parties which are a combination of privileged interests partially divided by partisan and economic conditions represent the "first born." Those who let Christianity interfere (and few do) with "party loyalty" are anathema.

Education is a lusty offspring spawned for the purpose previously served by the Church. Privileged interests dictate the curricula saying in substance to the school system: "Teach the rabble what we want them to know and no more." A child exposed for years to endless frivolity window-dressed with a few really informative subjects invariably becomes an A-1 "yes-man" looking for a soft job, loafing or worse.

One cannot so much as marry without a report on the number of schools and colleges attended and his having belonged to the Etta Betta Pie.

Not content with an octopus grip upon school officialdom, education spreads its tentacles to encircle all its beneficiaries into Parent-Teacher Associations. All teachers necessarily belong and many parents belong who are misled by a few local benefits and never suspect that its main excuse for existence is to initiate and perpetuate such infamous monstrosities as the sales tax.

There are many other groups that interest themselves in the health, recreation and morals of the down-trodden masses and align themselves with the educational oligarchy at the ballot box to assure their continuity while destitution increases its intensity and revolutionary influences become more firmly entrenched.

It has not always been that so much could truthfully be said of our country and its many institutions. They are still helpful in isolated instances after the manner of keeping an ambulance down in the valley to give first aid to one who has fallen off a cliff that needed a fence.

It has become so because the system was built upon a rotten foundation, private ownership of natural resources, and we have come to the end of the frontier.

Mere human resources can never prevail against the existing pall of economic ignorance. The nation will succumb to anarchy and atheism unless Christians "Come out from among them—and touch not the unclean thing."

Personally, the one desire of my heart is that the Savior return even while I am in the flesh—that I may witness the deliverance of humanity from the bondage of poverty and its attendant evils. To me, that will constitute the millennium.

"Guaranteed" Mortgage Certificates

A SUCKER GAME WHICH HGSSS STUDENTS CAN INSTANTLY SPOT

A MORTGAGE foreclosure sale was held in the Real Estate Auction Sales Room on Vesey Street in New York City on April 26, 1939. A parcel of land 40 by 75 feet, on which stood a modern 22-story business structure was offered for sale. The story connected with the rise and fall of this piece of land should be of interest, not only to Georgeists, but to many another mortal, who, in his weakness to gain "wealth" permits himself to be ensnared and deluded. Such a mortal is entitled even to our sympathy; had he known better, he would have had much less to weep about. Not until *we* seek him out and tell him what it is *all* about, not till then will *he* know how to keep out.

But, back to our story. George W. Ellis, an aged, eccentric New York lawyer owned a plot of ground situated on the south-east corner of Seventh Avenue and Thirty-seventh Street, in the heart of the New York garment center, popularly so known because of the great many garment manufacturers centered in that area. On this plot of ground stood two very old and dilapidated 4-story buildings, which, as buildings, were quite worthless and in fact had been unoccupied for years. They were an eye-sore amidst a busy neighborhood, where even in the great hustle of life, people would gaze upon the unsightly seediness of such structures still remaining on such a valuable site.

Broker after broker, from time to time approached "Old" Ellis with all sorts of propositions to induce him to dispose of the property. Ellis, when in the mood, would listen to the brokers quite frigidly, saying very little and often not a word, purse his lips and shake his head in the negative. It has been said that hundreds of offers had been refused by him in this manner. Eventually he gained the questionable distinction, fashioned perhaps after the habits in this regard, of the manner of the famous Wendels, that he never sold anything and executed only short-time leases on the real estate which he owned. Why? Of course, Georgeists *know* why. But to real estate brokers he was merely "eccentric and queer, and it was simply his way of doing things."

However, time is a great reformer of many things. He lived—frugally—at the fashionable Hotel Plaza, and passed on in his eighty-second year on February 8, 1930. Just about a month later, the two little Seventh Avenue buildings, so inharmoniously surrounded by handsome modern skyscrapers were sold by the executors of the Ellis estate. With the old lawyer's death, competition for the property had been renewed. In fact, the competition was so keen that the purchaser was obliged to pay $676,500 for that plot of land which measured only 40 by 75 feet, and for which Ellis is said to have paid around $50,000 in 1890!

Shortly after the purchase in 1930 (not a year to do much bragging about) the demolition of the worthless buildings was begun and preparations were well in hand for the construction of a 22-story mercantile building. The new structure was completed in due course and the dismal old hovels which it replaced were soon forgotten and perhaps little missed.

Title Insurance groups and Mortgage Guarantee Companies at that time did a flourishing business. They encountered no great difficulty in attracting the funds of the "poor widows" and the "rich orphans," to purchase their "guarantee" mortgage certificates. They did not have to resort to the high-pressure methods of salesmen in the real estate field. They did not have to point out the great accumulations of riches gained by the Vanastors and Astorbilts, by their "sound investments in the bed-rock of New York." They simply had to point out that the certificates of mortgage, which they were offering for sale, were "guaranteed." Unfortunately, for a great many of such investors, the sad awakening came too late.

As is now well known, and was known by well-informed persons even at that time, greed and corruption fairly reeked around deals made between financing and operating groups in the building field. Upon the payment of exorbitant fees and commissions, loans were made without regard to the prudent margin required to protect the mortgage investment, and coincidentally, show the good faith of the borrower by having an honest equity in the project. It was not unusual to spot instances wherein the loans so made actually exceeded the worth of the operation. The financing company was frequently left "holding the bag"; in fact, it was recognized as a "smart thing" for the unconscionable operator to "borrow out" of the transaction. Proceedings of this nature often netted handsome profits.

The record shows that the purchaser paid the Ellis estate $676,500 for the land, which was indicated by the transfer stamps attached to the deed, as required by the Federal law. At the time of the purchase and sale (1930), the land was assessed for purposes of taxation for $387,000. These figures are not cited in derogation of the assessment, nor in defense of the sale price; attention is merely called to their wide disagreement. The Department of Taxes and Assessments, quite appropriately, took cognizance of the reported sale price and therefore increased their valuation of the land to $585,000 for the following year. The new owner, in order to proceed with the operations, succeeded in obtaining a mortgage loan from an institution, which, in turn, disposed of its investment by cutting it up into small denominational Guaranteed Mortgage Certificates. In order to complete the picture, the Tax Department's assessment figures for subsequent years are shown herewith:

YEAR	LAND	BUILDING	TOTAL
1931	$585,000	Not completed	$585,000
1932	510,000	380,000	890,000
1933	485,000	380,000	865,000
1934	435,000	340,000	775,000
1935	435,000	315,000	750,000
1936	435,000	315,000	750,000
1937	435,000	315,000	750,000
1938	425,000	315,000	740,000

It will be noted that the building, according to these figures, has depreciated $65,000 in the course of seven years. This appears quite reasonable on the basis of the customary allowance of 2 per cent per annum to be charged off.

We now return the reader to the Real Estate Auction Salesroom on Vesey Street in New York City. It was there that this land and building was sold to satisfy a mortgage lien against it, the claim amounting to about $700,000. It was bid-in for a nominal sum by a committee representing the certificate holders who had invested in the mortgage. A portion of their investment may be saved upon the completion of re-organization plans now in progress. It will nor require the services of an expert to analyze any re-organization plan to save this investment. Anyone can see that the mortgage claim is much too dangerously close to the valuation of the property. The problematical increase in the value of the land cannot be depended upon with great reliance. With the tendency for further reductions, as indicated by the table, in land value by deflation and building value by deterioration, the danger becomes greater.

Fraudulent practices were quite commonly engaged in by numerous "Guarantee" Companies. In one case, typical enough of many others, one such company took a mortgage for an amount greatly in excess of the value of the property on which it was a lien. The mortgage was foreclosed at a judicial sale and bid in by a subsidiary of the company for a fictitious sum. The relationship between the company and the subsidiary was not then generally known. The subsidiary thereafter sold the premises to a "dummy," who happened to be one of their insignificant employees. This employee, an office stenographer, thereupon executed a purchase-money mortgage to the subsidiary for the amount of the originally inflated and foreclosed lien. The company then went through the motion of purchasing this mortgage by assignment from the subsidiary and it became a part of their portfolio of mortgages to be offered to an unsuspecting public as a guaranteed mortgage investment. An investor, knowing nothing, of course, about this artifice, was beguiled by the glamour of a "guarantee," and in complete reliance on the company's appraisal of value, purchased this mortgage. By the terms of the "guarantee," the company undertook to collect the interest on the mortgage from the "dummy" owner of the property, send it to the innocent new holder of the mortgage investment, and ultimately to collect the principal and remit likewise, retaining a small fee for its services. Later on, when the company found itself in difficulties, it asked the investor to accept the mortgage outright and release it from its "guarantee." The investor became both curious and suspicious regarding the transaction. He caused the records to be examined, discovered the facts here recited and clearly saw through the fraud. In *effect*, the company *had taken a mortgage on its own property* and passed it off as a bona-fide transaction through the mediumship of the subsidiary and its "dummy". Aside from this being most unethical, it should be pointed out that the interests of a mortgagee and mortgagor are quite separate and distinct; separate and distinct enough to be in decided opposition to one another. How is it possible for a company to render fair service under such circumstances?

An action was brought by the innocent investor for the return of his money. In very quick time the company settled and made good the amount involved, in return for the consent to *expunge* from court records the dynamite with which the case was loaded.

The status of mortgage certificates owned by subsidiaries of "guarantee companies" was taken up in two cases quite recently in the New York Supreme Court. In one case the court held that the interests of the subsidiary were subordinate to certificates in the same issue owned by outsiders. The "guarantee" company argued in opposition to this ruling, despite the fact that the subsidiary here involved was no longer in existence, having been dissolved three years before and besides, had no creditors. This sort of opposition can have but one interpretation; they would stop at nothing to inflict further harm on the innocent but deluded certificate holders.

All around us we hear of the value of the knowledge to be gained by the study of political economy. Students who are in the insurance business, in the stock brokerage business and even those engaged in the management and sale of real estate, assert how much they have been benefitted in the conduct of their business through the study of political economy. Many students with college training who have taken the courses at the Henry George Schools admit that their college training did not increase their knowledge of economics. But a study of Henry George enlightens them. Among other things, they acquire a sense of value and proportion, not otherwise obtainable. That is why they are helped in their business, whatever it may be. They also grasp a new perspective of life and of truth, and with it, a standard of ethics of the highest order.

JOS. HIRAM NEWMAN.

Henry George Congress Centenary will be Well Attended

LONDON, England—Arthur Madsen, Secretary of the International Union for Land Value Taxation, reports that among the European contingent who will attend the Henry George Centenary in New York, August 30 to September 2, will be the following:

Sam Meyer of Paris, for many years leader of the movement in France; editor of *Terre et Liberte.* Also, Mme. Sam Meyer.—Jakob E. Lange, doyen of the Danish movement, translator of "Progress and Poverty," writer of many books on political economy, author of a "Life of Henry George," prominent in development of Danish People's High School, in the curriculum of which is a course on Henry George—F. C. R. Douglas, born in Canada, active in the English Georgeist movement since 1910. Solicitor, Mayor of Battersea, member of London County Council, in which he has promoted the bill for land value taxation.—R. R. Stokes, M.P., successful business man, and teacher in the Henry George School of Social Science.—Bue Bjorner of Denmark, President of the International Union for Land Value Taxation; Mrs. Bue Bjorner, and Mrs. Sigue Bjorner.—H. Kolthek, leader of the Georgeist movement in Holland, of whom more news in another issue.—Ashley Mitchell, George Green, Rev. Leyton Richards, and other British members of the International Union. And as we go to press we learn that Josiah Wedgwood, M.P., one of the foremost Georgeist orators, plans to attend.