

This Land is Your Land, This Land is Mine: The  
Socioeconomic Implications of Land Use Among the Jicarilla  
Apache and Arden Communities

By

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To the Faculty of Washington State University:

The members of the Committee appointed to examine the dissertation of BRADFORD D. WAZANEY find it satisfactory and recommend that it be accepted

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THIS LAND IS YOUR LAND THIS LAND IS MINE: THE SOCIOECONOMIC  
IMPLICATIONS OF LAND USE AMONG THE JICARILLA APACHE AND ARDEN  
COMMUNITIES

Abstract

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This dissertation examines the progression of Jicarilla management from traditional tribal leadership to the current corporate-style management system. Understanding the need to remain flexible, the Jicarillas elected to adopt a corporate charter in 1937, assuming the name Jicarilla Apache Tribe. Today, the Jicarilla Apache Nation's corporation is an example of a successfully managed reservation that pays shares to their "stockholders" in the form of dividend checks. The success that the Jicarilla Apache Nation has as a corporation, and the manner in which they operate, can be seen in direct contrast to the operational practices of large, multi-national corporations.

The Jicarilla Apache Nation's management system is examined along side current and older economic theories, particularly the "single tax" theory proposed by nineteenth century philosopher Henry George. The Jicarillas' system and George's single tax alternative taxation method have similar outcomes: the redistribution of public resources for the betterment of the community. Georgist economic philosophy has been successfully implemented in three Delaware communities, with the eldest township, Arden, having recently celebrated its 105<sup>th</sup> anniversary.

The ultimate goal of the project, then, is to demonstrate how a small-scale, directly represented governmental system better serves its constituents and improves the overall quality of life for its residents.

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*...truth begins with trust and courtesy and kinship...*  
Calvin Luther Martin

## **Introduction**

This study examines the socioeconomic implications of resource (land) allocation among the Jicarilla Apache of New Mexico and three communities in Delaware: Arden, Ardentown, and Ardencroft. These communities have established allocation procedures ensuring the natural benefits derived from land are evenly distributed among members. The study will reveal how these land sharing policies have improved the lives of respective members and the economy of the local communities.

Because the methods utilized by each community to distribute resources among members differs, the study is intentionally written in two, separate sections. Part One (Chapters 1-3) examines the history of the Jicarilla Apache and the emergence of their contemporary leadership structure. Chapter One explores Jicarilla society from its early, limited contact with Spanish authorities, up through their experiences with the United States Government following the Treaty of Guadalupe Hidalgo and the subsequent Gadsden Purchase. After the United States gained control of the territory, the Jicarillas, lacking title to their traditional territory, effectively became squatters on their own lands. Throughout this period, the Jicarilla desired legally recognized ownership (fee simple) of their land. After a prolonged period of brief settlement and relocation, their current reservation was created in northern New Mexico.

Chapter Two examines the early years of reservation living—formative years when their economy was developing. These were trying times for the Jicarillas, as

numerous epidemics swept through the community. By 1920 their numbers had plummeted to 588 souls, and some officials predicted their extinction as a people by the 1930s. The Indian Reorganization Act (I.R.A.) of 1934 marshaled in a new era of increased economic activity for the Jicarilla, and profoundly altered their society. Adhering to the mandates of the I.R.A. required that the Jicarilla adopt a corporate charter and relinquish their allotments to the newly established Tribal authority. Though the Jicarillas had fought to gain title to their lands for years, in the traditional spirit of cooperation they willingly acquiesced.

As their financial condition improved, the Jicarillas' reliance upon central tribal authority increased. Chapter Three examines the maturation of both the Jicarillas' leadership and their local economy, focusing particular attention on their methods of resource allocation. It is contended that the decision to evenly distribute resource revenue was not based on the maximization of economic profit, but rather on traditional social relationships and moral concerns based on cultural values. This study will trace the progression of Jicarilla Apache governance from traditional tribal leadership to the current corporate-style management system. Today, the Jicarilla Apache Nation's corporation is an example of a successfully managed reservation that pays shares to their members with monthly dividend checks. Derived profits have been reinvested into and outside the local community, generating additional income. The profits from the economic investments are utilized to provide enrolled members free health care, educational and career opportunities, and an overall improved standard of living. Community cohesion ushered in the Jicarillas' current level of economic success. Their

economic system is an example of the small-scale tradition of equal access to resources as practiced in and adapted for our modern global world.

Part Two (Chapters 4-5) of this study examines the single tax theory proposed by nineteenth-century theorist Henry George. George believed that if the value of land was taxed, owners would be compelled to utilize the resource or sell their holdings. Because only desired lands held value, the surrounding community was responsible for that value. Consequently, George maintained that the community should benefit from the revenue generated from a land tax. His economic philosophy has been successfully implemented in three Delaware communities, with the eldest township, Arden, having recently celebrated its 105<sup>th</sup> anniversary.

The Jicarilla Apache Nation's system and George's ad valorem land tax alternative have similar outcomes: the redistribution of public resources for the betterment of the community. Because Henry George was as much a social philosopher as he was a self-taught economist, Chapter Four provides extensive background on George's life and experiences. The obvious economic inequalities present in nineteenth century industrialized nations impacted George's philosophies and inspired *Progress and Poverty*, his defining work. Contained within *Progress and Poverty* is his single tax land value (ad valorem) theory. Chapter Four offers examples of successfully implemented ad valorem land tax systems in small and large communities, as well as at the national level. The chapter will offer the theories of opponents and proponents of George's single tax theory, allowing the reader to determine the efficacy of a land value tax system.

Since the Jicarilla Apache Nation and the Delaware communities utilize different methods to distribute resources, the two systems are not compared against one another.

Instead, Chapter Five examines the evolution of the modern corporation, and compares the two methods against other organizational structures. It is here that the argument for categorizing the two communities as an adaptation of a small-scale system will be developed. Chapter Five contends that the two communities are examples of small-scale, directly represented *corporations*, concentrated on improving the lives of shareholders (members.)

The benefits that the Jicarilla Apache Nation's members and Arden's residents both enjoy, and the manner in which the two systems operate, can be seen in direct contrast to the operational practices of large, multi-national corporations and governments. The ultimate goal of the project, then, is to demonstrate how a small-scale, genuinely democratic governmental system can better serve its constituents and improve the overall quality of life for its residents.

# **Part I**

Jicarilla Apache Nation

# 1

*I want you to round-up every vicious criminal and gun slinger in the west...I want rustlers, cutthroats, murderers, bounty hunters, desperados, mugs, pugs, thugs, nitwits, half-wits, dimwits, vipers, snipers, conmen, Indian Agents...*

Hedley Lamar

## **Jicarilla Apache Historical Background**

The Jicarilla Apache are members of the language family known as Athapascan (sometimes spelled Athabaskan), a name derived from the Cree place name of the Peace-Athabaskan delta near Lake Athabaska in northwestern Alberta, Canada. While there is a great distance between northwestern Canada and the American Southwest, there exists a relatively close linguistic relationship between Athabaskans residing in Canada and those in the Southwest (Perry 1991: 18). All Southern Athabaskan languages are closely related and similar, but Western Apache, Chiricahua, and Mescalero are more closely related to Navajo than to Jicarilla, Lipan, and Kiowa Apache (Baldwin 1965: 22-23). The differences between the dialects are not sufficient to affect understanding, however, and a Navajo and Jicarilla can easily understand one another (Baldwin 1978: 16).

The origin of the term *Apache*, however, is not as easily determined. Though their name for themselves is *Indé*, meaning “the people,” the term *Apache* derives from the Tewa Pueblo *Apachu*, but finding a clear definition of the word becomes difficult (Terrell 1974: 8). One interpretation of the word is that of “enemy” or “stranger.” Initially written as *Apache de Nabahu* (Navajo) by Spanish chroniclers, this term has been interpreted as “enemies of the cultivated fields” (Van Roekel 1971: 4). Another,

less familiar, hypothesis for the origin of the name is from the *Nahuatl* word for raccoon (Gunnerson 1974: 54). The *Nahuatl* word for raccoon is “mapachtli,” and it is argued that the Spanish interpreted the word as *mapache*.

Two theories are offered as to why the word *mapache* was used to describe modern “Apache” people. The first theory is that the raccoon, a New World animal, makes its living by stealing maize from cultivated fields in Mexico. Since the Apaches did indeed raid the fields of their sedentary neighbors, this is entirely plausible. The other theory similarly includes raccoons. The Apaches often painted their eyelids, orbital areas, and sometimes their temples in a manner not unlike a raccoon’s mask when going to war, and this has been suggested as the reason for the name (Gunnerson 1974: 58).

The Jicarilla Apache roamed over a territory that included parts of northeastern New Mexico and southern Colorado (Worcester 1979: 5). *Jicarilla* in Spanish means “little basket,” a name bestowed upon this Apache group in reference to their skill in making small baskets used as drinking cups (Worcester 1979: 5). Jicarilla baskets were generally of a coiled or sewed variety, differing markedly from those made by the Western Apache (Goddard 1931: 159). The foundation of the basket is three or five twigs from a sumac or willow tree. The Jicarillas obtained dyes from the bark of the mahogany tree, which yields red, and from the root of the barberry, which yields yellow (Van Roekel 1971: 6). The patterns used consisted of triangles, rectangles, and bands (Goddard 1931: 160). Jicarilla basketry was distinguished by its heavy, wide coils; by loop handles on bowls; and by the shiny brown background of the sumac tree (Baldwin 1878: 117).

Similarly, the Jicarilla had distinguished themselves artistically with their unique style of cooking pottery. Seldom painted, they decorated their pots with a series of points or ridges applied near the rim. The style, known as appliqué, was borrowed heavily from the Pueblos (Goddard 1931: 159). A distinctive Jicarilla addition consisted of their firing technique. The Jicarillas fired their pottery with pine bark, giving the vessels a lusterless black surface (Goddard 1931:159).

The Jicarillas are one of the six Athapascan groups who include the Chiricahuas, Navajos, Western Apaches, Mescaleros, Kiowa Apaches, and Lipans. Migration out of the Canadian Mackenzie Basin and settling in the American Southwest between A.D. 1300 and 1500 (Tiller 2000: 4) occurred during the so-called Fremont Period (500-1700 b.c.e.) (Haskell 1987: 51).

The Jicarillas were divided into two groups, or bands: the Llaneros (*Yan-air-os*) and the Olleros (*Oy-yair-ohs*). The two ecological zones (plains and mountains) comprising the Jicarillas' territory were the basis for the names of the divisions. Those who lived on the plains were known as the Llaneros (plains people) and those who lived in the mountains were designated as the Olleros (mountain-valley people) (Tiller 2000: 4). The Llaneros lived on the headwaters of the Canadian River, and when in the mountains between the stream and the Rio Grande. The Olleros lived west of the Rio Grande, spending the majority of their time on the Chama River (Goddard 1931: 145). Though the bands were divided, they were one insofar as customs, dress, and speech were concerned (Opler 1971: 310).

Jicarilla society was matrilineal and matrilocal. Under this system, when females married the newlyweds came to live with the bride's family or kin. A male would go to



live with his bride's family or kin after marriage. The basic family unit consisted of the parents, unmarried children, married daughters, and their husbands and children (Tiller 2000: 12). Any authority within the family was held among the grandparents' generation. As with most matrilineal societies, the son-in-law was expected to obey his father-in-law and comply with his wishes. Mother-in-law avoidance was typical whenever a male was in proximity to his wife's mother (Perry 1991: 78-79).

Children were disciplined and educated by their grandparents (Greenwald 2002: 98). Young boys were trained by their grandfathers, learning the essential skills necessary for hunting and raiding. Young girls were instructed by their grandmothers. They were taught the fundamentals of domestic chores. As part of their lessons, they were encouraged to mimic the responsibilities while at play that they would have as adults, such as pretending to construct tipis or sew clothing for their dolls (Tiller 2000: 17). Children were also warned of the natural and supernatural dangers in their world.

Female children were and continue to be honored with the Adolescence Ceremonial Feast after reaching puberty. The ceremony asks that the girl live a long and healthy life, that she may honor the principles and beliefs of the Jicarillas, and that she may bear many healthy children (Tiller 2000:18).

The role of male children in Jicarilla society is also honored. The Ceremonial Relay Race, which occurs September 13-15, honors young men (Opler 1944: 75). Racers representing the Ollero and Llanero bands compete against one another on a track laid out on an east-west concourse, with a kivalike structure symbolizing the Jicarilla's place of emergence (Tiller 2000: 19). Participation in this ceremony also requires that boys have

reached puberty. Every Jicarilla boy must participate in at least one race in his lifetime (Opler 1944: 75).

The boys, representing either the Llanero or the Ollero band, in essence symbolize the main pursuits of either band. The Olleros represent the Sun and the animals, while the Llaneros represent the moon and the plants. These designations resulted from Jicarilla mythology concerning the origins of the world, when Holy Boy created the Sun and Moon. Similar to the bands representing the economic pursuits of either band (i.e. hunting or farming,) colors symbolize each band as well. For the hunting Olleros, the color red (blood) is their symbol. White (water) is the symbolic color for the farming Llanero band (personal communication, 1996).

The origin of the relay race has its own mythology: At the beginning there was too much of both plants and animals, and this puzzled the people. The food was mixed together and in the confusion the people did not know how to utilize either source. Sun and Moon realized that that the foods must be divided into seasons (Opler 1944: 80-95). Since the animals belong to Sun and the plants belong to Moon, they decided to wager to see whether plants or animals would thrive. Moon wagered all of his plants and Sun wagered his animals. Sun took the animals to the east, and moon took his plants to the west (hence the east-west direction of the Ceremonial track.) Sun's side won that first race, and whereas animals were in abundance the next year all of the crops failed (Opler 1944: 80-95).

The race was given to the people, who were warned that if they did not faithfully continue it every year they would starve (Opler 1944: 83). If the Olleros win the relay race animals will be in abundance the following year. If the Llaneros win, plant foods

will be plentiful (Tiller 2000: 19). In addition, if the Olleros win the race the winter will be long and arduous, but if the Llaneros win the winter will be mild and Spring will arrive early (personal communication, 1996).

Politically, the Jicarilla were almost entirely democratic. No Apache, regardless of rank, could speak for all of the Apache or even for all of the people in his own band (Terrell 1974: 90). With the exception of hunting and warfare (including raids), decisions reached by council governed the Jicarilla, not chiefs. During times of war or while hunting, headmen were appointed to act as leaders (Goddard 1931: 174). Although in many bands leadership was inherited, power could be rescinded at any time. Individual groups acted independently of all others (Terrell 1974: 90). Since the Jicarilla were matrilineal, women were allowed to contribute their opinions regarding the welfare of the tribe, but they usually relinquished that role to the men of the group (Tiller 2000: 16). Because children were important in Jicarilla society, and women were the primary caregivers, women were equally respected and held equal status to men (Tiller 2000: 16).

The Jicarillas exploited both the mountains and the prairies. With a territorial range encompassing two ecological zones, the Jicarillas obtained sustenance through a mix of hunting, gathering and horticulture. Larger animals exploited included deer, bison, antelope, and elk, though smaller game such as rabbits, squirrels, and birds were taken as well. They supplemented their diet with gathered edible plants, fruits, and nuts. Taking advantage of Pueblo and Spanish practices, the Jicarillas irrigated crops such as corn, pumpkins, beans, and melons (Greenwald 2002: 97). The Jicarillas planted tobacco and squashes on a limited basis in the mountain-valleys they inhabited (John 1989: 60). Of all the Athapascan tribes, the Jicarilla and Mescalero depended the least upon

agriculture, most probably due to the abundance of game in the region (Goddard 1931: 152) and the incidents of raids from rival tribes.

Practicing horticulture was made difficult by the continuing hostilities with the Comanches, a powerful Southern Plains tribe that made cultivation a risky endeavor (Greenwald 2002: 97). Intensified Comanche raids on the Jicarillas caused such disruption to their daily patterns that by 1718-1719 the Jicarillas were in full retreat from their traditional areas. By 1748 the Comanche had driven the Jicarillas from their territory (Wallace and Hoebel 1986: 288) and the Jicarilla were forced to seek protection from the Spanish garrisoned at Santa Fe (Tiller 2000: 7). Though Spanish military expeditions temporarily halted Comanche aggression, in 1724 the Jicarillas were again asking for Spanish protection. From January 24 to February 11, 1724, Spanish authorities officially met and debated a declaration of war against the Comanches for depredations committed against the Jicarilla. Some Jicarillas claimed that as subjects of the Spanish king, they should be given protection by Spanish troops (Twitchell 1976: 193).

Traditionally, the Spanish used Indians to act as buffers against competing powers—both Indian and European. Though the initial request for protection was granted in 1718-1719, the Spanish agreed only after encouraging Jicarilla settlement between Santa Fe and French positions “located within seventy leagues of Santa Fe” (Tiller 2000: 7). At that time the French had declared war on the Spanish, but the threat had declined by 1724. Since the threat of French attack had lessened and the Jicarilla were no longer needed to act as a buffer, the Spanish authorities denied Jicarilla requests for aid. Instead, they were encouraged to settle nearer to the Pueblos for protection. It

seems that some Jicarillas accepted this advice, and a mission was established for them near Taos in 1733 (Tiller 2000: 8).

Though this arrangement offered a reprieve from Comanche assaults, it would not last. On January 20, 1748 a large contingent of Comanche warriors killed “some seventy young men gathered, including some Gentile Indians of the Jicarilla tribe, of those who live in peace in the shelter of the pueblo” (qtd. in Gunnerson 1974: 226). Repeated Comanche raiding altered Jicarilla subsistence patterns and forced relocation (i.e. migration towards Taos,) narrowing territorial borders. Fear of attacks placed limitations on Jicarilla movement, and resulted in the above-mentioned boundaries.

The continued assaults by Comanche raiders, however, did not alter the modes of subsistence for the nomadic groups as severely. Spanish authorities had long observed the presence of numerous groups on the open plains. Unfortunately, it was not until 1700 that the Spanish referred to individual Apache bands (i.e. Jicarilla, Mescalero, etc.) rather than by the generic “Apache.” In 1700, Spanish Governor Pedro Rodriguez Cubero sent out a warning to “apaches of la Xicarilla” to cease harboring Spanish fugitives (Tiller 2000: 5).

Prior to 1700, Spanish chroniclers did make distinctions between Apaches inhabiting mountainous areas and those dwelling on the plains. Juan de Oñate, the first Governor of New Mexico, distinguished between “Apaches” of the mountains and the “Vaqueros” of the Plains in the early 1600s (Gunnerson 1974: 8). While these distinctions obviously fail to conclusively designate the Jicarillas as either “Mountain” or “Plains” Apache (nor both,) they do show that Apache groups were living in varied ecological zones. Similarly, Oñate’s writings recognized that the Vaqueros and mountain

Apaches were of “common stock” (Gunnerson 1974: 8). Oñate was so impressed with the “dog-nomad” Apaches whom he encountered at the turn of the century (1598-1609) that he called them the “masters of the plains” (Gunnerson 1974: 17).

Given the fact that the Jicarillas lived in both mountainous and prairie locales, and the less sedentary groups withstood Comanche assaults for the very reason that they were less reliant upon tended crops, they developed a unique relationship with sedentary peoples such as the Pueblos and Spanish. Having little reason to attack settled peoples who were eager to trade for meat and skins, and because they lived in territories outside of Spanish authority, the Jicarillas managed to escape mention in most Spanish reports and remained relatively obscure during the sixteenth and seventeenth centuries (Gunnerson 1974 11).

Though the Jicarillas lived in relative obscurity insofar as Spanish recorded history, Puebloan and Spanish influences on their culture are evident. As mentioned earlier, the sedentary Jicarilla adopted their irrigation methods (Greenwald 2002: 97). Similarly, those Jicarillas who dwelt on the Plains and Oñate referred to as “dog-nomads” borrowed a lifestyle suitable for open plains. They also added elements of Spanish practices, but instead of irrigation techniques they adopted the horse. The horse facilitated the hunt, allowing for longer forays on the plains. As more time was spent on the eastern plains, the Jicarilla gradually adopted customs and rites from their new neighbors (Van Roekel 1971: 5). The Jicarillas dressed entirely in buckskin, a style adopted from the neighboring tribes on the Plains (Goddard 1931: 156). Like many nomadic plains people, the buffalo became an immensely important animal to the Jicarilla’s new way of life. The meat was used for food, its sinew for sewing and to

string their bows. The hair on the top of the head was used to make rope, and its hide was used to make blankets and for the walls of their tipis (Opler 1994: 123).

When not on the plains, the Jicarilla preferred to dwell in a wickiup (Baldwin 1978: 110). A wickiup was made by setting long willow or oak poles in shallow holes dug into the ground roughly in the shape of a circle. The tops of the poles were bent over and tied with yucca leaf strands. Over this framework bundles of bear grass or similar thatching material were tied and served to act as a type of shingle. A smoke hole opened in the top above a central fireplace. In wintertime or during stormy weather the wickiup was covered with skins to make it watertight (Baldwin 1978: 108). Though the wickiup served the needs of the Jicarilla when in the mountains, as more time was spent on the open plains the materials available (i.e. buffalo) and the groups encountered further impacted their culture. The influence of Plains Indians on the Jicarilla affected not only their means of subsistence, but also their spiritual beliefs.

The buffalo became so vital to the Jicarilla that the animal was credited with aiding Jicarilla emergence onto the earth. There are numerous versions of creation given by the Jicarilla, and some accounts credit Black Hac-ct'cin with creating the inhabitants of the earth. Other accounts credit different Supernatural beings as creator. One account collected by James Mooney in the 1890s, is of an “emergent” type account, common to North America. In an emergent account, beings (either Supernatural or otherwise) dwell under the earth before moving onto earth’s surface. The account compiled by Mooney (Erdoes 1984: 84) speaks of the importance of the buffalo in facilitating Jicarilla emergence. In this account, the buffalo is the central protagonist enabling the Jicarilla to successfully emerge onto the Earth:

...So the people tried laying feathers crosswise to make a ladder, but the feathers broke under weight. The people made a second ladder of larger feathers, but again they were too weak. They made a third ladder of eagle feathers, but even these would not bear much weight. Then a buffalo came and offered his right horn, and three others also contributed their right horns. The horns were strong and straight, and with them the people were able to climb up through the hole to the surface of the earth. But the weight of all those humans bent the buffalo horns, which have been curved ever since.

While this account similarly does little to give an exact date as to Jicarilla appearance on the southern plains, it does highlight the importance that buffalos played in their lives. That the animal was a vital component to the subsistent strategies of the Jicarilla is evident by its inclusion and central role played in this account.

Marvin Edward Opler, a linguist who worked on the Jicarilla Apache Reservation in the 1930s, argued that the plains buffalo aspect to Jicarilla culture was a recent, post-reservation phenomenon (M.E. Opler 1944: 18). This account, however, coupled with the writings of Spanish officials such as Governor Juan de Oñate, show that there were Apache people exploiting the buffalo for centuries.

Though Opler was primarily a linguist, he recorded much of the Jicarilla's mythology, told to him by four Jicarilla elders. Buffalos were the protagonists in many of the accounts Opler collected. In one account, Raven has imprisoned all of the animals on the earth. The Jicarillas are starving, and learn of Raven's deceit. The Jicarillas follow him but still cannot find where he has hidden the animals. A man with power turns into a puppy and deceives Raven, moving into his home. He follows Raven on a hunt, tricking him into showing him where he hid the animals. Late that night the man returns to the hiding spot and begins to free the animals. He grows fearful and knows Raven will kill him. A buffalo offers to hide the man, and he agrees, hiding in the old animal's rectum. After escaping undetected, the man rewards the buffalo with youth.



Thanks to the aid from the buffalo the man escapes with all of the animals, spreading out over the Earth (Opler 1994: 256-260).

In another account, Opler learned about the sacredness of buffaloes to the Jicarilla. His informants told him about a man who had been hunting the animals, tracking them late into the evening. As darkness fell he could find no traces of the animals, only the fires from people he presumed to be his own. He understood that when buffalo are in their own country they appear as normal human beings. They live in tipis and observe all of the customs that the Jicarillas practice. Though they live as people, they are the wealthiest people anyone has ever seen. It is only when they are outside of their country that they turn into the form of a buffalo. They are so much like people that the man took one as his wife (Opler 1994: 250-256).

Though Opler insisted that the incorporation of Plains attributes in Jicarilla culture was a recent phenomenon, these accounts seem to contradict his findings. Opler's informants could not have recently constructed the buffalo's as a central protagonist in the Jicarilla's creation accounts. For the buffalo to play a principle role in Jicarilla mythology means that the group depended upon the animal for longer than Opler reasoned. Similarly, the account collected by James Mooney, crediting the buffalo with building a sturdy ladder that could bear the weight of the emerging people challenges Opler's assertions. While Oñate's reporting of "dog nomad" Apaches certainly does not conclusively indicate that they were Jicarillas, it does signify an Apache presence on the open plains. These accounts, coupled with Oñate's information, support the argument that the Jicarillas had been a plains people longer than Opler believed.

An added benefit of living on the plains was the relative autonomy the Jicarillas enjoyed from Spanish authority. The Jicarilla Apaches developed a unique relationship with the Spanish. Although each group depended upon one another for trade, the Jicarillas were able to maintain their autonomy by living outside of Spanish-dominated areas. With the arrival of the Americans, however, the Jicarillas autonomy would end and drastic changes would begin.

When the Treaty of Guadalupe-Hidalgo was signed in 1848 the Mexican-American War ended and the United States gained control of the entire territory of New Mexico. According to Article VIII of the treaty, the United States had to recognize the rights of Mexicans living in the territory:

Mexicans now established in territories previously belonging to Mexico, and which remain for the future within the limits of the United States, as defined by the present treaty, shall be free to continue where they now reside, or to remove at any time to the Mexican republic, retaining the property which they now possess in the said territories, or disposing thereof, and removing the proceeds wherever they please, without their being subjected, on this account, to any contribution, tax, or charge whatever

In the said territories, property of every kind, now belonging to Mexicans not established there, shall be inviolably respected. The present owners, the heirs of these, and all Mexicans who may hereafter acquire said property by contract, shall enjoy with respect to its guaranties equally ample as if the same belonged to citizens of the United States.

Although this treaty recognized the rights of Mexican land claimants who possessed clear title to the land, the Jicarillas lacked titular ownership. Failing to possess legal title would soon create enormous problems for the landless Jicarilla.

Another important stipulation of the treaty was that the United States would be held liable for any damages done to Mexicans by Indians living in the United States (Hagan 1961: 93). Indian raiding parties had long traveled down to Mexico, and initially there were not sufficient troops to try to stop the raiding. The Indians had to raid in order to survive. As the Apaches bluntly stated: “We must steal from somebody; and if you will not permit us to rob the Mexicans, we must steal from you or fight you” (Hagan

1961: 93). Continuing on the theme that the Apaches had to raid in order to survive, Mescalero Apache leader Marcos stated (Worcester 1979: 48):

“I had supposed that my Brother was a man of good sense. Has he, then, seen between the Pecos and the Lympia game enough to feed three thousand people? We have had for a long time no other food to eat than the meat of Mexican cattle and mules, and we must make use of it still, or perish. If you will give us cattle to feed our families, we will no longer take them from the Mexicans

The Apaches could not understand why the Americans concerned themselves with Indian raids on Mexico, especially since the Americans themselves had just engaged Mexico in a war that resulted in a change of territory (Worcester 1979: 49).

Once New Mexico was gained by the United States, Anglos began to settle in earnest. Prior to 1848, Mexican settlers considered the Jicarilla’s traditional homeland undesirable. Their territory did not have a reputation of being decent agricultural land; moreover, it did not have an abundance of mineral wealth (Tiller 2000: 29). Therefore, the Jicarillas remained relatively isolated on their lands. This isolation ended when the United States gained control of the land. Inevitably, confrontations between the settlers and the Jicarilla Apache soon began. Against the Mexicans, who were poorly trained and inadequately armed, the Apaches had little to fear, but they would not, and indeed could not, withstand the American military.

Though a clause in the Gadsden Purchase Treaty of 1853 relieved the government of any financial responsibilities incurred from Indian raiding in Mexico, the government still was stretched too thin to effectively handle the continued Indian raids in the newly acquired territories (Hagan 1961: 93). Reports of raiding continued in New Mexico and Texas, as well as on wagon trains, keeping the overstretched military constantly on the move. Though the Jicarillas were one of the smallest of the Apache bands, they were the most troublesome for the Army. It was reported in 1850 by Colonel George Archibald

McCall, surveying the territory to establish problems the military would encounter, that the Jicarillas had killed more Anglos than any other Apaches (Worcester 1979: 47-48). Though McCall believed that the Jicarillas had only 100 fighting men and numbered no more than 400 people total, he believed that they must be exterminated (Worcester 1979: 48).

The problem for the military was their inability to catch or even successfully pursue the raiding parties. Perhaps the greatest obstacle that the cavalry faced—even beyond its insufficient knowledge of the terrain—was that the Army's mounts were inferior to the Apaches'. Many times a fleeing band of Apaches was able to escape at the last minute because of the superiority of their horses. While assessing the military post at Rayado in Jicarilla country, Colonel McCall reported that all mounts, regardless of their condition, were reported as serviceable simply because other horses could not be obtained (Worcester 1979: 48). In addition, soldiers carried seventy-eight pounds of arms and ammunition per man, while Apaches carried only bows, arrows, and lances. Since it took a year or longer for a horse from a northern state to become acclimated to the desert climate, he recommended that the Army purchase horses in Tennessee and hold them on government farms in New Mexico for twelve or eighteen months before pressing them into service (Worcester 1979: 48).

And though the Jicarillas and other Southwestern Indian groups continued assaulting the frontier settlements and wagon trains, it was often out of pure necessity. Their reliance on limited game that had been over hunted by settlers forced the Indians to raid in order to survive. Once the game was depleted, they had no choice but to raid or starve. In addition, the Jicarillas were unable to settle lands due to geopolitical forces

beyond their control. According to Article VIII of the treaty, the Americans recognized Hispanic land claimants who possessed legitimate title as part of the Treaty of Guadalupe-Hidalgo (Greenwald 2002: 98). The Jicarilla did not have a written title for their territory. For the more sedentary Llaneros, this posed somewhat of a difficult situation. In 1841, New Mexico's Governor Manuel Armijo awarded a 1.7 million acre land grant to Guadalupe Miranda and Carlos Beubien (Greenwald 2002: 98). The tract awarded was land that had traditionally been used by the Jicarillas.

As early as 1850, the Jicarillas were wanderers without a territory to call their own. During the fall of 1850 a group of Jicarillas were traveling to the military post at Abiquiu to ask for permission to live there. The party stopped along the way at a ranch in Ojo Caliente to ask for food at a ranch, which was given to them. Caught off guard, the host and his men fired on the group, killing a man and three boys (Worcester 1979: 55). Charges were never brought against the men, but the surviving Jicarillas were allowed to settle at Abiquiu.

Without adequate game to hunt, and lacking land to farm, it seemed that the Jicarillas would be forced to continue raiding or starve. Part of the problem with the "Indian policy" at this time was that there was little directive offered by the Federal Government. Understanding the predicament that the Indians faced, New Mexico Governor William Carr Lane attempted to create a farming program among the Jicarillas. Lane was severely reprimanded once his plan was learned in Washington (Tiller 2000: 54). Officials believed that any willingness on behalf of the Jicarillas to adopt farming was insincere. If the officials had learned about Jicarilla society, they would have understood that farming was not a totally new way of life. To the Jicarilla's credit, they

were willing to make whatever compromises necessary to alleviate their economic condition. Faced with no land and little resources, the Jicarillas had few options.

In the absence of a solid policy for dealing with the Indians—other than outright extermination—lawlessness prevailed. When Indian Agent James S. Calhoun arrived in New Mexico in 1849, he noted that it was unsafe to travel more than ten miles from Santa Fe (Worcester 1979: 45). Calhoun was the first Indian agent assigned to New Mexico. Although he had no prior experience in handling Indian affairs, he soon proved himself capable of handling the responsibilities of the job (Terrell 1974: 181). He believed that the best way to placate the Jicarillas and put an end to their raids would be to confine them to a specified area, but he had no power to accomplish these plans. When the Jicarillas asked to make peace with the Americans, perhaps as a means to secure title to land, he had no authority to treat with any groups (Worcester 1979: 56).

In 1851 Calhoun was finally given the authority to negotiate treaties with the various tribal leaders. Calhoun was able to convince the Jicarilla leaders that they were fighting a losing war. He told them that they would be able to develop farms on lands set aside for them, and that the government would give them annuities, provide instructors and farm implements, and furnish them with rations and clothing until they were able to be self-sustaining (Terrell 1974: 184). On April 12, 1851, a treaty was signed in Santa Fe between the Jicarillas and the United States (Tiller 2000: 37). The Indians agreed to submit to specified territorial limits, cultivate the land, end their depredations, and to relinquish all captives and stolen property. In return, the United States would provide annuities, farm implements, and other gratuities as determined by the government (Tiller 2000: 37).

Though the treaty would have to be ratified by Congress, the Jicarillas were expected to comply with it immediately. As part of the “specified territorial limits,” the Jicarillas were forbidden to travel within 50 miles of any settlement or highway (Tiller 2000: 37). Since the Jicarillas were not receiving any supplies as of yet, this stipulation was impossible to adhere to and led to immediate problems. The Jicarillas could not provide for themselves in the absence of promised annuities without engaging in trade with local townships. Calhoun recognized the absurdity of this stipulation, and ordered his officers not to provoke the Apaches but to provide assistance whenever possible (Tiller 2000: 38-39). Sadly, Congress failed to ratify the Treaty and reneged on the promises Calhoun made to the Jicarillas. However, he assured the Jicarillas that he would argue their case in Washington. Unfortunately for the Jicarillas, Agent Calhoun died on June 22, 1852 while traveling to Washington. His death ended any hopes of establishing a decent relationship between the government and the Jicarillas. Dr. Michael Steck was appointed in his place (Tiller 2000: 41).

The lack of coordination between the Federal and State governments, and the inability to ratify established treaties, continued to create problems at the local level. In 1852 Governor Lane, apparently undaunted from his earlier failures to introduce an agrarian policy among the Indians in his territory, again tried to institute change. He negotiated treaties with the various tribes in his territory, promising to furnish corn, salt, beef, and breeding stock (Worcester 1979: 58). In addition, he promised to feed the Jicarillas for a period of five years, which would enable them to be self-sufficient. Lane boldly interpreted his Territorial Governor’s powers and attempted to settle the tribes on

lands of their choice. Lane decided to move all of the Jicarillas to lands west of the Rio Grande (Tiller 2000: 41).

As before, while the Jicarillas were expected to comply with the provisions of the treaty immediately, it needed to be ratified in the Senate before the U.S. government would honor it. The Jicarilla, obviously unfamiliar with constitutional requirements, began to settle near Abiquiu. In the interim the Army fed those Jicarillas who had relocated (Worcester 1979: 58). On February 24, 1853, Governor Lane removed the Jicarillas to suitable agricultural locations near Abiquiu (Tiller 2000: 41). Not all of the Jicarillas agreed to settle. One Llanero headman, Sanchua, argued that they were under the protection of the Treaty of 1851, and as long as they did not violate any of its tenets than they were free to choose any mode of life (Tiller 2000: 41). Presumably, Sanchua and his fellow Llaneros did not wish to become full-time farmers. The Jicarillas who did agree to settle—ostensibly members of the Ollero band of the Jicarillas—began moving towards Abiquiu. Once the Jicarillas began to settle these new locations in large numbers, the U.S. Government created the Abiquiu Agency.

Almost immediately, problems were encountered. Although the Jicarillas were given rations, often they were spoiled (Haley 1981: 209). Understandably, many Jicarillas were enraged by the substandard food, yet they remained calm and stayed at the Abiquiu Agency. Sadly for the Jicarillas, the Senate again refused to ratify the treaty, and any money spent to care for the Jicarillas came out of the territory's meager budget. Though the Jicarillas had begun cultivating the land in earnest, Commissioner George W. Manypenny—who believed that Lane's plan was “visionary and extraordinary”—was



doubtful that it would succeed (Tiller 2000: 42). He argued that as soon as the Jicarillas encountered the slightest hardship, they would return to raiding.

Again, the Commissioner failed to understand the people in his charge. The Jicarillas had practiced agriculture—albeit as a part of their subsistence strategy—for an extensive period of time prior to resettlement. The notion that they were unaccustomed to the uncertainty of farming highlights the Commissioner’s misunderstanding of the Jicarilla’s way of life. Faced with an overextended budget and no hope for relief from the Federal Government, the Commissioner terminated Lane’s plan (Tiller 2000: 42). Once again the Jicarillas found themselves landless and unprotected. Confused and angered, many Jicarillas left the Agency and began raiding throughout the territory.

Fortunately for Lane—who had resigned his position as Governor to run for territorial delegate to Congress in May of 1852—the task of telling the Jicarillas that the U.S. would not honor its agreement had fallen to his successor, David Meriwether (Worcester 1979: 58). David Meriwether had a tremendous amount of experience dealing with Indians, having formerly been a trader for John Jacob Astor’s American Fur Company (Terrell 1974: 201). Although Lane’s expenditures undoubtedly affected some of Meriwether’s policies and options, the territory’s depleted treasury cannot be blamed for his abrupt departure from the general premise of Lane’s plan. Lane understood that the main cause of Indian raiding was due to limited resources; moreover, he believed that it was cheaper to feed the tribes than to fight them. Meriwether, however, reasoned that feeding the Indians had been attempted but was a failure. He opted to fight them (Haley 1981: 209). On April 10, 1854 the U.S. Government declared war on the Jicarillas, planning to fight them “until they have received that chastisement which they have so

long perpetrated upon our citizens” (Tiller 2000: 47). Articles 56 and 57 of acting New Mexico Governor W.S. Messervy’s Proclamation (TANM 98: 270) furthered warned local citizens of the penalties of having contact with any Jicarillas:

“Article 56. Whoever shall relieve the enemy with money, victuals, or ammunition, or shall knowingly harbor or protect an enemy, shall suffer death, or such other punishment as shall be ordered by the sentence of court-martial.

“Article 57. Whoever shall be convicted of holding correspondence with, or giving intelligence to the enemy, either directly or indirectly, shall suffer death, or such punishment as shall be ordered by the sentence of court-martial.

Additionally, the Jicarillas could no longer expect to acquire any goods through trade with white settlers. Earlier in Messervy’s Proclamation (TANM 98: 270) he

forb[ade] all persons, either Americans or Mexicans, Pueblo, or other Indians, now at peace with the United States, to hold any communication whatever with said tribe of Indians, directly or indirectly, but to abstain from all intercourse with them.

This provision was perhaps the most detrimental to the Jicarillas. Long accustomed to trading with the Pueblos, the Jicarillas had no option left save raiding. By 1854 the Jicarilla’s situation was desperate. There was hardly any game, and Anglos had claimed all of the surrounding lands. The Jicarillas, desperate for relief from their suffering and with little other alternatives, began raiding on the Santa Fe Trail. Many of these attacks were violent encounters that left numerous men dead. Jicarilla fighters in one confrontation with Americans killed eleven mail carriers (Terrell 1974: 183).

Perhaps the Jicarilla’s most daring raid, now known as the “Arkansas River Raid,” occurred on Christmas day in 1854 (Haley 1981: 214). Over one hundred Jicarilla and Ute Indians attacked a settlement on the Arkansas River. Fifteen white men were killed; women and children were taken prisoner; and livestock was driven off (Haley 1981: 214).

Also in 1854, Kit Carson became agent to the Jicarillas (Worcester 1979: 61). When hostilities and attacks continued, Carson attempted to chastise a raiding party of about thirty Jicarillas who had been accused of stealing cattle from Samuel Watrous, who

held the beef contract for Fort Union (Tiller 2000: 43). Carson sent Lieutenant Bell and the Second Dragoons out to retrieve the animals and punish the offending Jicarilla. When the troops encountered the Jicarillas in a box canyon, the Indians informed the soldiers that it was the Utes who had stolen the cattle. Whether or not these were the Jicarillas who had stolen the cattle, or even if *any* Jicarillas had, mattered little to the soldiers. To the Army, it seemed prudent to punish one Indian for the misdeeds of another. The troops opened fire, and in the ensuing skirmish many Jicarillas were killed, including a leading chief (Worcester 1979: 61).

Though the soldiers were victorious in this engagement, they would not always be so fortunate. The Army continued attacking Jicarillas, attempting to force the Jicarillas to submit to U.S. power. On one occasion, sixty Dragoons led by a Lieutenant Davidson discovered what they believed to be an unsuspecting group of Jicarillas camped in a canyon. Davidson and the soldiers attacked, but in reality they had been led into a trap. Of the sixty-one who were sent to rebuke the Jicarillas, all but two of the survivors suffered wounds (Haley 1981: 210), and forty-three soldiers were killed (Worcester 1979: 61).

Carson—himself no stranger to violent dealings with Indian groups—sympathized with the plight of the Jicarillas. He reported “the Indians that are now committing the depredations are those who have lost their families during the war. They consider that they have nothing further to live for than revenge for the death of those of their families that were killed by the whites; they have become desperate...”(Worcester 1979: 61). Carson believed that the Jicarillas should be invited in for a “fair and just” treaty, but acting New Mexico Governor W.S. Messervy, Meriwether’s temporary

replacement, did not want to make the first overtures for peace (Worcester 1979: 61). Though this engagement with the Dragoons was the highlight of the war between the Jicarillas and the Army, it also marked the end of effective Jicarilla resistance. After news of the routing reached Government officials, total war was declared on the Jicarillas. From now on, the Army would be relentless in their pursuit.

Repeated assaults on Jicarilla encampments continued to impact the Indians. The Jicarillas, never able to field more than a few hundred warriors, were kept on the defensive. In 1855 two large companies of Dragoons took the field against the Jicarillas. Seven major engagements occurred during the year, taking a heavy toll on the Jicarillas. The impact and intensity of the engagements not only intimidated the Jicarillas and their Ute allies, but also impressed the Gila Apaches and convinced them to remain peaceful (Terrell 1974: 207).

The Jicarillas could not sustain the repeated attacks. Already beleaguered from a lack of game, they were forced to ask for peace. In August of 1855, Meriwether met with the Jicarilla and Ute leaders to secure peace. As part of the peace negotiations, Meriwether said that land would be saved for the two groups in northern New Mexico. When the people of Taos learned of the proposed reservation they objected vehemently. The Treaty of 1855, as the peace accord was called, had to be sent to Congress for ratification. Perhaps Taos citizens' disapproval of Jicarilla and Ute relocation caused Congress to reject the treaty (Worcester 1974: 207). Regardless of the reasons, the Jicarillas and Utes nevertheless found themselves landless.

Agent Carson realized that the Jicarillas and Utes needed assistance or they would be forced to return to raiding in order to support their families. He struck up a deal with

Lucien B. Maxwell to hire the Indians as hunters, herders, and artisans (Haley 1981: 114). In 1841, Mexican Governor Manuel Armijo had granted 1.7 million acres of land to Guadalupe Miranda and Carlos Beaubien. Maxwell, Beaubien's son-in-law, had managed to inherit or purchase all of the lands from the original Miranda-Beaubien grant (Greenwald 2002: 98). Maxwell, acting as the Jicarillas *patron*, allowed the Jicarillas to live relatively undisturbed. While this situation minimized the disruption to the Jicarilla's routine, it also dissuaded them from contesting Maxwell's land claim with the Government. As long as Maxwell owned the land the existing agreement was fine, but problems were encountered after he sold the land in 1870 and the Jicarillas had no clear title to the land.

In 1855, the Jicarillas found themselves in a familiar predicament. Landless and poor, they were at the mercy of the government for support. New Mexico officials understood that unless they provided for the Jicarillas, the Indians would have to resume raiding in order to survive. By 1856 the Jicarillas and Utes were abiding by the agreements made with the signing of the Treaty of 1855, unaware that Congress had failed to ratify the document early in 1856. Both groups were impoverished, waiting for the provisions guaranteed by Meriwether. To their credit, both the Utes and Jicarillas remained patient and peaceful. Indian Agent Lorenzo Labadi, writing from his post at Abiquiu, urged Washington to provide food for the Jicarillas so they would not be "compelled through hunger to commence stealing and committing other outrages again" (Worcester 1979: 62).

Congress's failure to ratify the Treaty of 1855 was the first in a series of disappointments for the Jicarillas. A reservation forty miles long and ten miles wide was

to be created in Rio Arriba County, northeast of Abiquiu in northern New Mexico, but a last-minute land claim in Santa Fe effectively stalled Jicarilla relocation to the area (Tiller 2000: 58). Instead the Jicarillas spent the next few years recovering from wartime losses, their numbers swelling with the continued arrival of displaced Jicarillas.

The attention of the country turned away from Southwestern concerns to the mounting troubles in the East. On April 12, 1861 the Confederate attack of Fort Sumter started the Civil War, which lasted until April 12, 1865 when Lee surrendered to Grant (Lockwood 1938: 131). Most of the troops in the area—already deemed inadequate prior to the war—left their posts for the Eastern battlefield. Many of the troops that were to remain in the Southwest deserted their posts to take up arms for the Confederacy (Terrell 1974: 224). The soldiers that remained loyal to the Union were charged with looking after the Confederate soldiers in the area, not with seeking out and punishing raiding Apaches.

The years during the Civil War saw a marked increase in Apache raiding, usually with little or no reprisals by the Army. To be sure, both Confederate and Union officials had policies that dealt with raiding Indians. Colonel Kit Carson, having resigned from the Indian department to accept a commission in the Union Army, received the following orders (Lockwood 1938: 135) from General James H. Carleton, Commanding the Department of New Mexico:

All Indian men of the tribe [Apache] are to be killed whenever and wherever you can find them; the women and children will not be harmed, but you will take them prisoners and feed them at Fort Stanton until you receive other instructions about them. If the Indians send in a flag and desire to treat for peace, say to the bearer that the Mescaleros broke their treaty of peace and murdered innocent people and ran off their stock; that now our hands are untied and you have been sent to punish them for their treachery and their crimes; that you have no power to make peace; that you are there to kill them whenever you find them; that if any beg for peace their chiefs and twenty of their principle men must come to Santa Fe to have a talk here; but tell them fairly and frankly that you will keep after their people and continue to slay them until you receive orders to desist from headquarters; that this making of treaties for them to break whenever they have an

interest in breaking them will not be done anymore; that the time has passed by; that we have no faith in their promises; that we believe if we kill some of their men in fair open war, they will be apt to remember that it will be better for them to remain at peace than to be at war. I trust that this severity, in the long run, will be the most humane course that could be pursued toward these Indians.

Though this letter advocates a policy of open and continued warfare, and its “humanity” is debatable, the Confederate policy was much more aggressive. Broadly interpreting the sentiment of the Congress of the Confederate States, Colonel John R. Baylor issued the following orders (Lockwood 1938: 134) to his subordinates:

I learn from Lieutenant J.J. Jackson that Indians have been in your post for the purpose of making a treaty. The Congress of the Confederate States has passed a law declaring extermination to all hostile Indians. You will therefore use all means to persuade the Apaches or any tribe to come in for the purpose of making peace, and when you get them together kill all the grown Indians and take the children prisoners and sell them to defray the expense of killing the Indians. Buy whisky and such other goods as may be necessary for the Indians and I will order vouchers given to cover the amount expended. Leave nothing undone to insure success, and have a sufficient number of men around to allow no Indian to escape.

To their credit, when Confederate officials learned of Baylor’s interpretation of Confederate policies he was stripped of his power, a move that essentially ended both his military and political career (Lockwood 1938: 134).

Both of these directives dealt primarily with the Mescalero Apaches, who were openly hostile to both Union and Confederate forces. The Jicarilla and Utes remained relatively peaceful, if only by comparison to the Mescalero. Since the Jicarilla and Utes continued to abide by the provisions of the Treaty of 1855—at least outwardly—the Superintendent often blamed raids on other groups to avoid driving the Jicarillas to open hostilities (Tiller 2000: 59). As troops strength waned, however, the Jicarillas became more brazen in their raids. Those Jicarillas that remained near Abiquiu were disinclined to begin cultivating the land. Having gained no clear title to the land, the Jicarillas balked at farming for fear of dispossession. It quickly became apparent to the Government that

the Jicarillas would not begin farming in earnest until they secured title for their lands (Tiller 2000: 61).

By 1865 the Jicarillas were squatters on their own territory, lands that were now owned by Lucien B. Maxwell (Greenwald 2002: 98). There had been attempts to settle the Jicarilla near Bosque Redondo, but Jicarilla chief Largo found the lands unsuitable (Tiller 2000: 61). Efforts had been made to purchase lands in northern New Mexico for the Jicarillas, but all attempts ended when Lucien B. Maxwell sold the land to a Dutch and American company in 1870. The new owners viewed the Jicarillas as little more than squatters on the land, and the company attempted to have them removed (Greenwald 2002: 99).

Though the Jicarillas repeatedly expressed their desire for lands of their own, they were not high on the Federal Government's list of priorities. Instead, the Jicarillas were kept at bay with annuities supplemented with an ever-decreasing supply of game. Understandably, without clear title the Jicarillas remained hesitant to seriously cultivate the lands. The Jicarillas would remain landless, and increasingly their mood turned from anger to despondency over their situation.

In 1873, the Government attempted to outline a plan that would remove the Jicarillas from the lands in northern New Mexico that they were currently occupying. The Federal Government proposed settling the Jicarillas with the Mescaleros, but the Jicarillas strongly opposed the move. Instead, the Jicarillas expressed their desire for a reservation near Abiquiu on lands suitable for farming (Tiller 2000: 77). When the agent learned that the lands set aside near Abiquiu proved to be rich in ores, he feared that



increased Anglo migration would cause confrontations between the two groups, effectively derailing any attempts at relocation (Tiller 2000: 80).

In 1876, the U.S. government again approached the Jicarillas with plans for relocation west of the Rio Grande. Though the Olleros consented and relocated their farming and hunting activities to the new location, the Llaneros began to raid outlying settlements as a new economic strategy. Understandably, they quickly developed a reputation as undesirables among their Anglo and Hispanic victims (Greenwald 2002: 100). A group of settlers petitioned the government to relocate all of the Jicarillas west of the Rio Grande. In the petition (Greenwald 2002: 100), the settlers argued that the Jicarillas had:

...invaded cultivated fields...[and] killed large numbers of sheep and cattle belonging to citizens of the county; they have broken into dwelling-houses, intimidating and threatening the inmates, and compelling them to give up supplies of food, and have even gone so far as to fire upon men who resisted their killing of sheep and cattle.

Once again, little effort was placed on relocation efforts. The Jicarillas continued to live from one day to the next, still denied title to their lands. It is possible that the relatively small number of Jicarillas explains the government's lack of effort to provide sufficient lands. Only 442 Jicarillas survived by 1877 (Stanley 1962: 152).

With no sincere attempts to relocate the Jicarillas undertaken, local citizens began to petition the Federal Government to take action. Changing their tactics, petitioners no longer justified Jicarilla removal because of violent encounters between the two groups. By 1881, the settlers reasoned that they had made dramatic improvements to the lands slated for Jicarilla usage, and the hardships of dispossession would be too great. Reacting to a Government order that all squatters vacate the area, pleas were made on behalf of the beleaguered settlers. In a letter (TANM 21: 594-596) from an unidentifiable source,

though no doubt originating from the Indian Office in Santa Fe, Secretary of the Interior

L.J. Kirkwood was informed that:

Complaints have been made to this office from said settlers, (two of which complaints in writing herewith enclosed) of their being ordered by your department to leave the reservation on or before the first day of August next [1882]. And that if said order is enforced, it will involve the abandonment by settlers and their families, most of whom are poor, of their homes and improvements, their crops and their business and that great hardship and injustice would be the result and therefore pray for relief.

The author of the letter suggested a solution to the problem. Not surprisingly, he recommended opening the reservation to Anglo settlement and moving the Jicarillas elsewhere. As the letter continues, the author stresses how his solution would be beneficial to all parties:

As a further reason why the said reservation should be opened, I take the liberty of calling your attention to the fact that the Indians never have been placed upon nor have they occupied said reservation, consequently no domestic attachments stand in the way; that the Indians generally range and are to be found at and near the towns in the vicinity where liquor is sold and the demoralizing influences exist.

The author contended that the location, combined with the hostility of local citizens, rendered Jicarilla settlement in northern New Mexico unadvisable. This view was not uncommon among Westerners at the time. On the contrary, the Indian was deemed undesirable and most citizens preferred the resettlement of conquered tribes elsewhere.

As the plight of the Jicarillas and other Indian groups achieved national attention, however, many Easterners clamored for suitable lands to be made available for Indian settlement. The differences in sentiment regarding Indians among Anglos in the West and those in the East were extensive. Westerners, filled with recent memories of Indian mayhem in close proximity to their settlements, were generally outraged at the suggestion of creating reservations near their homes. Filled with anger and hatred, they would just as readily see the Indian exterminated. Easterners, however, tended to have sympathy for the Indian and his plight.

Examining the respective responses to what is now known as the Sand Creek Massacre can best sum up this difference in opinion between the two regions of the United States. When the Colorado volunteer militia attacked a peaceful encampment of Cheyenne and Arapaho Indians in 1864, locals treated the perpetrators as heroes and regaled in their stories. In the East, though, newspapers condemned the act as barbarous. This disparity in regional views also surfaced during the discussion of possible Jicarilla relocation. Reflecting the true spirit of Christmas, the *Las Vegas, N.M. Gazette* suggested on Christmas day in 1875 that since the people in the East were so concerned with the plight of the Indian they should evacuate some hotel in the East and turn it over to the Jicarillas (Stanley 1962: 152).

Even the mere suggestion of settling the Jicarillas on lands once part of their original territory was met with protest and even suggestions of a government conspiracy. In 1881, “N. Lamb,” who “profess[ed] to be a Law abiding citizen,” took issue with the proposal to settle the Jicarilla on lands set aside in Rio Arriba and Amargo counties (lands included in the present-day reservation.) On July 21, 1881 he wrote (TANM 25: 270) the Governor, concerned that

“...Government officials have set apart a certain portion of land in this locality taking in this town for the Apache Indians. Please state full particulars I suspect a Bribery or conspiracy is connected with the affair perhaps I am mistaken but want to know the truth of the matter.

Lamb was concerned because he had bought a government license good for one year, hoping to do business in both Rio Arriba and Amargo counties. Undoubtedly, his memories of Jicarilla marauding and the general mistrust of Indians that existed in New Mexico territory hastened his concerns. As already noted, Lamb was not the only New Mexican who was disturbed by the prospect of a Jicarilla reservation in northern New Mexico.

In 1883 the Government, perhaps giving in to pressures from local Anglo and Hispanic settlers who shared Lamb's opinions, relocated the Jicarilla Apaches to the Mescalero Apache reservation in southern New Mexico. Interestingly, the Llaneros were more accepting than the Olleros of the proposed move (Greenwald 2002:102). Though the Mescalero were initially apprehensive about the influx of so many Jicarilla—the Jicarillas far outnumbered the Mescaleros at this time—they relented and accepted the Jicarillas (Ball 1980: 273). Seven hundred and twenty-one Jicarillas arrived on the Mescalero's new lands (Van Roekel 1971: 11). The Mescalero reservation, located in present-day Mescalero, New Mexico, encompasses 460,384 acres (C.A.I 1986: 174). Problems arose almost immediately between the two groups. Perhaps the Jicarillas experience in dealing with Government bureaucracy, albeit fairly unsuccessfully, convinced them that the Mescaleros needed their help. Regardless, the Mescaleros judged the Jicarillas to be overbearing and arrogant, trying to “run [the] reservation” (Ball 1980: 282).

The Jicarillas, conditioned to a repetitive cycle of relocation and then removal, remained hesitant to begin farming in earnest without clear title to their lands. William H. H. Llewellyn, the government agent for the Mescalero Reservation, explained (Greenwald 2002: 103) their apprehension:

[A]bout three-fourths of the entire tribe say it is a waste of time for them to make permanent improvements so long as they have no guarantee of being allowed to remain here; and can regard the land as their own; that they might be moved again at any time, at the will of the Government. The fact that this last move from Amargo to this reserve is the fifth one within fifteen years rather demonstrates the truth of the sayings of these people

The Llanero's anxieties combined with the lingering dissatisfaction of the Ollero band, upset from the initial relocation. In an attempt to protest the Ollero's discontent, leader

Huarito led a group off the reservation in October 1886 and established a camp north of Santa Fe (Tiller 2000: 94).

Fortunately for the Jicarillas, the General sent to retrieve and, if necessary, force their return to Mescalero, Nelson Miles, had learned of their peaceful intentions and did not consider them hostile. While he informed the Olleros that their actions were unacceptable, he offered them an opportunity to state their grievances. Miles learned that the Olleros believed they had been guaranteed that if dissatisfied, they could leave the Mescalero reservation. More importantly, they contended, the best lands on the reservation had been assigned to the Mescaleros and any lands given to the Jicarilla were unfit for farming (Tiller 2000: 94). Miles assured the Jicarillas that he would inform the proper authorities of their grievances, and in turn the Jicarillas promised to commit no depredations (Tiller 2000: 94). In November an additional group left the reservation.

Some Jicarillas settled lands near their original territory in northern New Mexico. Governor E.G. Ross, writing on December 16, 1886 to Commissioner of Indian Affairs J.D.C. Atkins, commented on Jicarilla attempts at farming. He was mainly concerned with what he believed would be the outcome of any attempts to force the Jicarilla back onto the Mescalero Reservation. In a lengthy letter, Ross (TANM 101: 1093-1096) praised the efforts of the Jicarillas:

In the matter of the Jicarillas, whom you telegraphed Agent Williams would be required to return to the Reservation for supplies, it is our deliberate judgment that such a requirement would be fatal to our plans for the breaking up and civilizing of that tribe. Those of the tribe now in the section of the Territory, though having no formal permit to lease the Reservation, are here by the tacit consent of the Department. Several of them have purchased lands upon which they intend and expect to reside in the future, while others have allied themselves with the Pueblo of the vicinity.

I very much doubt whether they could be induced to return to the Reservation without force, and that would at once make outlaws of a people who are now in the way to a condition of peaceable citizenship.

Ross believed that the Pueblos, who had “fixed abodes, and lived largely by the cultivation of the soil, and being thus considerably more advanced, will have a good influence to lead the Jicarillas up unto the same ways of life” (TANM 101: 1095). He argued—as reported to General Miles by the runaway Ollero band—“that they [the Jicarillas] are not able to find employment sufficient to afford them a subsistence” (TANM 101: 1095). He ruled out the option of allowing the Jicarillas to stay in the area with the condition that they return to Mescalero for supplies, again believing “that trouble will ensue, and that all that has been done towards their civilization and betterment will be lost” (TANM 101: 1095). The government, realizing it would be difficult to return the runaways, began looking for lands in northern New Mexico to create a permanent Jicarilla reserve (Greenwald 2002: 104).

That the Jicarillas were living peaceably is evident by Ross’ unpopular support of a permanent reservation in northern New Mexico, despite enormous public outrage at the suggestion. New Mexicans living in the north were angered at the proposal to relocate the Jicarillas on lands near Amargo. These lands, the majority of which remained in the public domain, were now surrounded by mining and railroad towns (Greenwald 2002: 104). The *Santa Fe Daily New Mexican*, expressing the sentiment of the local citizens, reported,

The settlers have opposed this move to a man, feeling that in bringing the Indians back from southern New Mexico the government was taking a step backward...[H]owever, it appears that precaution was taken to have all the lawful rights of settlers respected, and the cutting of the six mile strip renders the order less harmful than it might have been if the whole of the old reserve had been reappropriated by the government for this purpose. [*Santa Fe Daily New Mexican* 19 March 1887]

The article’s reference to a “six mile strip” in actuality was the land eliminated from the original proposal of a reservation dating back to 1880, created to act as a buffer between settlers and Jicarillas. As compensation for these lost lands, additional areas would be

added on the western side of the boundaries (Tiller 2000: 96). Although the article expounded on the satisfaction local settlers felt at the creation of the “six mile strip,” settlers rushed onto the lands once it was learned that the area was designated for Indian use. When the Jicarillas reached their “new” home they found the vegetation overgrazed and makeshift settlements erected (Tiller 2000: 97). More significantly, settlers had fraudulently claimed most of the arable lands. Though the implication of this new development would continue to impact the Jicarillas for years to come, of central importance was that on February 11, 1887, by Executive Order, President Grover Cleveland created a reservation for the Jicarillas (Greenwald 2000: 104). Though the cycle of relocation and displacement was over, the next years would continue to be trying times for the Jicarilla Apaches.

*Il faut d'abord durer*  
Ernest Hemingway

### Reservation Period 1887-1934

The northern New Mexico lands set aside for the Jicarillas on February 11, 1887 totaled 415,000 acres (Worcester 1979: 339). Areas of the reservation rise on average to more than 7,000 feet above sea level (C.A.I. 1886: 171). The capital, Dulce, meaning “sweet” in Spanish, was named after the pure waters that flowed from the area’s mountains (Van Roekel 1971: 14). (figure 2.1) Though the Jicarillas finally had lands of their own, in many ways their struggles had only just begun.

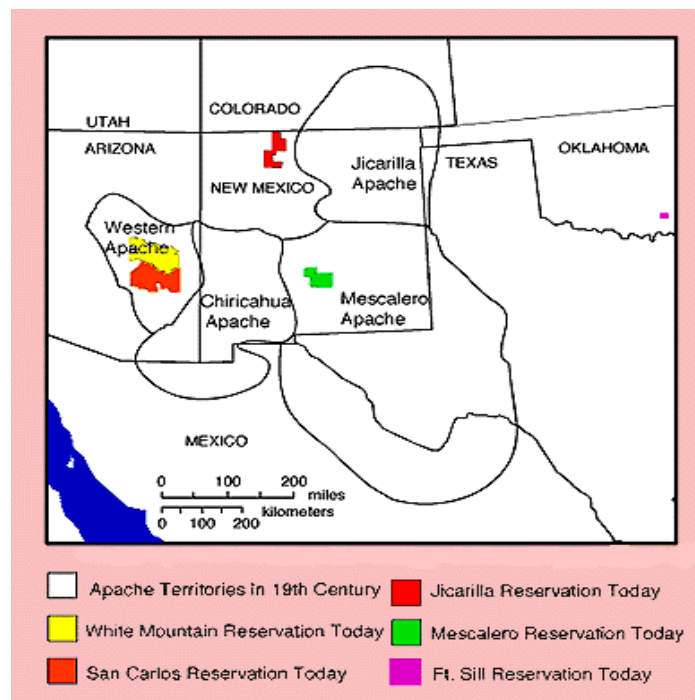


Figure 2.1: Apache Reservations Today



The Jicarillas were confronted with many of the same troubles during the early days on the reservation as those they had endured before. Some of the difficulties were worse than the darkest days of settlement and relocation. For the majority of Jicarillas, economic security remained unattainable. The sense of hopelessness that existed prior to settlement, though somewhat alleviated by the creation of the reservation, remained. Once the Jicarillas were given land to settle, a tuberculosis epidemic swept throughout the community. The outbreak was so severe that it was feared the Jicarillas would not survive to a person. It was predicted that unless measures were taken to eliminate the disease among the Jicarillas, they would be extinct by 1932 (Stanley 1967: 233). Adding to the problem was the skewed birth to death rate; from 1887 to 1920 there were fewer births than deaths (Stanley 1967: 233).

Though the outlook was bleak, officials continued to insist that all was well among the Jicarillas. Charles A. Bartholomew, the Jicarilla's Agent in 1892, reported (Stanley 1962: 234):

The Jicarilla Apache Indians, whose reservation lies in New Mexico, adjoining the Colorado line, number 824 souls. They are divided into two bands as follows: Olleros, numbering 309; Llaneros, 515... Their sanitary condition has been good. No serious epidemic has prevailed, and the tribe has increased in numbers by 14 during the last year

That the estimate of 824 Jicarillas is questionable becomes apparent when compared to the population figures from 1877. Arguably the population statistics from 1877, while the government contemplated settling the Jicarillas with the Mescaleros, offer a more accurate figure of surviving Jicarillas than Bartholomew's report. In 1877 it was reported in a letter to Secretary of Interior Carl Schurz that there were 442 Jicarillas (Stanley 1967: 152). Bartholomew's estimate of 824 seems inflated after considering the distorted birth to death rates that the Jicarilla's were experiencing, the epidemics they were

suffering, and the hardships they endured over the past decades. To suggest that the Jicarilla's population nearly *doubled* in fifteen years after all they suffered ignores the predictions for the Jicarilla's extinction by 1932.

Obviously, it is entirely plausible that the population estimate of 442 Jicarillas given in 1877 was too low. It is most probable that both the population estimates for 1877 and those for 1892 are too low and too high, respectively. Arguably, misrepresenting the total number of Jicarillas in official reports would have created more support in Congress for relocation with the Mescaleros. Relocation becomes financially viable—and therefore more desirable—when moving smaller numbers of people. Distorting the actual population of Jicarillas undoubtedly made relocation a more appealing option. Once on the Mescalero's reservation, there would be no reason to falsify reports. Accurate numbers would be needed to ensure a sufficient budget, and constraints created by initial population estimates would not allow for large fluctuations in total numbers without condemnation from superior officials.

The population estimates for 1884, when the Jicarillas were moved to the Mescalero Reservation, contradict both the 1877 and 1892 reports. This report offers the most accurate population figure for the Jicarillas, since immediately an official census of arriving Jicarillas would have been conducted. The Government would have known precisely how many Jicarillas were placed on the Mescalero Reservation, and in the fall of 1883 they relocated 721 Jicarillas (Annual Report of the Commissioner of Indian Affairs 1884: 130-133). By the turn of the century, 343 families averaging 2.4 persons per family were reported (Stanley 1967: 175). Assuming the numbers to be accurate, 823 Jicarillas survived in 1900. With regard to the population of the Jicarilla Apaches, again

it is impossible to reach a precise figure. One thing that is certain is that the Jicarillas continued to be impacted by the rapid spread of disease throughout their community.

Repeated epidemics continued to affect the Jicarillas. Tuberculosis was the primary cause of the decline, but other diseases such as trachoma, measles, and influenza similarly reduced their numbers and took a heavy toll on the Jicarillas. Though their numbers continued to fluctuate, there was a steady decline in the overall population, each decade experiencing a reduction from the previous. The decline in population culminated in 1920, when the population plummeted to an all-time low of 588 Jicarillas. As the numbers continued to drop, it comes as no surprise that many predicted the eventual extinction of the Jicarillas by the 1930s. The following statistics illustrate the rapid reduction of the Jicarillas:

Table 2.1: Jicarilla Apache Population Figures

<i>Year</i>	<i>Population</i>	<i>Year</i>	<i>Population</i>	<i>Year</i>	<i>Population</i>	<i>Year</i>	<i>Population</i>
1891	824	1902	802	1913	669	1924	616
1892	844	1903	774	1914	659	1925	635
1893	842	1904	782	1915	642	1926	638
1894	842	1905	795	1916	642	1927	627
1895	845	1906	784	1917	645	1928	636
1896	853	1907	776	1918	621	1929	639
1897	841	1908	776	1919	600	1930	647
1898	845	1909	791	<b>1920</b>	<b>588</b>	1931	652
1899	831	1910	743	1921	594	1932	664
1900	813	1911	720	1922	596	1933	664
1901	813	1912	723	1923	608	1934	680

Source: Official Agency Censuses, Tribal and Public Health Records.

The population estimate for 1883 of 721 Jicarillas outwardly seems plausible. From 1891 to 1901 the Jicarillas averaged 835 persons, usually maintaining or even increasing in number until 1896. With the exception of 1898's rebound of four additional people from 1897's tally, 1896 marks the beginnings of population decline for the Jicarillas. If the population figure from 1883 of 721 Jicarillas is compared with that of

1896—853 surviving Jicarillas—the average increase in population per year during these 13 years is 10.2 people. As the above statistics demonstrate, population increases of ten or more people per year—even during the declining years—occurred numerous times. Therefore, the reported population for 1883 of 721 persons indicates a probable number; moreover, the numbers estimated at the turn of the century similarly seem credible.

Regardless of the complete accuracy of population figures during the early days on the reservation, the numbers do show dramatic reductions in total population. While the latter part of the nineteenth century and early part of the twentieth century were certainly trying times physically and emotionally, the Jicarillas would also be confronted with another attempt by the United States Government to assimilate Indians into the dominant culture. As the Jicarillas were struggling to survive against all predictions to the contrary, new policies were introduced that would impact the Jicarillas' future and Indian communities throughout the United States.

Three days before the Executive Order assigned the lands in northern New Mexico to the Jicarilla, the Dawes Act, also known as the General Allotment Act after the sponsoring Massachusetts Senator, was passed. Intended to make Indians full citizens through individual ownership of land, tribal lands were parceled into 160- and 320-acre sections. The Act required that individual allotments be held in trust for 25 years, and momentarily delayed the transfer of Indian lands into the hands of white owners; however, all lands deemed "surplus" were opened to white settlers (Lazarus 1991: 124). Once a reservation's lands were partitioned to all the individual families, the remaining lands were considered excess and were made available for Anglo usage.

Ironically, one of the main provisions of the Act—fee patented land under titled ownership—was exactly what the Jicarilla had been striving to achieve for decades. The movement to allot the Jicarilla Reservation came not from the government, but from the Jicarillas themselves (Greenwald 2002: 107). As early as 1881, officials understood the Jicarillas’ desire to obtain fee patents for their lands. E.G. Ross, Governor of New Mexico Territory, suggested that “they [the Jicarillas] desired to break up their tribal relations, to separate themselves entirely from other Indians and take lands in severalty by families; in a word, as they expressed it, they “wanted to be like white men and live as white men do” (TANM 101: 995). While Ross’s letter may have overstated the Jicarillas desire to “be like white men” by “breaking up their tribal relations,” from the beginning officials had warned the Jicarillas that their reservation would be allotted. On September 13, 1887, in the annual Report of the Governor of New Mexico (TANM 102: 299), Ross again reported on the Jicarilla’s condition:

The Jicarilla band of the Apaches has during the past year been removed from the Mescalero Reservation in the southeast to their former home in the northwest... Their gratification on getting back to their old home was very marked. They are being gradually induced by Agent Welton into habits of industry and self-sustenance, and the change promises to be productive of great good to them. They understand that they are eventually to have their lands in severalty and the balance opened to white settlement; that they are to break up their tribal relations and become gradually assimilated with the white race; and many of them seem to comprehend what that means, and are ambitious to hasten its accomplishment.

In the above examples, Ross observed that the Jicarilla’s desire to possess clear title to their own lands. In actuality, the Jicarillas were motivated to accept allotment out of fear, not desire to “live as white men.” They worried that their lands would be confiscated if they did not possess clear title. Considering that their reservation had been taken away twice before, their concerns were justified. Three years after the creation of their reservation, the Jicarillas still feared removal. In 1890 John K. Rankin, placed in

charge of allotment by the Indian Office, wrote on the Jicarilla's fears. That the Jicarillas were in favor of individual ownership—and thus allotment—of their lands is evident by Rankin's report:

These Indians are very anxious to secure some evidence of individual ownership to their lands, because of the fact that it is the so-called bona-fide settlers and others who discourage their efforts at home making by telling them that they were wasting [*sic*] their time and labor, as they would not be permitted to remain &c.

In 1891 Rankin wrote further on the Jicarilla's worries:

The Indians were worried that their allotments should be made, not so much from a desire to be isolated on places of their own, or from a fitness to assume the duties and responsibilities of a civilized life, as from a belief that by so doing they would secure a more certain tenure to their homes and reservation...

The Jicarillas fears were obviously strong, and in response the government, which was busy allotting reservation lands across the country, began to survey their lands for allotment assignments. The government had already selected the Jicarilla Reservation for allotment by Executive Order on July 2, 1887, but as of 1890 no action had been taken (Greenwald 2002: 107).

Although the Dawes Act had numerous measures designed to ensure Indian retention of their land, Congressional decisions reached in 1906 effectively eliminated any safeguards. Named after South Dakota Congressman Charles Burke, the Burke Act modified the Dawes Act's twenty-five year trust requirements. The Burke Act authorized the Secretary of the Interior to issue land titles to any Indian deemed "competent and capable of managing his or her affairs" (Lazarus 1991: 124). Burke viewed Indian landholding as a wasteful use of prime lands. To understand his position, it is helpful to examine his actions in 1921 when he was agent to the San Carlos Apache Reservation. In 1921 Burke, no longer a Congressman but still a zealous advocate for opening Indian

lands, voted on behalf of the leaseholders rather than his Apache charges at San Carlos while Commissioner in the BIA (Iverson 1994: 107).

Though the Dawes Act and subsequent measures such as the Burke Act were believed to be a civilizing strategy that would continue assimilating the Indian into dominant culture—as well as open up more lands for Anglo American usage.

By benefit of timing, the Jicarilla reservation was created three days after the Dawes Act passed into law. Through a combination of bureaucratic mishandling and Jicarilla ingenuity, the reservation needed multiple surveys. In one instance, though the lands had been surveyed no one by the credited names lived on the sectioned parcels. The allottees did not live on their assigned parcels, necessitating another survey to ensure accurate distribution. This is perhaps a reflection of Jicarilla fluidity, a remnant of their earlier nomadism. In all likelihood, at the time of the survey the assignees did inhabit the surveyed areas, but had moved on once attempts were made to officially assign lands. In instances where fictitious names were found in the allotment record—names of people unknown to other Jicarillas—examining Jicarilla customs offers some explanation.

Jicarillas, ever fearful of witchcraft, would not voluntarily offer their names to people. In fact, a Jicarilla's true name was usually known only by him or herself and parents (Greenwald 2002: 111). To all others, they gave another, "public" name. This ensured that if a curse was cast on one's public name, one would be safe from harm since it was directed towards the "wrong" person (Greenwald 2002: 111). This aspect of Jicarilla culture explains why fictitious names were recorded on the allotment lists. Since the Jicarillas welcomed and even pressed for allotment, it is unlikely that they purposely deceived the allotment officials.

Not understanding the cultural explanation for the errors, the agents continued to face challenges and reported the problems to their superiors. In 1904, Agent H.

Johnson reported (Stanley 1967: 175):

My efforts during the past year to straighten out the allotment question on this reservation forces me to the conclusion that it will be impossible to identify the allottees with their allotments. There are 205 living members of the tribe who were certainly allotted, but who cannot be identified with any allotment. In view of the difficulties presented in dealing with the current allotment schedule, and also the fact that irrigation construction has made a few allotments very valuable, while the remainder are of but little value, I would respectfully recommend that necessary action be taken to wipe out the present schedule and that a new allotment be made on a different basis, that each member of the tribe now living be allotted ten acres of land that can be irrigated, and that the remainder of the reservation, which is only grazing land, be divided equally among the members of the tribe.

Johnson's recommendations were heeded, and another attempt to allot the Jicarilla's reservation was planned. This delay ensured that the Jicarillas would have a momentary reprieve from the sale of surplus lands, and this afforded the Jicarillas much needed time. In 1909 another attempt was made to allot lands to individual Jicarillas. Ralph Aspaas, the agent in charge of assigning allotments in 1909, believed that there were three thousand acres of agricultural land, contrary to the Indian Office estimate of six thousand. His attempts to divide the land into parcels met with some resistance from his superiors. In a letter written to his superiors, Aspaas explained his strategy and made some recommendations as to how the reservation's lands should be allocated. On June 5, 1909, Aspaas wrote his superiors (Greenwald 2002: 117) concerning the land, believing that the three thousand acres,

will admit of 10-acre tracts being allotted to 300 persons. I respectfully request your approval to allot these 3000 acres to the 300 male Indians who in my opinion will make use of their 10-acre tracts as farms. It would hardly seem best to assign a piece of farming land to no account males, girls, and children.

Aspaas' selection of those he believed would "make use of their 10-acre tracts" conspicuously excluded "no account males, girls, and children." His use of the terms girls *and* children shows that Aspaas had no intention of allotting lands to women. He



avored male heads-of-households exclusively, selected from those Indians Aspaas considered “progressive.” In the past, officials divided all Indians into "progressives" and "traditionals." Any ideological diversity concerning tribal matters more often than not was blamed on the "traditional" members of Indian society. Those elders who disagreed with B.I.A. policies and fought against them were, in a sense, accused of looking not towards tomorrow but to days gone past. Younger members of the community, often mixed-blood in heritage, and more open to policies that promised profit were labeled "progressives."

Aspaas, offering no mention in his letter as to how he determined which men would “make use of their 10-acre tracts,” had his allotment strategy denied (Greenwald 117). Informed that he lacked the authority to distribute lands unequally, Aspaas was instructed to assign each person an equal share of the land. When Aspaas completed his work in August of 1909, 352,461 of the reservation’s 397,200 acres were allotted. The remaining “surplus” of 44,739 acres was at higher elevations, offering little enticement to settlers. As a result, Congress never opened the Jicarillas “surplus” lands for settlement (Greenwald 2002: 117).

High-elevation lands provide little practical use; they are insufficient for substantial crop growth and are often inaccessible to livestock. Since the remaining post-allotment lands were all high-elevation, problems could arise in the future. The environmental conditions on the Jicarilla Apache reservation was understood to potentially limit the future growth of the Jicarillas. The subsequent re-surveying that was necessary helped officials to finally realize that the lands of the reservation were inadequate for adhering to the mandates of the Dawes Act. Though the Jicarillas were

few in number, nevertheless there were too many families to allot the reservation into the mandated 160 or 320-acre parcels. Compliance required additional lands, and as a result the southern portion of the reservation was affixed in 1908 (Tiller 2000: 10). The addition of this section, which almost doubled the size of the reservation and added twenty-five townships, continues to account for a percentage of the Jicarilla's economy. The southern addition is the location of most of the Jicarilla's oil and mineral reserves and continues to provide a large portion of the Jicarilla's overall income (Tiller 1992: 183). The affixed southern portion also acts as a grazing range during the winter for Jicarilla livestock (H.N.A.I.: 453).

Much of the affixed southern portion also afforded the Jicarillas additional grazing lands for their herds of sheep. In 1920 the Government, in an effort to reduce the Jicarillas' dependency on rations, had bought and issued sheep to all Jicarillas. While this certainly increased the importance of pastoralism to the Jicarillas' economy and altered their economic structure, its introduction had little negative impact on the Jicarilla's existing political structure (Wilson 1964: 352-353). They were able to fit this addition into their political framework, once again adapting and modifying to their new situation. The members of a camp grazed their herds together, the camp continuing to act as the center of distribution and production (Wilson 1964: 352-353). Clearly, though the lands had been allotted, the Jicarillas continued to utilize the available resources collectively. By maintaining the Jicarilla's traditional values of cooperation and allocation for stock grazing, they kept group solidarity. This cohesion would be vital to the success of the Jicarillas in the future.

For many Jicarillas income was derived from various endeavors, but the majority of assistance and the most reliable income came from the Government. Individual income for the years 1913-1919 was more consistent for those employed by the Government. Also during this period, as the following table illustrates (Wilson 1964: 340), Government assistance continued to be a major source of relief:

Table 2.2: Government Assistance to Jicarilla Apache Reservation

Year	Supplies and rations	Agriculture	Government Employment♦	Other employment
1913	\$13,119	\$5,730	\$29,531	\$21,501
1914	\$14,569	\$4,365	\$26,548	\$17,408
1915	\$14,170	\$6,333	\$16,148	\$21,390
1916	\$14,402	\$6,847	\$20,747	\$25,560
1917	\$8,101	\$8,765	\$17,925	\$22,287
1918	*	*	\$36,609	\$37,405
1919	\$11,922	*	\$50,426	*

\*Complete information not available

♦These figures may include non-Indian employees.

The annual report for 1910 demonstrated the Jicarilla's reliance on rations. In 1910, 150,000 pounds of gross beef, 20,000 pounds of net beef, 2,500 pounds of course salt, 40,000 pounds of flour, 17,500 pounds of feed, and 75,000 pounds of oats were sent to the Jicarilla Agency and were most probably issued to the residents (Wilson 1964: 340). The Government attempted to eliminate the issue of rations in 1903; however, the Annual Report for 1905 understood the potential harm that this policy might cause:

About 30 per cent of the tribe is now on the regular ration roll. While this may seem to be a large proportion, yet the number cannot be reduced without entailing suffering upon the needy and helpless.

The above table indicates that the Jicarillas derived roughly 40 to 60 percent of their income from government rations, supplies, and employment. To eliminate the government sponsored programs would have undoubtedly created the hardships that the

Annual Report for 1905 envisioned. Interestingly, the rations were so important to the Jicarillas that it impacted their language. The Jicarillas employed Spanish names for the days of the week with the exception of Friday and Saturday. The Jicarilla used an Apache word meaning “gut” or “to butcher” for Friday, the day cattle were butchered and the beef given to people. For Saturday, the Jicarillas used an Apache word meaning “ration.” Saturday was the day that the government issued rations (Wilson 1964: 340).

The government believed that issuing rations would hamper future Jicarilla independence. Because eliminating that rations program was not a feasible option, a livestock program was begun. From 1912 to 1922, the government sold \$242,152 worth of timber from the Jicarilla reservation. In 1920, the money was used to buy sheep to be issued to individual Jicarilla Apaches. The table that follows (Wilson 1964: 341) highlights that actual numbers of sheep distributed to individual Jicarilla for the given year, illustrating the schedule of distribution during the years 1920 to 1932:

Table 2.3: Sheep Issued to Individual Jicarillas

YEAR	NUMBER OF SHEEP ISSUED
1920	9,316
1921	7,662
1923	5,200
1924	2,494
1925	1,460
1926	1,744
1930	8,770
1932	15,096

The above table does not include figures for actual numbers of livestock present on the reservation during those years, an amount considerably higher than the issued total for each year. For example, in 1931 there were 37, 504 sheep on the reservation. A severe winter killed most of the livestock across the reservation, necessitating a much

higher number of issued sheep in 1932. Though only 6,904 sheep remained by 1932, the addition of 15,096 sheep brought the reservation's total to 22,000.

The following table (Wilson 1964: 342) demonstrates the increasing importance of pastoralism on the Jicarilla reservation's economy:

Table 2.4: Increasing Importance of Pastoralism to Jicarilla Economy

Year	Number of cattle	Number of sheep
1932	154	22,000
1933	220	24,500
1934	465	23,359
1935	515	25,841
1936	862	22,889
1937	1,094	25,705
1938	1,403	27,512
1939	1,611	28,776
1940	1,471	32,319
1941	1,345	33,501
1942	1,372	36,001
1943	1,431	38,654
1944	1,559	37,312
1945	1,670	36,698
1946	1,729	33,614
1947	1,747	27,830
1948	2,099	25,549
1949	2,112	21,710
1950	2,091	20,617
1951	1,956	18,916
1952	1,845	15,690
1953	1,798	17,152
1954	1,155	17,480
1955	1,401	18,922
1956	1,100	15,988
1957	1,177	15,029
1958	1,226	15,144
1959	1,068	15,768

That sheep surpassed cattle in relative importance on the Jicarilla reservation is evident by individual totals for each animal. The adoption of a pastoral practice came at the encouragement of the Federal Government, however, successive increases in Jicarilla herd totals resulted from both the successful implementation and the Jicarilla's enthusiastic adoption of the government's programs. As numbers increased, livestock became the central component of the Jicarilla's economic structure.

Though the Jicarillas were fortunately spared losing control over most of their land, their continued reliance on the Government for assistance prevented true economic prosperity. Similarly, while the Jicarillas found themselves in an advantageous position in comparison to those tribes who lost almost all control of their lands, their sufferings were far from over. On the contrary, tuberculosis and the corresponding hopelessness caused by poverty and sickness continued to plague the Jicarillas during the first two decades of the twentieth century. Economic prosperity would continue to elude the Jicarillas despite the capable leadership of their elders, while disease further reduced their numbers.

While the Jicarilla's population continued to plummet during the first two decades of the twentieth century, reaching an all-time low of 588 in 1920, in the 1930s their numbers began, as if by miracle, to increase. The 1920's figure of 588 improved to 680 by 1934, a year that would bring sweeping changes to reservations all across the United States. These changes would also aid the Jicarillas, ushering in a new era of economic development that paralleled their improving health.

In 1934, after a century and a half of assimilation and acculturation tactics, under B.I.A. Commissioner John Collier there was an abrupt departure from these policies. Recognizing that initial B.I.A. policies left widespread poverty and demoralization, Collier proposed a type of Indian New Deal aimed at improving the conditions of Indians throughout the United States. In 1934 Collier, as head of the Bureau of Indian Affairs, developed a new policy that encouraged tribal efforts to maintain and even restore native languages, religious practices, social customs, and artistic forms (Deloria 1983: 99). Collier's effort resulted in the 1934 Indian Reorganization Act—also known as the

Wheeler-Howard Act. This new legislation stood in direct opposition to the previous 150 years of assimilation and acculturation policies.

The impetus for the I.R.A. evolved from the Meriam Report, a scathing indictment of initial B.I.A. policies and the disastrous impacts on Indian culture and economic security. The Meriam Report examined the conditions throughout Indian Country with unusual honesty for a government report, describing the deplorable state of reservation living. The report highlighted the ineffectiveness of the administration's policies, detailing the failure of the B.I.A to promote positive advancements on the nation's reservations (Deloria 1983: 99). Collier's 1934 *Annual Report of the Commissioner of Indian Affairs* explained the underlying principle of the I.R.A.(Prucha 1975: 225-226):

The Wheeler-Howard Act, the most important piece of Indian legislation since the eighties, not only ends the long, painful, futile effort to speed up the normal rate of Indian assimilation by individualizing tribal land and other capital assets, but it also endeavors to provide the means, statutory and financial, to repair as far as possible, the incalculable damage done by the allotment policy and its corollaries...The repair work authorized by Congress under the terms of the act aims at both the economic and spiritual rehabilitation of the Indian race. Congress and the President recognized that the cumulative loss of land brought about by the allotment system, a loss reaching 90,000,000 acres—two-thirds of the land heritage of the Indian race in 1887—had robbed the Indians in large part of the necessary basis for self support. [A] major proportion of the red race was, therefore, ruined economically and pauperized spiritually.

In 1934 the Indian Reorganization bill was presented to Congress, containing 52 printed pages (Collier 1947: 264). The original bill presented to Congress had six main parts (Collier 1947: 264-265):

- I. The Indian societies were to be recognized, and be empowered and helped to undertake political, administrative and economic self-government.
- II. Provision was made for an Indian civil service and for the training of Indians in administration, the professions and other vocations.
- III. Land allotment was to be stopped, and the revestment of Indians with land was provided for.

- IV. A system of agricultural and industrial credit was to be established, and the needed funds authorized.
- V. Civil and criminal law enforcement, below the level reached by federal court jurisdiction, was to be set up under a system of courts operating with simplified procedures and ultimately responsible to the tribes.
- VI. The consolidation of fractionalized allotted lands, and the delivery of allotments back into the tribal estate, was provided for under conditions which safeguarded all individual property rights and freedoms.

The first four sections of the bill as presented were adopted and became law, but the fifth and sixth parts were dropped. Though the problem of fractionalized lands did not nor does not severely impact the Jicarillas, it continues to be a major hindrance on other reservations and as a result many reservation lands remain unusable to Indians (Collier 1947: 265). The resulting fractured lands often proved to be of little practical use, and only those people with enough resources to consolidate numerous smaller holdings into a working parcel could utilize the lands. Often, only non-Indian or mixed-blood ranchers had the necessary capital to accomplish this, and as a result cattle leasing policies have further appropriated lands for the use of non-Indian ranchers. B.I.A directives have approved leases for outside ranching interests, resulting in a large number of landless or land poor families living on reservations (Tyler 1964: 28).

Collier's I.R.A. was not only a major departure from earlier policies by its approach in dealing with reservation problems, it was the first policy that afforded Indians a choice. According to Section 18 of the Act, any community lacking a majority of the adult's approval through vote did not have to accept the measure. Controversy was created when a special provision was added to the Act. An added stipulation counted all eligible members who failed to cast a ballot as accepting the Act. Since it was common for tribal members to show their rejection simply by refusing to vote, some tribes were



forced to adopt the I.R.A. despite a majority of negative votes cast by those who voted. As a consequence, tribes that had passed the measure despite a majority of votes against it felt that the Act was forced on them.

To combat this criticism, a Congressional amendment in 1935 was added stipulating that the choice of the majority of Indians actually voting would decide acceptance or rejection of the Act (Philp 1977: 162-163). While this clause gave Indian communities some control, adoption of the measure required certain conditions be met. Collier's decision to encourage a revitalization of traditional practices and economic opportunities hinged on tribal adoption of a federally approved constitution and bylaws. Though Collier's plan received praise from many, the condition that tribes must adopt a constitution—a reflection of Anglo government practices—was criticized as yet another attempt to undermine traditional means of leadership (Deloria 1983: 15).

Further criticisms of the I.R.A. came from both Indians and members of Congress. The House Indian Affairs Committee, chaired by members of Congress, preferred the abolition of the Bureau of Indian Affairs and the Indian's rapid assimilation into white America (Philp 1977: 170). To make matters worse for Collier, many Indian leaders believed that the I.R.A. encouraged "the old traditional life of our people" instead of encouraging Indians to get a good education and live like "other white citizens" (Philp 1977: 173). Though among some groups opposition to the I.R.A. was strong, only seventy-eight of the 252 bands and tribes eligible to vote rejected the Reorganization Act (Dippie 1982: 318).

Collier himself argued for the success of the Act, emphasizing that of the \$10,300,000 lent to Indian nations in the first ten years only \$69,000 was delinquent

(Collier 1947: 267). He further contended that those Indian Nations that rejected the I.R.A. did so only because of “energetic campaigns of misrepresentation” that did not allow the Indians sufficient time to comprehend the benefits that they would derive from participation (Dippie 1982: 318).

Whatever the Indian Reorganization Act’s failures, it succeeded in offering Indians some control over their future. For the first time, Indians had a choice as to whether or not to adopt governmental legislation. Unlike the General Allotment Act, legislation created to forcefully assimilate Indians into dominant society, the I.R.A., however awkwardly, afforded Indian communities the opportunity to decide their future by ballot. Whereas earlier bills provided opportunities for those Indian communities that wanted to assimilate, the I.R.A. allowed for communities that wanted to self-govern.

While many Indians criticized the I.R.A.’s deficiencies and failed to accept the Act, the Jicarillas eagerly sought to adopt the measure. The Jicarillas were one of the first tribes to adopt the I.R.A., accepting Collier’s recommendation that they form a “cooperative commonwealth” (Philp 1977: 169). On August 4, 1937, the government approved the Jicarilla’s constitution and by-laws. The constitution called for a tribal council consisting of 18 members from the reservation’s six districts. A council member must live in the district he or she is representing and be at least 28 years old. Enrolled members who are at least 21 years old elect representatives from their respective districts to a four-year term. The council elected its own officers and was to meet twice a year. Ten members from the council constituted a lawfully charged majority (HNAI 1983: 456). On September 4, 1937 the Jicarilla adopted a corporate charter, officially naming

themselves the Jicarilla Apache Tribe, with the tribal council acting as its governing body (HNAI 1983: 456).

A unique addition to the Jicarilla's constitution was the provision that the tribe maintains a flock of sheep "to care for the aged and incapacitated" (Philp 1977: 169). Known as the "Old People's Herd, the animals came from a sheep issue in 1930 (Tiller 2000: 177). The Tribal Council was responsible for the care of the herd. In addition, the Jicarillas *voluntarily* returned their allotments to tribal control, including individual oil rights (Philp 1977: 169). In exchange for returning their allotments, the Jicarillas asked only that they receive shares in the new corporation. The rarity of this request was reflected in a comment made by Alan Harper, a coordinator for the B.I.A. Harper "wished more tribes saw the wisdom of such a course, instead of insisting on specific assignments of land in exchange for allotted land" (Taylor 1983: 123).

The successful implementation of the Indian Reorganization Act's benefits among the Jicarillas relied on cultural solidarity. The Jicarillas were able to put aside any differences in opinion and vote for what would benefit all Jicarillas, regardless of band affiliation. Arguably, the Jicarilla's sustained communal usage of grazing lands aided this solidarity. The Jicarilla's past demanded adaptability and cooperation for survival; their history required the ability to compromise, creating group solidarity. Among more fractured groups, however, there was an inability to reach a consensus, and those groups proved incapable of adhering to the I.R.A.'s mandates. Diverging opinions created rifts within communities, and resulted in splinter groups that exist to this very day.

Though the Jicarillas accepted the provisions of the I.R.A. and elected leaders from each township, the Tribal Council did not immediately become a part of the tribe's

internal political structure (Wilson 1964: 353). The Jicarillas continued to look for leadership at the local level. There are multiple reasons that the Jicarillas were slow to accept the new Tribal Council. While examining the Jicarilla's economic structure in 1960, anthropologist H. Clyde Wilson (1964: 353) found three causal factors. Wilson established that:

The reasons the Tribal Council remained outside the internal political structure are several. First, there was no historical precedent for a tribal governing body. Second, the Tribal Council was set up in such a way that it obviously could not function effectively as an administrative unit: the council was to meet only twice a year for one or two days and no permanent offices were maintained so tribal officials could be aware of and act upon tribal matters. Third, and most important for our discussion here, the Tribal Council was delegated power and responsibility at the tribal level while the allocation of goods and services existed at other levels.

Once again the Jicarillas showed their aptitude for adapting and accepting the provisions required of them; nevertheless, they were able to fit the new system into their existing political framework without suffering major cultural changes. The camp leader remained responsible for the groups needs, retaining his position of authority at the local level. Because sheep were herded together collectively, the group—and its authority—remained intact. The influence of the Tribal Council did not surpass the authority of local leaders until economic improvements began to take shape.

Since the I.R.A.'s directive was to revitalize both Indian cultures and economies, loans were made available to invigorate Indian financial systems. Known as the Revolving Credit Fund, the Jicarillas were permitted to borrow \$85,000 to purchase the Wirt Trading Post. (HNAI 1983: 456). Under Jicarilla ownership, the Wirt Trading Post—renamed the Jicarilla Apache Cooperative—became the first Indian-operated tribal store (Philp 1977: 169). The loan greatly improved the economic condition of the reservation, and the Jicarillas were able to repay the loan within eight years (HNAI 1983: 456).

One of the first tribal enterprises undertaken came about because of the Old People’s Herd. Started in 1932, it preceded the Jicarilla’s acceptance of the I.R.A. and demonstrated their ability to self-govern. A breeding program was established to raise a tribal ram herd. It proved successful, and “The Tribal Ram Herd,” in combination with the Old People’s Herd, produced some of the finest sheep in New Mexico (Tiller 2000: 178). The I.R.A. enabled this enterprise to be realized, and increases in tribally and individually owned livestock improved the economic condition on the reservation. In turn, as individual and tribal (henceforth corporate) wealth improved, likewise the Jicarilla’s population rebounded. The following table illustrates the resurgence of the Jicarilla’s population:

Table 2.5: Resurgence of Jicarilla Apache Population 1935-1943

<i>Year</i>	<i>Population</i>	<i>Year</i>	<i>Population</i>	<i>Year</i>	<i>Population</i>
1935	706	1944	799	1953	1030
1936	718	1945	u.a.	1954	1076
1937	714	1946	u.a.	1955	1099
1938	727	1947	u.a.	1956	1143
1939	743	1948	890	1957	1166
1940	u.a.	1949	949	1958	1196
1941	753	1950	u.a.	1959	1281
1942	761	1951	968	1960	1300
1943	u.a	1952	1006		

Source: Official Agency Censuses, Tribal and Public Health Records. u.a.: unavailable population figure

As the population increased, so too did the Jicarilla’s wealth. Economic growth continued with increases in stock, through a variety of investments, and most importantly the utilization of local resources. During the 1940s preliminary mineral exploration had taken place. Though full-scale oil drilling would not begin until the 1950s, the Jicarillas were already demonstrating their willingness to diversify their economy. During this time, lumber sales accounted for a large portion of the Jicarillas income, but the Bureau of Indian Affairs had misused much of the money. In 1933, Montana Senator Burton A.

Wheeler argued that: “What has been done to these Indians is that the timber resources have been depleted and all that money has been spent practically for agency purposes” (Tiller 2000: 115). He contended that the money should have been spent on sheep and cattle rather than administrative costs, which would have allowed the Jicarilla to be self-sufficient. Once the Jicarilla could utilize the timber profits rather than it being spent on B.I.A. expenditures, corporate income soared. The following table (Wilson 1960: 345) illustrates the increase in profits for the tribe’s livestock, oil, and timber enterprises:

Table 2.6: Increased Profits for the Jicarilla Apache Tribe

Year	Timber	Oil and Gas	Total
1937	u.a.		
1938	u.a.		
1939	\$163		\$163
1940	u.a.		
1942	u.a.		
1944	u.a.		
1947	\$12,640	\$57,751	\$70,391
1950	\$350	\$20,112	\$20,462
1951	u.a.	\$1,125,110	\$1,125,110
1952	u.a.	u.a.	
1953	u.a.	\$3,357,892	\$3,357,892
1954	\$2,167	\$1,812,874	\$1,815,038
1955	u.a.	\$1,128,416	\$1,128,416
1956	\$23,787	\$534,144	\$557,931
1957	\$109,380	\$496,371	\$605,751
1958	\$44,124	\$3,020,971	\$3,065,095
1959	\$80,266	\$1,716,175	\$1,796,441
1960	u.a.	\$1,330,881	\$1,330,881

Individual Jicarillas also saw a dramatic increase in their family wealth. Rising incomes allowed for improvements in other areas as well. More children were enrolled in school, health conditions improved greatly, and most importantly their population steadily increased. As one would expect, these changes drastically improved the morale of the Jicarillas (H.N.A.I.: 457). The following table (Wilson 1964: 347) illustrates the overall gains made in individual—as opposed to tribal—earnings for the Jicarilla Apache:

Table 2.7: Jicarilla Apache Individual Earnings 1920-1940

Year	Livestock	Wages	Unearned	Year	Livestock	Wages	Unearned
1920	\$18,290	\$34,777	\$16,650	1941	\$149,701	u.a.	u.a.
1921	\$16,814	\$24,260	\$8,720	1942	\$183,369	\$35,040	u.a.
1922	\$36,707	\$23,338	\$11,726	1943	\$208,677	\$37,333	u.a.
1923	\$50,309	\$14,812	\$2,524	1944	\$193,683	\$34,558	u.a.
1924	\$58,948	\$14,574	u.a.	1945	\$214,810	\$41,086	u.a.
1925	\$76,456	\$22,738	u.a.	1946	\$197,375	u.a.	u.a.
1926	\$68,058	\$23,332	u.a.	1947	\$234,833	U.a.	u.a.
1927	\$63,517	\$19,567	u.a.	1948	\$309,106	u.a.	u.a.
1928	\$80,999	\$31,784	u.a.	1949	\$271,533	u.a.	U.a.
1929	\$61,783	\$24,887	u.a.	1950	\$281,502	u.a.	u.a.
1930	\$33,920	\$20,724	u.a.	1951	\$403,341	u.a.	u.a.
1932	\$32,467	u.a.	\$2,150	1952	\$157,316	u.a.	\$299,500
1933	\$43,034	u.a.	u.a.	1953	\$166,974	\$154,202	\$515,000
1934	\$21,609	u.a.	\$1,200	1954	\$148,820	\$155,331	\$538,000
1935	\$47,599	u.a.	u.a.	1955	\$149,563	\$181,541	\$550,000
1936	\$66,342	\$55,636	u.a.	1956	\$150,133	\$193,836	\$857,250
1937	\$79,524	\$42,730	u.a.	1957	\$188,693	u.a.	\$583,000
1938	\$67,950	446,020	\$3,600	1958	\$175,999	248,501	\$598,000
1939	\$79,374	\$81,127	u.a.	1959	\$212,549	\$360,512	\$499,200
1940	114,224	\$79,127	u.a.	1960	u.a.	u.a.	u.a.

\*u.a. Complete Information is unavailable.

\*Figures for unearned income 1952-1959 are actually before deductions.

As noted earlier, economic progress and population both improved steadily. In 1920 there were only 588 surviving Jicarillas, but as incomes rose and opportunities increased the overall health of the Jicarillas improved. From 1940 upwards, there was a sustained population gain. The following table (Wilson 1964: 305) illustrates the growing Jicarilla population

Table 2.8: Jicarilla Population 1900-1980

Year	Population	Year	Population
1900	815	1940	735
1905	795	1945	811
1910	743	1950	920
1915	642	1955	1,062
1920	588	1960	1,305
1925	635	1965	1,548
1930	647	1970	1869
1935	640	1975	2,053
		1981	2,308

As individual incomes continued to grow, so too did the corporation's profits. In turn, the complexity of managing tribal affairs likewise increased. When the Tribal Council's operational responsibilities increased, its authority did as well. The Jicarillas no longer looked for leadership at the local level, turning more frequently to the Tribal Council for guidance (Wilson 1964: 355). The added demands required the Tribal Council to meet with more frequency. Increased complexity forced the council to pass more resolutions. The following table (Wilson 1964: 331) illustrates the additional meetings required as corporate affairs grew more intricate:

Table 2.9: Increased Council Meetings

Year	Number of council meetings	Number of resolutions passed
1946	2	32
1947	4	53
1948	3	39
1949	5	41
1950	3	21
1951	3	18
1952	11	27
1953	9	44*
1954	10	128
1955	11	152
1956	13	283
1957	15	499
1958	17	567
1959	17	327
1960	18	409

\*Beginning in 1953, the number of resolutions passed included those also passed by the executive committee.

In the early 1940s, while leadership was still sought at the local level, the Tribal Council was outwardly unnecessary. As shown in the above table, as tribal business grew in complexity and more resolutions needed consideration, the number of sessions escalated. Increasingly, the Tribal Council delegated power and responsibility to appointed committees. In 1953, the executive committee was created out of need. Also, there were five permanent committees that oversaw land, loan, scholarship, finance, and



health and welfare, plus two “temporary” committees that addressed constitutional and family planning issues. All committees met almost every week (Wilson 1964: 331).

The Tribal Council needed to delegate some of its responsibilities due to developing issues. In 1952 the Council’s attention focused on numerous concerns: a request for the first per capita payment (i.e. dividend payments made to enrolled members, hereinafter called stockholders), a plan to establish a tribal loan program, an attorney contract for future land claims, and a plan for leasing oil and gas exploration (Wilson 1964: 331).

One of the Tribal Council’s main issues—an attorney contract for Jicarilla land claims—evolved from the creation of the Indian Claims Commission Act of 1946. Robert J. Nordhaus, an attorney from Albuquerque, New Mexico, and Richard M. Davis and Robert O. Harry, attorneys from Denver, Colorado, were hired to present the Jicarilla’s land claim to the Indian Claims Commission. The Indian Claims Commission Act (60 Stat. 1049, Chap. 959) was created to hear all legitimate claims against the United States (Nordhaus 1995: 10). The act allowed any identifiable group of Indian claimants living in the U.S. or Alaska to seek compensation from the government for:

- I. Claims in law or equity arising under the constitution, laws, treaties of the United States, and executive orders of the president.
- II. All other claims in law or equity, including those sounding in tort, with respect to which the claimant would have been entitled to sue in a court of the United States was subject to suit.
- III. Claims that would result if the treaties, contracts and agreements between the claimant and the United States were revised on the grounds of fraud, duress, unconscionable consideration, mutual or unilateral mistake, whether of law or fact, or any other ground cognizable by a court of equity.
- IV. Claims arising by the taking by the United States, whether as the result of treaty of cession or otherwise, of lands owned or occupied by the claimant without the payment for such lands of compensation agreed to by the claimant.
- V. Claims based upon fair and honorable dealings that were not recognized by any existing rule of law or equity.

The Tribal Council sought compensation for past damages committed upon the Jicarillas by the United States. The first step required was to prove that the stolen lands had been utilized “exclusively” and from “time immemorial” (Nordhaus 1995: 12). Utilizing anthropological, archaeological, and historical data, the Jicarillas and their attorneys were able to prove that the lands they used prior to conquest—more than 72,000 square miles—should be considered by the Indian Claims Commission for damages. The Commission denied liability for 4,859,576.23 acres that were part of the original Spanish and Mexican land grants, and only appraised the value for 9,218,532.77 acres (H.N.A.I.: 457). The Jicarillas were awarded \$9,950,000, minus \$800,000 in government expenditures on behalf of the Jicarillas (Nordhaus 1995: 205). This would not be the last time that the Jicarilla Apache Tribe flexed its litigious muscle and fought for their rights.

The 1930s and 1940s were the start of advancements both economically and socially for the Jicarilla Apaches. Although they had endured much during the previous decades, the Jicarilla continued to take full advantage whenever opportunity presented itself. Throughout reservations across the country, America’s involvement in WWII offered young men and women the chance to leave the reservation and see the world. As part of their service, they were trained to perform a variety of tasks. Sixty-eight young Jicarilla men and one woman answered the call to duty and signed up for service. According to the Department of the Interior, more than 20% of those Jicarilla who served—a full fifteen of the sixty-eight—were awarded prestigious military honors ranging from Bronze stars to a Presidential Citation. One Jicarilla man who saw action in

France received the French *Fourragere*, a medal created by Napoleon and presented to soldiers who distinguished themselves in battle (SAIA #26).

Interestingly, of those men only three took advantage of the G.I. Bill of Rights. Officially known as the Servicemen's Readjustment Act of 1944, it was designed to offer greater opportunities for servicemen returning home from the war. Under the bill, federal funding was provided to veterans to purchase homes and businesses and to pay for medical costs, and especially education. The three Jicarilla men who took advantage of the G.I. Bill received training in auto mechanics (S.A.I.A. #26).

Though there were marked improvements economically on the reservation, administrative problems continued to hamper Jicarilla advancements. While government employment and rations constituted a large portion of the reliable income for many Jicarilla, more often than not bureaucratic mismanagement often stymied true economic growth. In 1947 six Jicarillas, including one of the Tribal Council members, had numerous complaints concerning the superintendent of the reservation. They argued, "except for his 'pets,' the Indians can not consult him about their affairs. He is always 'too busy,' and has to 'rush off' somewhere." Worse than his inattentiveness, they maintained, was that "he doesn't 'know about sheep,' and ordered them not to move their flocks from a place where there was no water or fodder, so that many animals were lost" (SAIA#26). The men requested that the superintendent be replaced, to which they were informed that no such remedies existed.

Many of the financial problems experienced by Jicarilla families were caused by shortsighted policies. For example, in the 1940s, without a credit system in place, families were denied the basic means to support their families. Lacking credit for basic

start-up costs, families could not develop gardens or purchase animals for ranching. Much of the suffering that families had to endure and the dependency on the government that resulted could have been alleviated with simple policy changes such as allowing credit for families.

Starting in 1952, per capita payments were made to individual families. This was done in an effort to alleviate some of the financial burdens that families were experiencing. Per capita payments of \$300 per person were made that year, totaling \$299,500. Under the system, one-half of the per capita of children under 18 years of age is deposited in their name in a minor's trust fund. As of 1958, the fund was earning about 3 1/2 percent interest (SAIA #26). The money becomes available to the minor in 4 equal payments after his or her eighteenth birthday.

A portion of the money used for the per capita payments came from oil and gas lease sales from 1951, the first significant year for earnings under this new venture. In 1951 the tribe realized earnings of \$2,000,000.00. By 1957, earnings of additional "bonus money" totaled \$6,121,573.13 and the yearly rentals were up to an approximated \$500,000 (SAIA #26).

By 1960, over 50 natural gas wells and 80 oil wells had a total production exceeding \$5,000,000. As the corporation realized more profits, the revenue needed to operate on a day-to-day basis grew proportionally. Within an eleven-year period, corporate expenditures went from \$200 per year to more than \$3,000,000. The following table (Wilson 1964: 334) highlights the dramatic rise in corporate expenditures for 1942, 1947-1960:

Table 2.10: Corporate Expenditures 1942, 1947-1960

Fiscal year	Per capita payments	Special funds	Operating expenses	Total
1942			\$200.00	\$200
.....			.....	.....
1947			\$11,030	\$11,030
1948			\$35,537	\$35,537
1949			\$50,023	\$50,023
1950			\$51,126	\$51,126
1951		•\$20,000	\$105,020	\$125,020
1952	\$299,500	*\$218,515	\$260,274	\$778,289
1953	\$515,000	◆\$3,051,716	\$137,713	\$3,704,429
1954	\$538,000		\$204,423	\$742,423
1955	550,000		\$209,959	\$759,959
1956	\$857,250		\$274,893	\$1,132,143
1957	583,000		\$266,044	\$849,044
1958	598,000		\$520,221	\$1,118,221
1959	499,200		\$434,956	\$934,156
1960	390,000		\$498,263	\$888,263

•This amount was placed in the Tribal Revolving Stock Fund.

\*Of this amount, \$188,515 was loaned to the cooperative store and \$30,000 was loaned to the Soil Conservation Fund.

◆Of this amount, \$2,501,116 was used for the purchase of Treasury Bonds and \$555,000 was used to establish the Tribal Loan Fund.

As the above table illustrates, the 1950s and beginning of the 1960s saw a dramatic rise in the complexity of corporate functions. While the Tribal leadership's relative responsibility had increased and it likewise replaced leadership at the local level, it did not achieve complete autonomy from the Federal Government. The Government still maintained veto power over Tribal affairs, and any expenditure approved by the Tribal Corporation first had to withstand Federal scrutiny (Wilson 1964: 334).

1960 was a year of revolutionary change on the reservation, and in many ways ushered in the modern corporate structure that operates today. At the Government's initiation, the tribe agreed to accept a revised Constitution. Although there would be additional modifications made later in the decade, the core changes occurred in 1960. Under this new Constitution, a president, vice-president, and ten-member Tribal Council were elected at large (Tiller 2000: 218).

### 3

*...the Apache have scarcely maintained their numbers, and the Jicarilla band...was all but finished, so far as its ancient traditions were concerned*

Peter Matthiessen

### **Jicarilla Apache Economic Diversity**

Although many facets of Jicarilla society were affected by conquest and further altered by the multitude of policies implemented in the name of acculturation, the basic fundamental values of cooperation and egalitarianism remained. Contrary to the misguided opinion of popular writers such as Matthiessen, the Jicarilla have indeed retained their “ancient traditions.” The Ceremonial Relay Race and the Adolescent Ceremonial Feast, highlighted in Chapter One, demonstrate the continued practice of traditional customs by the Jicarilla.

Though policies such as the Indian Reorganization Act (1934) dramatically transformed the function of leaders within Jicarilla society, their ability to adapt through cooperation remained strong. The Jicarillas fitted this new system into their existing framework and modified the new arrangement so as to conform to the values of their small-scale culture. This chapter will demonstrate how the Jicarillas maintained their values that emphasized equal access to resources despite the attempt by dominant society to end the practice. Sustaining those values have enabled the Jicarillas to utilize their *collective* resources more effectively for the benefit of all enrolled members of the Corporation rather than a select few.

Chapter two showed how the Jicarilla’s basic social structure was influenced beyond the obvious devastation and demoralization that conquest creates. The confusion

and hopelessness caused by numerous diseases—nearly killing all Jicarilla as their numbers plummeted to 588 souls—also forced change and adaptation to the manner in which they were governed. Though policies such as the I.R.A. only affected the Jicarilla once the reservation’s economy grew in complexity, these changes occurred somewhat rapidly and accelerated the maturation process of their leaders. Economic complexity not only changed how the Jicarilla reservation was managed, but it also fostered a need for a new type of Jicarilla leader: a leader who was politically astute and also a savvy businessman.

The Jicarilla’s involvement in the larger economic system of dominant society altered where they looked for leadership. No longer able to turn for guidance at the local level, control and leadership was now centrally located with the Tribal Council holding governing power. Increased economic complexity in turn created the need for sub-councils to oversee special Tribal needs. When budgetary expenditures expanded and operating expenses increased, the Tribal Council needed to adopt a corporate charter, furthering their influence and importance within the community. These transformations affected all aspects of their society, driving the Jicarilla’s involvement in dominant society’s economic structure.

The initial impact of the Jicarilla’s economic transformations changed their style of appointing leaders. As mentioned in Chapter One, traditionally, only those men who had proven themselves capable of leading groups were followed. At any time, dissatisfaction with a group’s leader could be displayed by simply relocating with another group. This flexibility guarded against the creation of “big men” who forced their will upon people and eliminated any inherited stature in subsequent generations. Also, the

Jicarilla appointed both war and peacetime leaders, this was another way they guarded against the consolidation of power by a group or a single person. An individual sponsored raiding parties, and only those who believed in his ability to safely accomplish the given task *chose* to accompany him. Any man who did not wish to commit was similarly free *not* to go along.

While this is just a cursory examination of the equalizing measures inherent in Jicarilla society, it sufficiently demonstrates the value they placed on egalitarianism. Freedom of choice was paramount in Jicarilla society prior to the reservation period. This freedom contradicted and confounded United States officials, men who were accustomed to Western styles of leadership based on a principle leader who had absolute authority over others. Once the Jicarillas were forced onto the reservation, they too were required to appoint permanent leaders. Though power remained at the local level as long as the Jicarilla's economy was still in its infancy, accepting the mandates of the Indian Reorganization Act necessitated an overhaul of traditional management. That the Indian Reorganization Act was a fundamental departure from traditional forms of governance was evident by the displeasure it caused among some Indian groups. Though the Jicarilla enthusiastically accepted the provisions, its adoption created major transformations within their society and how leaders were appointed.

The earliest leaders were those men who had led the Jicarillas during their most trying times. These men, who had in the past demonstrated their unyielding dedication to the Jicarillas, were the first in a long line of capable leadership that continues to act on behalf of their corporate shareholders. The current leaders of the Jicarilla Apache Nation likewise act on behalf of their charges. All decisions are weighed heavily to ensure the



best results for the community. It is this commitment to the community—the shareholders—that highlights the Jicarilla Corporation’s abrupt departure from the standard operating practices of large, multinational corporations. The Tribal Government’s officers act as representatives of the Jicarilla Apaches. While the council members are compensated for their work with salaries, they do not receive a greater portion of the earnings than any other member. They receive an equal share of the profits distributed among the shareholders within the same per capita payment system. Serving in their capacity as the Jicarilla’s board of directors, they do not take the lion’s share of the profits, in contrast to what is often an acceptable practice within large corporations.

As representatives of the people—local people who include neighbors and relatives—the Tribal Council’s actions and decisions are scrutinized and any misdeeds observed. Indeed, this close proximity to one’s constituents almost guarantees honest effort and should dramatically reduce the possibility of transgressions. For example, if quarterly reports indicate an economic downturn resulting in lower dividend payments, unrestrained spending by a Council member would certainly raise concerns and complaints within the community. Obviously, in this instance closeness to one’s constituents forces appropriate behaviors within the local community. One’s actions are constantly monitored in a small-scale, face-to-face system, creating a natural system of checks and balances that ensures compliance with community standards.

The powers given to council members include the appointment of people to certain positions within the community. While there certainly exists the possibility for nepotism, leaders who abuse their positions by appointing family members can be removed from the council. These same measures can be used to remove a Council

member for any transgression, a provision the guards against all problems that could be encountered. Though a council member definitely has more power than most among the Jicarillas, safeguards are in place to protect against abuses of those powers by any one official. Only twenty-five percent of eligible voters' dissenting opinions are required to force the removal of a Council member.

Mechanisms designed to reduce the possibility of creating "big men" within the Jicarilla's corporation, though not unheard of, are certainly rare within other corporate systems. Large corporations do not necessarily construct leveling mechanisms to guard against the abuse of power by its leaders. Similarly, corporate leaders may still earn the same salary and bonuses, regardless of a quarterly report. This example highlights the effects that unequal distribution has on corporate members. The unequal distribution of earnings is common practice among large corporations and creates inequity among its leadership, stockholders and employees.

Contrary to the inequity created by a larger corporate system is the Jicarilla Apache Nation's method of ensuring equal access to corporate profits for its members. The Jicarillas' leaders primary goal is to place the welfare of the community above the standard corporate "bottom line" of profit above all else. The resulting equality is evident in the Jicarilla Apache Nation's ([www.Jicarillaonline.com](http://www.Jicarillaonline.com)) mission statement:

The following mission statement for the Jicarilla Tribal Government reflects the intent of the Tribe through the Tribal Constitution to maintain tribal sovereignty, enhance the well-being of its members, protect land and resources, and work with the U.S. Government in administering the affairs of the Tribe.

The Jicarilla Apache Tribal Government is accountable and responsive to the needs of Tribal members, and through the leadership of the Tribal Council, committed to carrying out the intent of the Tribal Constitution by promoting the well-being of tribal members, protecting its land and resources, and maintaining a positive working relationship with the U.S. Government and other governments.

The Jicarilla Apache Tribe will mobilize its human, technical and financial resources to plan, develop, maintain, improve, and otherwise facilitate the continued economic, social, political, and cultural growth and development of its present and future members.

The elected and appointed officials, department directors, supervisors, and staff employees of Tribal Government are charged with using and developing their individual and collective skills and work efforts to provide the Jicarilla Tribe and its members with continued financial security and an improved quality of life delivered in a cost-effective and efficient manner. The Tribal Government encourages professional growth and development through education and training and notes the importance of each employee as a contributor to attaining for the Tribe a level of service of which all members can be proud.

Within this brief mission statement, Tribal welfare is mentioned six times. The small-scale system that the Jicarillas have developed guarantees that members' well-being is of paramount importance to Tribal representatives. While the welfare of Tribal members is an important aspect of the Tribe's mission, so too is the environment. The Tribe must neither harm its members—nor their collective environment—with their official policies.

The Jicarilla Apache Nation's commitment to protecting their environment goes beyond its mission statement. Title Fourteen of the Jicarilla Apache Tribal Code deals with Environmental Protection for the reservation ([www.nplnews.com](http://www.nplnews.com)). This seven-page section of the Tribal Code acts as a strict guideline that leaseholders on the reservation are required to follow in order to continue operating on reservation lands. The purpose statement (Section 1) for this portion of the Tribal Code clearly explains the value that the Jicarillas place on their environment:

Section 1. Purpose. The purpose of this Title is to insure that proper and meaningful consideration of environment, cultural, historical, and ecological factors is made by any person, the BIA or the Tribal Council prior to its approval of activities on the Jicarilla Apache Reservation which may significantly affect that environment in whole or in part

As this section clearly explains, even the Tribal Council's decisions do not supersede the established environmental guidelines. Indeed, within Chapter Six, Section Three ("Oil and Gas Activities"), wells operated solely by the Jicarilla Apache Nation are to abide by the established regulations as all other contractors operating on reservation lands must follow. Moreover, the document and the Jicarillas demand "all oil and gas operations on the Reservation shall be carried out in an environmentally sound manner..."

(www.nplnews.com). The wording of this section of the document throughout stresses the importance of the environment. That the environment is central is evident in the provisions ensuring that even operators who are Jicarilla must abide by the established regulations. Similarly, any decisions reached by the Tribal Council must also consider the environmental effects that mining operations could create.

Neither the mission statement nor the Environmental Regulations prevent the Jicarilla Apache Nation from operating as a successful corporation. The Jicarilla's system is still effective at creating profits and is still competitive in the financial world. The Jicarilla Apache Nation is as effective as any other corporation at making decisions designed to maximize profits while minimizing costs. Though the Jicarilla's structure is successfully able to redistribute profits throughout the community, the system does not hamper nor limit economic growth. From the inception of the Jicarilla Nation's adoption of a corporate structure, the Tribal Council has developed and continues to implement programs designed to increase revenue. The Jicarilla's example of redistribution dispersal demonstrates that the equitable allocation of corporate profits and corporate profitability are indeed compatible.

The Jicarilla Apache Nation has diversified their financial portfolio in a variety of ways. Through sound investments and wise money management, the corporation has become involved in a wide array of business ventures. In addition to their business investments, the Jicarilla have planned for their future generations. Corporate directives are not exclusively concentrated on maximizing profits. Improving the lives of enrolled members and leaving a legacy for future generations are also concerns of Jicarilla leadership. Profits have enabled the corporation to increase Tribal landholdings in 1994

by more than 96,000 acres, enlarging the reservation's boundaries by nearly twelve percent ([www.highcountrynews.org](http://www.highcountrynews.org)). The Jicarilla Apache Nation has implemented programs to better prepare future generations of Jicarilla Apache. In addition to the 96,000 acres purchased by the Tribe and the numerous investments in interest-earning accounts, the Tribe has created a scholarship to provide their youth with an opportunity for education beyond high school.

By the 1950s, there were 1060 Jicarilla Apache. Of those, 628 were under twenty-one (Tiller 2000: 190). Early on, the Jicarillas saw the need and value in education. In 1955 the Chester E. Faris Scholarship Fund was established. A \$1,000,000 scholarship fund—the equivalent of \$833.00 from each enrolled member of the tribe at the time—was created to help any Jicarilla who wants to go to college or a vocational school (Tiller 2000: 191). The money is to help encourage their youth and defray the costs of leaving the reservation to attend school.

The Jicarilla are also concerned for the future of their culture, and have implemented programs to ensure the survival of their language. Tribal linguist Mrs. Phone estimates that there are only about 1000 Jicarilla speakers—with a wide range of competency—left in the world. Of those that still speak the language, the majority are aged at least fifty or older ([www.aaanativearts.com](http://www.aaanativearts.com)). In actuality, a study showed that there were even fewer Jicarilla who speak the language. In 1990 only 812 people spoke Jicarilla ([www.turtletrack.org](http://www.turtletrack.org)). It was understood that unless steps were taken to develop a language program for Jicarilla youth, the language could become extinct within a generation or two. To combat this problem, in 1999 a language program was created. The Jicarilla Apache Summer Day Camp (JALSDC) began as a language and summer

day camp to help ensure that Jicarilla children would learn their culture and language. There is also a course in the Jicarilla school system that teaches students the Jicarilla language. It seemed odd to the Jicarilla that students were required to learn another language in addition to English, but there was no course offered in the Jicarilla Apache dialect.

One of the biggest obstacles that faced the creation of the language program within the Jicarilla's school system was a lack of state certified instructors. Again, the majority of Jicarilla speakers were fifty and older. There were few state certified instructors among those fluent in the language. Luckily for the Jicarilla, a 2002 state law was passed allowing the Tribes to determine who is competent and proficient enough to teach Native languages in public schools ([www.turtletrack.org](http://www.turtletrack.org)). The New Mexico state Board of Education approved the Certification in Native Language and Culture for grades kindergarten through twelfth. The Jicarilla Apache became the first tribe in New Mexico to take advantage of the new legislation ([www.turtletrack.org](http://www.turtletrack.org)). The Jicarilla Language Team, as the group of instructors has come to be known, teach formal lessons twice a week for thirty minutes each session. Two other days each week they assist the regular classroom teacher for forty-five minutes, talking to the students in Jicarilla Apache ([www.turtletrack.org](http://www.turtletrack.org)). In addition to their responsibilities as instructors, the Jicarilla Language Team is also working on a new Jicarilla language dictionary to help preserve all of the known words from the Jicarilla dialect of the Apache language.

The land purchases made for the benefit of future generations, the scholarship program that helps students better prepare for the future, and the language and culture programs created to augment the cultural knowledge of their youth were all made

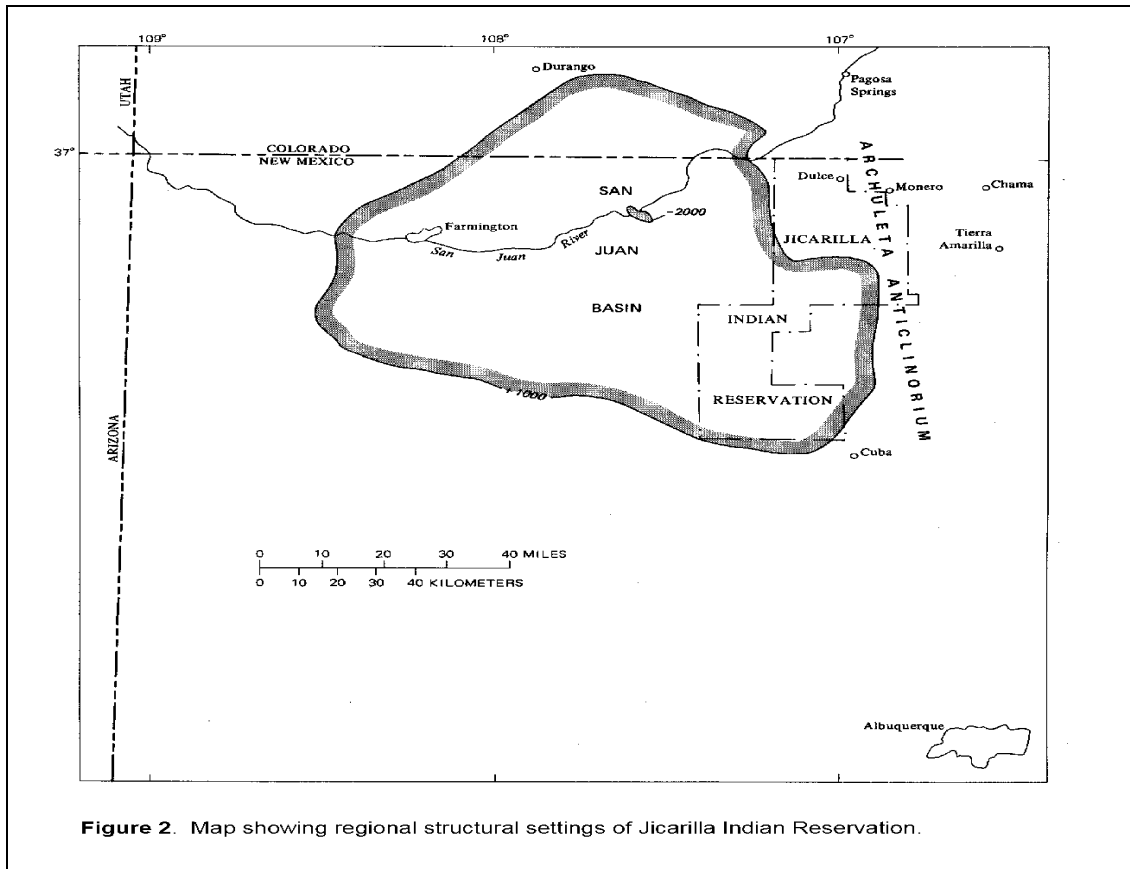
possible because of corporate profits and subsequent investments. Though these three examples highlight the efforts made for bettering the lives of future generations, Corporate investments have also improved the lives of Jicarillas currently living on the reservation. Tribally owned centers of commerce create jobs, ensure that spending is done locally, and add to the Tribal treasury. The smaller, private economic system operated by the Jicarilla Apache is a structure that benefits more individuals through the equitable redistribution of corporate profits. The Jicarilla's system is an arrangement that differs from the operational practices of larger corporations throughout the industrial world, and serves as an example of the small-scale tradition of equal allocation as practiced in and adapted for a modernized economy.

Portions of the profits that the corporation earns are also used to provide loans to Tribal members to help generate privately owned businesses on the reservation. The Tribal Council has financed many loans for members interested in starting businesses that appear to be sound investments that “are in the best interests of the tribe” (Hay 1996: 1). The Jicarilla Tribal Council finances private businesses in an effort to generate jobs and services. Since the Jicarilla Tribal Council gives out what amounts to an almost interest-free loan, there is no bank—which could hardly compete with nearly interest-free loans—anywhere on the reservation. Often, it is difficult, if not impossible, for residents of reservations to obtain bank loans. Because Jicarilla land is held in trust, banks are unable to seize an individual's property if they default on a loan. Since a bank can only take the personal assets of a person who defaults on a loan, many institutions balk at making loans to Indians. Without the Tribal Council acting as co-signer, a bank or lending institution is unwilling to forward money without the loan guarantee from the Tribe (Hay 1996: 1).

It was during the 1980s that the Tribal Council saw the wisdom in financing private enterprise. In 1983 the Jicarilla Apache Tribal Council passed two resolutions. The first was to let market principles govern economic development. The second resolution passed was to give economic support to any tribal member wishing to go into business (Hay 1996: 1). The Tribal Council guarantees the loan for those who need a larger loan and must go through a bank or lending institution. Usually, a profit-sharing arrangement is made between the borrower and the tribe (Hay 1996: 1).

Much of the revenue from Tribally owned natural resources have financed the Jicarilla's enterprises. Noted in Chapter Two, the southern portion of the Jicarilla Apache Reservation contains valuable mineral resources that the Corporation has leased to various companies. The Jicarilla Apache Reservation sits on what is known as the San Juan Basin, considered by many to be North America's second largest source for natural gas ([www.patinaoil.com](http://www.patinaoil.com)). Reserves and resources of natural gas and petroleum are known to occur in the southern and central sections of the reservation. (Figure 3.1) Billions of cubic feet of gas and hundreds of thousands of barrels of oil are produced annually from these sources (Administrative Report BIA-25: 1977).





**Figure 2.** Map showing regional structural settings of Jicarilla Indian Reservation.

Though mineral exploration and basic mining had occurred on the Jicarilla's lands, revenue from these natural resources only topped the \$1,000,000 mark for the Tribal government in the late 1940s and early 1950s (Tiller 2000: 184). Rapidly, these reserves began to account for a larger portion of Tribal revenue. The following table highlights the revenues received from oil and gas from 1951 to 1960 (Wilson 1964: 14):

Table 3.1: Oil and Gas Revenues 1951-1960

Year	Oil and Gas
1951	\$1,125,110
1952	*
1953	\$3,357,892
1954	\$1,812,874
1955	\$1,128,416
1956	\$534,144
1957	496,371
1958	\$3,020,971
1959	\$1,716,175
1960	\$1,330,881
Total	14,522,834

\* Figures for 1952 unavailable

In comparison to the revenues from 1951 to 1960, the earnings for years 1971 to 1975 emphasize the rising value of both petroleum and natural gas for the Jicarillas' income. For example, the Tribe received \$8.7 million in royalties from oil and gas from 1971 through 1975. Of this amount, \$6.86 million, or 78.7 percent, came from natural gas (Administrative Report BIA-25: 1977). Whereas the Tribe earned \$14,522,834 during the entire decade of the 1950s, in only four years the Jicarillas earned \$8,657,118 from royalty dollars. The following tables (A.R.B.-25, 1977) show production and royalty earned by the Jicarillas from petroleum and natural gas, respectively, for the years 1971 to 1975:

Table 3.2: Production and Royalties from Petroleum 1971-1975

Petroleum		
Year	Production, barrels (42 gallons)	Royalty, dollars
1971	722,626.07	\$262,844.51
1972	780,400.09	\$293,556.81
1973	514,800.11	\$252,671.62
1974	786,505.35	\$609,834.29
1975	411,752.52	\$414,823.28
Totals	3,216,084.14	\$1,833,739.51

Interestingly, with the exception of royalties earned for 1974 (\$609, 834) earnings were higher for each of the successive years 1951-1960 than for the years offered in the above table. If the earnings for 1974 were included with the years 1951 through 1960, making an a nonconsecutive eleven year period, than 1974’s earnings of \$609,834 would rank the third fewest year’s earnings for the created period. This follows the predicted peak in U.S. oil production that occurred in 1970 (Deffeyes 2001), and the shift in importance of natural gas to the Jicarillas’ royalty profits. Lowered royalties can more accurately be observed by examining the average price per barrel that the Jicarillas earned during the years 1971 through 1975. The price per barrel decreased with each consecutive year. In 1971 the Jicarillas received \$2.79 per extracted barrel; in 1972 the price fell to \$2.65 per barrel; in 1973 the price per barrel again was diminished to \$2.03 per barrel; in 1974 the Jicarillas received \$1.28 per barrel; finally, in 1975 the price per barrel plummeted to less than a dollar as the Jicarillas received \$0.99 for each barrel extracted from the reservation.

As the nation’s production of oil began to peak and decline, so too did the importance the Jicarilla placed on the natural resource. The following table (A.R.B.-25, 1977) shows the royalty received by the Jicarillas for natural gas leases and illustrates the increased impact it had on earnings for the years 1971 through 1975:

Table 3.3: Production and Royalties from Natural Gas 1971-1975

Natural Gas		
Year	Production, Mcf	Royalty, dollars
1971	51,330.95	\$945,728.14
1972	54,676.14	\$1,238,078.66
1973	44,073.75	\$1,299,947.80
1974	45,679.71	\$1,762,790.20
1975	36,715.92	\$1,576,833.86
Total	232,476.47	\$6,823,378.66

Natural gas production during this five-year period earned the Jicarillas \$6.8 million dollars, or 78.7 percent of their earned revenue (Administrative Report BIA-25: 1977). The production of natural gas, measured by the value of a thousand cubic feet (Mcf), shows the opposite trend occurring during the first half of the 1970s. In 1971 the royalties received for a thousand cubic feet was \$18.42; in 1972 that value rose to \$22.64; rising even higher in 1973 to \$29.49 Mcf. The royalties earned per-thousand-cubic-foot in 1974 reached \$38.59. Mcf royalties rose once again in 1975, with the Jicarilla's receiving \$42.94 per thousand cubic foot. Oil exploration on the Jicarilla Apache Reservation reached a frantic pace during these years. Between 1970 and 1975, 276,118 acres, or roughly 37 percent of the reservation, was leased for oil and gas development (Tiller 2000: 234).

In addition to royalty payments made by the oil and natural gas companies, they also paid a standard usage fee for the lands that they used as part of their operations on reservation lands. These leases are standard for all reservations and the Bureau of Indian Affairs (B.I.A.) determines values. In the 1970's, royalties earned on mineral production varied depending upon the mineral. For minerals other than oil, gas, and natural gas, the minimum royalty is ten percent of the value of the mineral from its nearest shipping point (Administrative Report BIA-25: 1977: 10). Royalties for oil, gas, and natural gas are a minimum of 16.67 percent (U.S. Federal Trade Commission 1975: 70).

The Commissioner of Indian Affairs determines lease sizes. Typically, leases may not exceed 2,560 acres except for coal leases. If it is determined to be in the best interests of the tribe and deemed necessary, the Commissioner may approve larger areas. Annual rentals are established at \$1.25 per acre for oil and gas leases and not less than

\$1.00 per acre, plus annual development expenditures of not less than \$10.00 per acre, for other mined minerals. Leases run for ten years, or as long as mined minerals are found in profitable quantities (Administrative Report BIA-25: 1977: 10). The Jicarilla Apache Tribal Council has the ability to enter in a lease agreement with a corporation once they have been given approval by the Secretary of Interior or one of his representatives (Administrative Report BIA-25: 1977: 10).

The diminishing per-barrel royalties during a worldwide production shortage did not escape the attention of the Tribal Council. On the contrary, they alleged that the Government, acting in the capacity as guardian for the Jicarilla Apache Tribe, had failed to adequately serve the Jicarilla's financial interests. Concerned that the tribe was not being paid sufficient royalties for the minerals extracted from the reservation lands, Tribal President Hubert Velarde wrote Secretary of Interior Rogers Morton (1971-1975) on March 23, 1973. Previously, Morton had been in the U.S. House of Representatives (1964-1971) from Maryland's first district. Before that, he had the distinction of serving as the Pillsbury Company's Vice President (1951-1953) and its Director (1953-1971) after the company merged with his family's flour milling business ([www.ford.utexas.edu](http://www.ford.utexas.edu)). In the letter, Velarde alleged that the tribe was not being paid royalties based on the true values of the oil and gas produced from the leases. He argued further that certain purchasers plotted in illegal restraint of trade to maintain artificially low prices for natural gas produced in the San Juan Basin, that Morton was making no effort to verify the amount of oil and gas reportedly produced from reservation lands, and that as a result the tribe had been grossly underpaid for the entire lease period (Tiller

2000: 234). Morton did not respond to the letter until September 4, 1975, nearly seventeen months later.

Throughout the 1970s, the Jicarillas were involved in numerous legal proceedings against various oil companies and even brought suit against Secretary of Interior Morton (Tiller 2000: 444). While many of the oil companies quickly settled, the U.S. Government would not. The Secretary of Interior refused to sign any new leases unless the Jicarillas agreed to abandon their lawsuit. It was obviously not practical for Jicarilla leadership to continue pursuing legal action against the government, and they finally withdrew their claim (Tiller 2000: 444). Though the Jicarillas were forced to capitulate, this episode signaled a new relationship between the Jicarillas and the Government. Hereafter, the Jicarillas would continue to take the initiative in brokering increasingly sophisticated agreements with industry partners (Tiller 2000: 444).

Perhaps the diminishing per barrel royalties combined with the Jicarilla's ever-increasing desire for self-rule. In 1976, the Tribe entered into a joint contract with the Palmer Oil Company of Billings, Montana, for the development of oil and gas. By 1977, Palmer was selling off its leases and planning to get its interests out of the reservation. In 1977, the Jicarilla Apaches bought out the lease rights from the Palmer Oil Company and became the first tribe in the country to own and operate its own oil and gas wells (Tiller 2000: 444). Unlike the diminishing profitability of petroleum production, natural gas continued to rise in value. This too must have factored into the Jicarillas' decisions regarding the acquisition of Palmer Oil Company's interests on the reservation. Jicarilla leaders, increasingly becoming more astute at self-governing and certainly aware of the profits that the oil company were making, must have decided that the surest means of

providing security for their shareholders was by operating the wells without the interference of oil corporations.

Changes in Jicarilla policies in the 1980s, such as providing funding for privately owned businesses, resulted from new Federal legislation that offered support to Tribal financial enterprises in an attempt to further Indian self-sufficiency. On January 20, 1983, President Ronald Reagan outlined what would be his administration's approach to overhauling Federal Indian policy. Reagan argued that the current policy encouraged dependency rather than self-sufficiency (Reagan 1983 vol. I: 96). Though Reagan acknowledged the Government's responsibility towards the Tribes, he believed that it was necessary to allow some degree of autonomy if economic prosperity was to be achieved. The Reagan Administration maintained that economic prosperity would be realized "by removing the obstacles to [Indian] self-government and by creating a more favorable environment for the development of healthy reservation economies (Reagan 1983 vol. I: 96).

Reagan had already created positive legislation in 1982 with the passage of the Indian Mineral Development Act. This legislation allowed tribes to enter into agreements with companies other than the standard lease system (Manning 2001: 4). For example, after this legislation passed tribes were now able to enter into joint ventures with companies, common in the oil industry (Manning 2001: 4). This allowed Tribes to have a greater involvement in the management of their resources. The Secretary of Interior was still required to review any agreements and inform the particular Tribe of the economic risks (Manning 2001: 4). Interestingly, although the Indian Mineral Development Act (1982) was created to promote economic opportunity for Tribal

governments through increased self-governance, the Jicarilla Apache Tribe had already been owner-operator of their own wells since buying out Palmer Oil's interests in 1977.

Another positive aspect of Reagan's "Indian policy" also occurred in the early 1980s. With the passage of the Tribal Government Tax Status Act (1982), Indian communities could issue Municipal bonds. Though they were given the status of municipalities, they were not taxed in the same manner. When tax reforms were passed in 1986, it became even more difficult for municipalities to create revenue from issued bonds. Not so for Tribes. Due to a broad interpretation of the new tax codes, bonds issued by Tribes remained tax-exempt (Forbes Magazine 6/15/87: 42-43). Municipal bonds enabled many tribes to raise money for a variety of business and non-business related enterprises, and the Jicarillas were at the forefront of this new opportunity.

The revenue to purchase a portion of the new lands adjoining the reservation (55,000 acres) was partially funded through the issuance of a tribal revenue bond. The Jicarillas were the first Tribe to offer the bond in 1985, after the 1983 federal law initially permitted Tribes to enter the municipal market (*Time Magazine 7/15/85*). The tax-exempt bonds, which carry an interest rate of 9.125% for bonds maturing in twelve years, and 9.625% for bonds maturing in twenty years, were backed by the revenues from Jicarilla oil and gas wells (Tiller 2000: 244). In 1983, the revenue from the Jicarilla's oil and gas wells was valued at \$20 million yearly, and it was estimated that Tribal revenue exceeded an additional \$108 million (*Time Magazine 7/15/85*). The bond, which raised \$30.2 million, afforded the Jicarilla an opportunity to address problems on the reservation without Government assistance. As Tribal President Leonard Atole remarked, "We desired this fertile land for future economic development and for the housing needs of our



people. The bond issue allows us to manage our financing needs without relying on the Federal Government” (*Time Magazine* 7/15/85).

Economists also researched the causal factors responsible for the economic deficiencies on America’s reservations. Collectively held lands and resources were determined to be responsible for the struggling economies. Economists argued that the lack of institutional change—i.e. Tribes holding on to notions of common property—contributed to a lack of economic solvency on reservations throughout the country. Economist Terry Anderson showed that agricultural output on reservations was 85% higher on lands held individually in comparison to lands held collectively (Anderson 1995: 121-131). This statistic, while alarming, is incomplete. Though no doubt collectively held lands creates a liability for many tribes, the decision of Jicarilla enrolled members to turn over their allotments to Council control has proven to be a major factor in the Jicarillas’ economic gains. For the Jicarilla, communally held property has enabled the Tribe to bargain from a position of united strength that would not have existed if lands were held separately. Many individuals experienced a tremendous loss of lands in the wake of the General Allotment Act, a policy that promoted fee patented holdings.

The General Allotment Act was designed to create individual allotments from communally held lands. Once lands were divided and owned independently, many Indians lost their allotments because they were taken advantage of by unscrupulous whites. Prior to the Act, Tribes could offer a united effort against land cessation, but after lands were titled, white ranchers, farmers and land speculators found it much easier to take lands away from individual Indian families than from the tribe as a whole (Frazier 2000: 40). The Jicarilla’s political system, though imposed upon them through I.R.A.

legislation, had been modified to fit within their existing cultural framework. While the new legislation required a leadership structure that had more permanence than the Jicarillas had previously utilized, the values of placing the needs of the people before the self remained. Anderson argued (Anderson 1995: 170-171) that Tribes would only achieve self-sufficiency once they abandoned their collectivist approach to governance:

To develop collective sovereignty, Indians will have to return to the basics of individual sovereignty and build from the ground up...[T]his approach...may seem inimical to the accepted mind set of Indians as communal societies. However, assuming that a particular set of communal institutions should govern individual relationships is, once again, imposing a set of rules from the top down. In contrast, self-determination begins with the individual, as it did prior to European contact.

Certainly the needs of the individual are important, but the Jicarilla Apache, like most other New World cultures, were not individualistic. The notion of putting oneself before others was not a value prior to contact. Sacrificing for the community and ensuring that everyone's basic needs were met were pre-contact values. The argument that the individual can only achieve economic self-determination denies that small-scale values of cooperation persist post-contact. The Jicarillas' system of equally allocating profits throughout the community has ensured that all Jicarilla benefit from the Corporation's holdings.

Collectively held lands have allowed the Jicarilla leadership to negotiate the most even-handed lease agreements with corporations. If lands were held individually, oil fields would be fractured. Those Jicarilla fortunate to hold mineral-rich allotments would benefit from contracts while others would not. Because lands are held collectively, all profits generated from those lands can benefit the Tribe as a whole. Without the Tribally owned oil and natural gas fields to act as collateral, the Jicarilla Apache Nation could not have issued the revenue-generating municipal bonds. The 116,000 additional acres of

land—acquired with a portion of the revenue the bonds raised—could not have been purchased. For the Jicarilla, decisions to turn over their individual allotments made by their predecessors continue to benefit all enrolled members.

Though the majority of resource profits are derived from natural gas and petroleum, after lengthy litigation the Jicarillas also earned the rights to a large portion of the water from the Navajo River. The *Jicarilla Apache Tribe Water Rights Settlement Act* (S 2684 IS [1992]) resulted from the Jicarillas argument that the tribe had multiple claims against the State of New Mexico, the United States, and other parties, related to water rights for its reservation. The Tribe argued that water projects upstream from the reservation diverted water that was intended for the reservation. The Act was to fully and finally settle the Jicarilla's water rights claim against the State of New Mexico and the United States. The Jicarillas were awarded 33,500 acre-feet a year with a total depletion of 25,500 acre-feet per year allowance. This amount, added to the Jicarillas' previous volume of 3,500 acre-feet pre year, gave the Jicarillas a total of 40,000 acre-feet per year. In 2005, the Jicarilla Apache Nation entered into a 50-year lease with the city of Santa Fe and its surrounding county governments to lease 3000 acre-feet of water from their judgment. An acre-foot of water is about 325,000 gallons, enough to supply water for about three typical households for a year. The agreement will give the Jicarillas \$1.5 million for the first year and go up from there under multipliers tied both to inflation and the rising value of water in the region ([www.freenewmexican.com](http://www.freenewmexican.com)).

Utilizing the abundant natural resources through leasing is not the only means of deriving profits from the environment available to the Jicarillas. On the contrary, a well-established and carefully monitored hunting and fishing program offers some of the best

recreation for outdoor enthusiasts. Under the careful supervision of the Jicarilla's own Department of Wildlife, areas of the reservation designated for hunting have resulted in some of the best mule deer hunting in the lower-48 states ([www.jicarillaonline.com](http://www.jicarillaonline.com)). In the late 1980s the Jicarillas issued a three-year moratorium on all deer hunts to improve the quality of trophy animals on the reservation. As a result of this regulation, the reservation has once again earned a well-deserved reputation as a sportsmen's paradise, with hunters from all over the country paying large licensing fees for the chance to hunt trophy animals. The Jicarilla claim that mule deer hunters achieve nearly a 100% success rate, and each year record-breaking animals are taken ([www.Jicarillaonline.com](http://www.Jicarillaonline.com)). With permit fees set at \$12,000 per hunter, a high success rate is a must. This industry adds to corporate profits, and has similarly allowed for further investment in ventures that increase Tribal holdings.

While many of the investments that the corporation has made occur off the reservation, business opportunities have been created on the reservation that improve the daily lives of local Jicarillas. Mentioned earlier, the Jicarilla Apache Nation will loan or co-sign any loan for all Jicarilla who wish to start their own business. These business ventures both generate employment opportunities and ensure that Jicarillas have the ability to spend their money locally. In addition to offering Jicarillas an option other than spending their money at non-Jicarilla owned businesses, Tribally owned stores also offer the convenience of shopping locally. Money spent on the reservation helps augment the local economy rather than neighboring economies. While the ability to shop locally is a common occurrence and is often a rallying cry in many communities throughout the country, it is not always an option on many reservations (Pickering 2000).

Though evaluating one reservation's contemporary situation against another reservation's experiences is an imperfect means of drawing comparisons, when evaluating multiple reservation economies it becomes necessary. The economy of Pine Ridge Reservation in South Dakota has a much lower level of complexity than on the Jicarilla Apache Reservation, offering fewer services for its residents. Much of this is a result of less economic options available to Pine Ridge's leaders. Since the reservation lacks the Jicarilla's abundant natural resources, and it is still impacted by the legacy of government programs such as the Allotment Act, the Tribal treasury has less operating capital. The absence of local businesses force the Lakota living on Pine Ridge and nearby Rosebud to leave the reservation to purchase many of the things that are locally available on the Jicarillas' reservation. It has been estimated that between the two communities, \$800 million is generated, including government programs, and spent in off-reservation towns (Pickering 2000: 99). This creates an endless cycle that is hard to break. Denied the ability to spend money locally, consumers must look elsewhere for products. Their money improves an economy that is not their own, benefiting non-Lakota families. Since the revenue earned from Lakota purchases goes to neighboring communities, their Tribal Government's operating capital is lowered and it becomes harder to fund new business ventures. Without any local alternatives, Lakota families are forced to complete the cycle by continuing to shop at distant locations in communities other than their own.

Jicarilla consumers have options unavailable to Lakota families. The Jicarilla Apache Nation has financed numerous businesses that afford the Jicarillas the opportunity to spend their money on the reservation. Money is pumped into the local

economy, and the cycle of money leaving to augment neighboring economies, so commonplace on other reservations and in small towns across America, is broken. The Jicarillas are able to have a measure of control over their own economic destiny due to profits derived from their natural resources and their leaders' sensible investments. The corporation's corresponding reinvestments made within the community allow for a degree of economic security, giving the Jicarillas options unavailable in many other reservation communities such as Pine Ridge.

Corporate profits have enabled the Jicarilla Apache Nation to immediately improve the lives of their members. In 2002, the Jicarilla Apache Nation completed a joint venture project with the Indian Health Service (IHS), an agency of the Department of Health and Human Services (HHS). The two collaborated on a new \$10.5 million replacement health care facility to serve those living in Dulce and the surrounding areas. The 65,000-square-foot health center is the first replacement facility owned by a Tribal entity in the United States ([www.IHS.com](http://www.IHS.com)). Named The Dulce Health Center, the facility offers ambulatory services, including primary care, dental care, optometry services and urgent care (figure 3.2)



Figure 3.2: Dulce Health Center; Dulce, New Mexico

Special clinics are held for well childcare, women’s health and diabetes care. Dr. Charles W. Grim, Director of Indian Health Service, summed up this accomplishment when he said that “[t]his facility demonstrates the successful exercise of self-determination by the Jicarilla Apache Nation and their dedication of improving the quality of health care services provided to their members” (www.IHS.com). In addition to the improvements in available health services that the new modern building will provide, the facility will also add an additional 40 positions to the current staff of 50 people (www.IHS.com).

Revenue from local and off-reservation business ventures have allowed the Jicarilla Apache Nation to serve as employer for many of its members. The tribal enrollment for 2002 was 3,403, with 900 members living off the reservation. Approximately 50 percent of the enrolled members as of 2002 were under the age of 24 (Four Corners Regional Study 2003). Of those living in the area, the Tribe employed 902 Jicarillas. As of 2000, 14.3 percent of the population was unemployed. The following table from a 2003 Four Corners Regional Study is used to illustrate the areas of employment made available by the Jicarilla Apache Nation for the year 2000:

Table 3.4: Jicarilla Apache Nation Employment Statistics

Jicarilla Apache 2000 Total Employment	Number of Jobs	Percent of Jobs
Agriculture, forestry, fishing and hunting, and mining	81	9%
Construction	91	10%
Manufacturing and information	25	3%
Manufacturing	16	
Information	9	
Wholesale trade	9	1%
Retail trade	32	4%
Transportation and warehousing, and utilities	11	1%
Finance, insurance, real estate, and rental and leasing	18	2%
Services	380	42%
Professional, scientific, management, administrative, and waste management services	26	
Educational, health and social services	251	
Arts, entertainment, recreation, accommodation and food services	61	
Other services (except public administration)	42	
Public administration	255	28%
Total	902	100%

These figures from 2000 do not include the addition of the 50 jobs in health services added by the completion of the health center in August of 2002. Though to some extent these figures are dated, the numbers, combined with the creation of the new health facility, demonstrate the Jicarilla Apache Nation's commitment to its members.

By imposing somewhat artificial parameters on the above numbers, a clearer image emerges of how many Jicarilla are employed by the Corporation. Twenty-five hundred Jicarillas reside on the reservation. Though more than 50 percent of the population is under 24, 66.6 percent of the population is actually over 18. Ten percent of the population is over 62. If we set the age restriction for full-time employment at nineteen as the earliest age to begin working a career, and sixty-two as the age at retirement, we are left with 1499 Jicarillas who are eligible for employment under the manufactured constraints. Including the 50 new employees created by the construction of the new health facility, the Jicarilla Apache Corporation employs 952 Jicarillas, or 64 percent of the local population. Though 64 percent of the population is a large number of people to employ, and most probably many of the created positions could be eliminated without detrimentally affecting operations, the Corporation is still economically competitive. Again, what is being argued is that commitment towards community does not make economic profitability an unattainable goal. The Jicarillas have managed to invest both within the community and outside its borders in a variety of profit-oriented business plans.

That the Jicarillas' economy is diversified is evident in the wide array of business enterprises they are involved in as partial or principle shareholders. Even a brief examination of some of the Jicarilla Apache Nation's investments highlights the



corporation's diversified portfolio. The Jicarilla Apache Nation owns a five-star hotel in Orlando, Florida's Disney Land and an exclusive lodge in Jackson Hole, Wyoming. The Jicarilla Apache Nation also owns the Lodge at Chama. Billing itself as "one of the world's foremost outdoor recreational retreats, the property was reassessed in 2004 and appraised at a value of \$21,301,191 ([www.caselaw.lp.findlaw.com](http://www.caselaw.lp.findlaw.com)). The 32,075.80-acre lodge is located near Chama, New Mexico (35 miles east of Dulce) and sits on a private elk preserve offering big game hunting packages that can cost \$13,000 per person ([www.caselaw.lp.findlaw.com](http://www.caselaw.lp.findlaw.com)). The cattle ranches in New Mexico that were purchased—increasing the Jicarillas' landholdings by nearly twelve percent—were two of the biggest ranches in the state. The Jicarilla Apache Nation continues to make use of these ranges for livestock operations.

Noted earlier, the Jicarillas have entered the oil industry and have recently contracted an engineering firm to design and study the feasibility of constructing an oil processing plant on the reservation. If this proves economically viable, the Jicarillas would become the first Tribe in the nation to own and operate their own processing plant. The plant would both create jobs and raise profits on oil and natural gas products. Building a refinery would increase profits because the Jicarillas would no longer be reliant upon an outside source to refine their petroleum and natural gas.

Though the Jicarilla Apaches have been able to utilize their resources, the corporation was only able to do so after numerous legal actions in Federal and state courts. While the Jicarilla became involved in these court proceedings partly out of necessity, the opportunity to expand and assert their autonomy from Federal control must have surely factored into the Corporation's legal decisions. Indeed, the desire to display

their sovereignty as an independent nation living within the borders of the United States was demonstrated in 1998 when they official changed their name from the Jicarilla Apache Tribe to the Jicarilla Apache Nation ([www.turtletrack.org](http://www.turtletrack.org)).

Even though the Jicarillas did not officially change their name until 1998, they had long been attempting to assert their autonomy from governmental interference. A prime example was a lawsuit brought against Secretary of Interior Morton, highlighted above. Since they were an independent nation, the Jicarillas reasoned, they should have the right to set their own tax apart from established state or federal amounts. The Jicarillas wanted to have the ability to tax all natural resource products (oil, coal, lumber, etc.) Taking on the fight for other Indian governments as well, the Jicarillas brought forth a lawsuit in 1982. In *Merrion v. The Jicarilla Apache Tribe* (102 S.Ct. 894 [1982]) the Supreme Court ruled that the Jicarillas had the right to impose a severance tax on mining activities conducted on the reservation. The Court held that the tribe could impose this tax as part of its power to govern and help defray the costs of self-government (Deloria & Lytle 1983: 55). The Court argued that Congress had never divested Indian nations of the power to impose a tax, and therefore they could exercise their “inherent powers” by taxing mining companies that operated on their lands (Deloria & Lytle 1983: 55). The following table highlights the rates of taxation as imposed by the Jicarilla Apache Nation:

Table 3.5: Rates of Taxation on the Jicarilla Apache Nation: Oil and Gas Privilege Tax

From	Thru	Rate
Feb-85	Jan-86	5.00%
Feb-86	Jan-87	5.18%
Feb-87	Jan-88	5.28%
Feb-88	Jan-89	5.47%
Feb-89	Jan-90	5.69%
Feb-90	Jan-91	5.97%
Feb-91	Jan-92	6.29%
Feb-92	Jan-93	6.55%
Feb-93	Jan-94	6.75%
Feb-94	Jan-95	6.95%
Feb-95	Jan-96	7.13%
Feb-96	Jan-97	7.33%
Feb-97	Jan-98	7.55%
Feb-98	Jan-99	7.72%
Feb-99	Jan-00	7.84%
Feb-00	1-Jan	8.02%
*1-Feb	2-Jan	8.29%
*2-Feb	3-Jan	8.29%
*3-Feb	4-Jan	8.29%

\*From February 2002 to January 2004 the Tribal Council froze the rate

This *Oil and Gas Privilege Tax* is assessed against the total gross value of all oil, gas, and liquid hydrocarbon produced. The rate is adjusted each year based on the U.S. Department of Labor cost of living increases over the base year of 1984.

In addition to the Jicarilla Apache leading the way for new means of creating operating revenue from taxation, the Jicarilla Apache Nation has also been at the forefront of creating new opportunities for their enrolled members. Business ventures both on and off the reservation enhance the daily lives of the local population. Acting as the largest employer in the area, the Corporation directly improves the lives of sixty-four percent of the Jicarillas. For those not employed by the Corporation, profits have enabled the Nation to construct a healthcare facility that offers free medical assistance for the local community. Profits have also allowed the Corporation to offer near interest-free loans for members who want to start a business.

Earnings also allow for a supplemental income that is dispersed throughout the community in the form of a dividend payment that all enrolled members receive. Starting in 1952, per capita payments were made to individual families. Under the system, one-half of the per capita of children under 18 years of age is deposited in their name in a minor's trust fund. The money becomes available to the minor in 4 equal payments after his or her eighteenth birthday (Tiller 2000: 191). 2003 per capita payments averaged to \$3000.00 per enrolled member. The average household in Dulce in 2000 consisted of 3.83 people (roughly two adults and two children per household.) Using 2003's dividend payments with the most recent population data from the year 2000 highlights the added benefit for a family of enrolled members. The two adults would each receive the full amount, or \$3000.00. Together, their dividend payment equals \$6000.00. The two children in the house would each receive \$1500.00 in dividend payments, or fifty percent of the full amount. Together, they earned \$3000.000 in dividend payments. In 2003, a family of four earned an additional \$9000.00 for being corporate stockholders in the Jicarilla Apache Nation's Corporation. Dividend payments acting as a supplemental income directly improve the lives of their members. Perhaps even more beneficial than the per capita payments are the guaranteed loans made available by the Tribal Council. Having access to free medical care and education also benefit the community. All of these offerings come as a result of sound decisions made by the Jicarilla leaders. The Jicarilla Apache Nation has managed to be competitive in our modern economy while at the same time honoring the small-scale values of cooperation and egalitarianism. Corporate profitability, combined with astute investment decisions, has improved the lives of enrolled members.

Ironically, from the viewpoint of some economists the Jicarillas' system goes against what is considered sound business practice. Economic philosophies often view the role of corporations as a vehicle created exclusively to generate revenue. When economists contemplated the correct course for improving Indian economies they stressed the need for the individual over the group (Anderson 1995: 121-131). These economists attempted to supplant the values of dominant society and the corporate world into the schema of small-scale societies such as the Jicarilla Apache.

What the Jicarilla Apache Nation's example offers is another method of governance that benefits a larger number of people due, in large part, to its smaller size. Though this seems like a contradiction in terms, what it means is that the small-scale system of governance that stresses the group rather than the individual ensures that more people's needs are met and that the allocation of benefits occurs more evenly and fairly. Huge, multi-national corporations do not evenly redistribute profits. On the contrary, bottom-line policies that stress profitability over all else often take advantage of people and communities. Much like the earlier example of Lakota consumers having to leave Pine Ridge and Rosebud reservations for goods and services and thereby augmenting another community's economy, corporate headquarters are often far removed from their locations of business. Because of this, profits derived within a particular community may leave the area entirely to augment another community's economy. We, as consumers, often have little alternative other than to utilize the goods and service of large-multination corporations that may or may not benefit our own communities (Chasin 1997: 166).

The Jicarilla Apache Nation's method of redistributing resources improves the overall lives of the entire community. This is possible because the Jicarillas operate their

lands as a collective. Though some economists maintain that commonly held land is detrimental to reservation economies (Anderson 1995: 121-131), in reality this has enabled the Jicarilla to attain their current level of economic success.

Part Two of this study offers examples of three “experimental” Delaware communities that similarly hold lands collectively. These townships implement a land value tax, first proposed by nineteenth century economic philosopher Henry George, and redistribute the generated revenue back into the community to improve the lives of the local citizens. The land value (ad valorem) tax, commonly referred as the single tax, was viewed by George as the solution to many of the world’s economic inequalities.

## **Part II**

### Henry George and the Single Tax

## 4

*History supplies little more than a list of people who have helped themselves with the property of others.*

-Voltaire

### **Henry George and the Single Tax**

Although Henry George (figure 1) lived less than sixty years, his writings and speeches inspired the philosophies of many famous theorists and offered hope for the exploited. When he died he was mourned as a national hero and international celebrity. This is quite an accomplishment for a man born of rather modest beginnings.

Henry George (figure 4.1) was born in Philadelphia on September 2, 1839 into a low middle-class family of English, Welsh, and Scottish ancestry. (Image 1) George's grandfather was a British seaman and American sea captain, and so the lure of the sea came naturally to young Henry. The family was pious and active in the Episcopal Church, and Henry was well tutored in the Bible and the Anglican tradition (Rose 1968: 19-20).

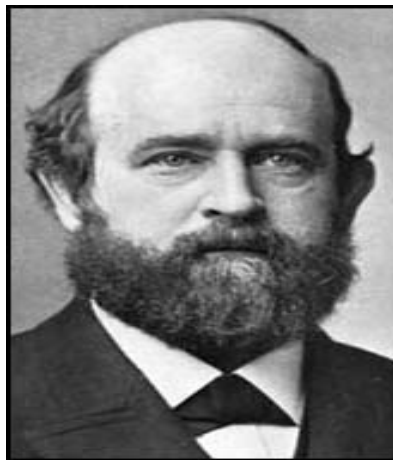


Figure 4.1: Henry George



This Judeo-Christian religious instruction had a profound influence on his beliefs, and the moral prerogatives he learned in childhood are unmistakable throughout his social theories. It is fitting that George was raised in Philadelphia, the home of the Liberty bell. Growing up “within range of its sound” (Rose 1968: 19) similarly influenced George’s philosophies, and he wrote with an irreversible conviction in everyone’s inherent rights to individual liberty.

George was the second child and first son of Richard S.H. George. Born into a household that was neither wealthy nor poor, George’s father operated a printing press for the Protestant Episcopal Church (Rose 1968: 21). Although George’s later writings were extremely influential and instructive for others, he himself was never comfortable in an academic setting and his formal education ended before he was a teenager (Rose 1968: 21). Perhaps inspired by tales of his grandfather’s adventures at sea, in 1855 young Henry signed on with the *Hindoo*, a vessel traveling to India. While aboard the *Hindoo*, George kept a journal chronicling his experiences. Within its pages he recorded both the mundane and remarkable, and it is here that the beginnings of George’s class-consciousness is developed.

One excellent example of his growing awareness of social inequality occurred during a stopover in Melbourne, Australia. Many of the ship’s sailors intended to leave the ship and settle in Melbourne permanently. The land around Melbourne was rumored to be a “Land of Promise, where gold was to be had by all” and the sailors wanted their chance at fortune (Rose 1968: 23). This situation was intolerable for the captain of the ship, who obviously was dependent upon having a full crew for the entire voyage. For several days the tension increased, and finally the Captain relented and agreed to the

sailors' demands that the American Consul come aboard the *Hindoo* and act as a mediator. This was perhaps George's first experience witnessing a struggle between labor and management. After interviewing the sailors' complaints, the American Consul eventually sided with the Captain (Rose 1968: 23). He decreed that the men would be paid and discharged once the ship's cargo was unloaded. The men agreed, with one stipulation: they wanted the guarantees be put in writing. The Captain refused, and the men went on strike. The sailors were promptly given a month's hard labor aboard a prison ship, and the Captain hired a scab crew to unload the ship's contents and sail on to Calcutta, India. Though the Captain was George's benefactor and a family friend, his journal clearly shows his loyalties were with the sailors over the officers (Rose 1968: 23).

Australia, with its rampant unemployment, proved not to be a "Land of Promise" as had been rumored. Though this disappointed George greatly, Calcutta was even more troubling. In his journal George wrote (George, Jr. 1911: 210-211) about the horrors he witnessed during his stay in Calcutta:

[O]ne feature which is peculiar to Calcutta, was the number of dead bodies floating down [the river] in all stages of decomposition, covered by crows and bromlikites who were actively engaged in picking them to pieces, the first one I saw filled me with horror & disgust but like the natives you soon cease to pay any attention to them.

India had been a mythical land in the imagination of Henry George, but no longer. Fabled as a land of riches, India was a country with obvious contradictions. Henry George could only wonder if America and Australia, both new and full of potential, would learn from the injustices of India or similarly squander their promise?

After fourteen months at sea, Henry George returned home to Philadelphia and took a job as an apprentice typesetter. As the issue of slavery grew in intensity throughout the nation, George had a conflict of consciousness. Although raised a

Democrat, he found himself siding with the anti-slavery Republicans. George, who would later condemn the private ownership of property, could not agree with the concept of the private ownership of people (Rose 1968: 24). Changing political parties caused some tension at home, and perhaps this, combined with the normal exuberance of youth, was the cause of George's second voyage at sea. George signed on as a steward aboard the steamer *Shubrick*, which set sail on December 22, 1857. Although George's ultimate goal was to leave the ship in San Francisco, he nevertheless was required to sign on for a full year. With seven months left on his contract, the *Shubrick* docked in San Francisco on May 27, 1858. It is clear that a compromise was reached: George was discharged from his post and was permitted to leave the ship, but he was not paid for the wages he accumulated during the previous five months (Rose 1968: 24).

Once in San Francisco, George again went to work as a typesetter, employed by the *California Home Journal*. It was during this time that George seriously read Adam Smith's *Wealth of Nations*, a book that figured prominently in his own philosophies (Rose 1968: 26). Much of *Wealth of Nations* is a treatise on the merits of limited governmental interference on the economy, but Smith, as an example of a law's impact on society, argues against skewed land holdings:

First, the engrossing of uncultivated land, though it has by no means been prevented altogether, has been more restrained in the English colonies than in any other. The colony law which imposes upon every proprietor the obligation of improving and cultivating, within a limited time, a certain proportion of his lands, and which, in case of failure declares those neglected lands grantable to any other person; though it has not perhaps, been very strictly executed, has, however, had some effect.

Second, in Pennsylvania there is no right of primogenitor, and lands, like moveables, are divided equally among all children of the family. In three of the provinces of New England the oldest has only a double share, as in the Mosaical law.

Although it is tempting to speculate that passages such as the one quoted above directly influenced George's philosophies and his position on land ownership, this cannot

be verified. What can confidently be assumed, however, is that George's later writings do reflect the sentiment expressed by Smith. He would soon come to decry the maldistribution of lands, seeing it as the primary cause of poverty.

George, meanwhile, stayed active in San Francisco where he matured in his trade. Shortly his apprenticeship would end, and he could "demand a man's full pay" (George Jr. 1911: 99). In a letter sent just prior to his twenty-first birthday (when his apprenticeship would end), George informed his father of his future ambitions:

On New Year's day I took supper with two of the Shubrick boys, and a friend of mine who likewise hails from Philadelphia. We had a very pleasant, social time, talking over our former adventures; and in the theatre to see Richard III. I have been to a play but three or four times since I have been in the country. I haven't much taste that way, and unless the performance is very good, I would rather be reading or talking.

George, busy working to better himself, had no time for idleness. These years (1860-1861) were to have profound influences on Henry George's life. First, George eloped and married Annie Corsina Fox, much to the displeasure of her Catholic family. In September he turned twenty-one, the age that ended his apprenticeship. He was now a journeyman printer, a position that doubled his twelve-dollar salary (Rose 1968: 26). Nationally, South Carolina seceded from the Union, precipitating the U.S. Civil War. In 1861, amid marriage and war, George invested one hundred dollars with other backers and purchased the San Francisco *Daily Evening Journal*, a newspaper with a circulation of about three thousand readers (Rose 1968: 26).

George's professional activities during 1860-61 illustrate his stance on private enterprise. Obviously, he was not against privately owned businesses, nor was he opposed to graded pay raises based on learned experience. George was working hard for all of his achievements, and throughout his life believed that industriousness should not be impeded or punished by excessive taxation. Though his future seemed promising,

nonetheless he was troubled by the injustices he saw in the world. The economic and social philosophies he espoused some years later in *Progress and Poverty* were formed during this period in his life. *Progress and Poverty*, the book that won him notoriety, was as much a book commenting on his observations of society as it was his economic philosophy. He clearly shows the beginnings of his moral and personal philosophies in a letter he wrote to his sister Jennie (Rose 1968: 28):

How I long for the Golden Age—for the promised Millenium [*sic*], when each one will be free to follow his best and noblest impulses, unfettered by the restrictions and necessities which our present state of society imposes upon him—when the poorest and meanest will have a chance to use all his God-given faculties, and not be forced to drudge away the best part of his time in order to supply wants but little above those of the animal.

Already, George is keenly aware of the limitations of his era, lamenting that people are “forced to drudge away the best part of his time in order to supply wants but little above those of the animal.” Years later, he would again question how technological advancements had failed to alleviate society’s ills in *Progress and Poverty*. Perhaps George’s longing for the “Golden Age” can be attributed to more than the musings of a maturing man. He was newly married with a young wife to support, but in November of 1861 the partnership of the *Daily Evening Journal* dissolved. Still hard at work bettering his financial future, in another letter to his sister (George, Jr. 1911: 102) George reflected on the frenzied pace he was keeping:

I don’t read much now except the newspapers. . .It takes all of my spare time to keep posted on the current topics of the day. What a time we live in, when great events follow one another so quickly that we have not space for wonder. We are driving at a killing pace somewhere—Emerson says to heaven, and Carlyle says to the other place; but however much they differ, go we surely do.

I am invited out to-morrow evening to join a reading circle, and if it don’t [*sic*] rain will make my *début* in polite society on the Coast. Would you like to see me make my bow, or hear me break down when I come to some hard word? But I will do no such thing. I am not as bashful as I used to be. . .

Unfortunately, how George faired in his *début* is unknown. What is evident from his letter is that he is gaining in both confidence and experience. Henry George is now a

married man with children to support, his business having recently failed. Acutely aware of the inadequacies of modern society, George's editorials become increasingly more critical of California's economic opportunities. During the next few years he was employed by different California newspapers, but regardless of the periodical, he continued to champion the cause of the worker.

In November 1866, George joined the staff of the San Francisco *Times*, assuming the position of managing editor the following June. As managing editor for the paper, he examined many of the economic and social problems of California. It was while working at the *Times* that George's skills as a writer and philosopher were sharpened. The style that George would later become famous for is clearly evident in one of his *Times* editorials (Rose 1968: 32):

The interests of the State are the interests of its citizens—the greater the rewards which labor receives, the higher the estimation in which it is held, the greater equality of the distribution of earnings and property, the more virtuous, intelligent and independent are the masses of people, the stronger, richer, and nobler is the state.

As the above excerpt demonstrates, George believed that workers were entitled to fair wages. Reminiscent of his time at sea, George's sympathies once again firmly rested with labor over management. Already he was fully aware of the value of property, and argued for a more equitable distribution of this vital and limited resource. As the editorial continues, George's certainty in a future utopia created by technological and organizational "improvements" is also evident: "Free trade, labor-saving machinery, cooperative organizations, will enable us to produce more cheaply, and with a positive increase of wages..." (Rose 1968: 32).

His envisioning of a future with "cooperative organizations" is certainly interesting. Seemingly, by cooperative organizations he meant labor unions, and yet he

would criticize labor unions as an impediment to the free market in his later years, denouncing the unions for excluding non-union workers and for forcing a minimum wage. George believed that a worker should never be shutout from employment, nor should an employer be compelled to pay more than the market supports. He would also question the failings of “labor-saving machinery” to alleviate suffering in *Progress and Poverty*. One of George’s foremost arguments in *Progress and Poverty* dealt with the phenomenon of inflated land values. George reasoned, rather correctly, that lands increase in value only as the surrounding community grows and demand for those lands increases (George 1955: 235-243). George believed that “[i]f men only had equal access to God’s gift of land, then would the Kingdom of heaven on earth be possible” (Cord: 1965: 77-78). This claim, covered more fully later in the chapter, is both the focus of *Progress and Poverty* and many of his daily editorials while working in San Francisco.

Although George had changed political parties, favoring the anti-slavery Republicans over the Democratic Party of his father, when the war ended and slavery was outlawed the pro-business Republican platform grew increasingly unappealing (Rose 1968: 33). The policy of the Republican Party was the antithesis of the reform he sought. Often, George voiced his concerns over private speculation in his editorials in the *Times*, but when he left the paper in 1868 he turned to other periodicals. In October of 1868 George published a seven-thousand-word article in the *Overland Monthly* entitled “What the Railroad Will Bring Us.” Within the article, George warns of the future after the railroads come to California (Rose 1968: 33-34):

The truth is, that the completion of the railroad and the consequent great increase of business and population, will not be a benefit to all of us, but only to a portion. As a general rule (liable of course to exceptions) those who have, it will make wealthier; for those who have not, it will make it more difficult to get. Those who have lands, mines, established businesses, special abilities of certain kind, will become richer for it and find increased opportunities; those who have only their

own labour will become poorer, and find it harder to get ahead—first because it will take more capital to buy land or to get into business, and second, because as competition reduces the wages of labour, this capital will be harder for them to obtain.

George contended that population growth increases the demand and therefore the value of land. Because of this fact, George argues in the above passage that the railroad would only benefit current landowners. The other argument George makes in the passage—namely that competition raises prices while simultaneously lowering real wages—is the other issue he addressed in *Progress and Poverty* eleven years later. This editorial highlights George's growing uneasiness with large business concerns. Increasingly, George assumes the role of antagonist when dealing with big business as his editorials the *Herald* demonstrate.

In 1868 George took a job with the newly reestablished San Francisco *Herald* (Rose 1968: 35). George was immediately sent to New York to ask permission to join the Associated Press. If the *Herald* was denied membership, he was to try and establish a special news service for the paper. Traveling overland, he concluded that the railroad, despite its land grants and subsidies, had not lowered the cost of coast-to-coast travel. Additionally, he came to believe that the engineers designed its roadbeds in a manner that maximized government subsidies (Rose 1968: 35). He also alleged that Wells Fargo was disgracefully incompetent in its handling of the United States mails, the inevitable consequence of monopoly power (Rose 1968: 36). (This idea of market domination, or monopoly power, resulting in incompetence because of its inherent lack of competition will be explored later in more detail.)

Denied membership in the Associated Press and its coast-to-coast telegraph wire, George attempted to circumvent the system by using Western Union for sending news dispatches to San Francisco. The company initially agreed to send 500 words a day for



\$500 a month, but when Western Union, a closely linked associate of the Associated Press, discovered why George needed its service the company renegotiated the deal for a 122 percent increase. The *Herald*, of course, was unable to pay this excessive increase (Rose 1968: 36). The monopoly powers of the Associated Press and Western Union had won, and as far as George was concerned wounded the freedom of press by denying all people access to the news (Rose 1968: 36-37). This would not be the last time George battled with large monopoly powers, both in his writings and in his profession life.

In 1870 George assumed the responsibilities of editorship for the California Democratic Party's major newspaper, the *Sacramento Reporter* (Rose 1968: 38). California's incumbent liberal Democratic Governor, Henry H. Haight, and George had earlier become acquainted. With Haight's blessings, George once again resumed his attacks on the railroad's government-sponsored subsidies and its monopolistic policies. Henry George, Jr., writing his father's biography (George, Jr. 1911: 210-211), described how he believed his father and Governor Haight viewed the railroads:

... a monster of fairy lore, ... gulping down lands, bonds and money showered upon it, all the while like a weakling pleading for more. The plain and palpable fact was that leaving out of consideration the imperial endowment in lands, it had already received several times more money, or what could immediately turned into money, than was necessary to build the system, and that contemporary with the work of railroad construction had arisen the private fortunes of the big four manipulating the corporation—Stanford, Crocker, Huntington and Hopkins, who, from comparative poverty, had quickly risen to the class of multimillionaires.

George, Jr. believed that his father equated the railroads to a “monster of fairy lore,” and that the railroads had received an “imperial endowment in lands,” sanctioning the fortunes of a well-connected few. During George's entire tenure as editor of the *Reporter* he sided against the railroads in a similar manner, always asserting that public transport and publication should not be in the control of private corporations. He argued that allowing these vital industries to be controlled by private concerns without competition

created monopolies that needed to be regulated by the government on behalf of the people (Rose 1968: 39).

### **New York City Inspires *Progress and Poverty***

In 1879, Henry George moved his family to New York City. This move essentially marked the second half of George's life and the true beginnings of his political writings on social inequality. He was intent on establishing a newspaper that would rival the larger, established periodicals of the time, the task proved too daunting and he soon went bankrupt (George, Jr. 1938: ix). Rather ironically, as the powerful forces aligned against him in the newsprint world he became an astute observer of the other contradictions present in New York City.

Like other commercial cities in the Western world, New York City offered various examples of those who benefited and those who suffered from industrialization. Elite industrialists such as John Jacob Astor resided in New York (Cornog 1998: 6), but the city had a darker side as well. In the less affluent sections of New York City lived the immigrant class—primarily English, German, Scottish, Welsh and Irish—who made up the wage earners (Sheriff 1996: 37). They lived in squalid, overcrowded tenement housing, which lacked basic sanitation. One such neighborhood was the Bowery, an area north of City Hall where its residents lived in abject poverty. The Five Points section, so named because it was at the intersection of Worth, Park, and Baxter streets, which ran into Mulberry Mott, and Center streets, was filled with “overcrowded, filthy, wooden firetraps that could be rented for five or ten cents a night (McKay 1990: 10). Both neighborhoods were dangerous, and contributed to the city's reported seventy-one crimes in 1860. Five years later that number increased (McKay 1990: 11).

New York exemplified the disparity in wealth present in the United States, rivaling Manchester, England as the epitome of industrial injustice. The disproportion of wealth becomes clearer from a list of taxable income from 1863. The upper one percent of income earners in the city consisted of only about sixteen hundred families. These few families, however, earned approximately sixty-one percent of the income for the city (McKay 1990: 216). One such family was the Astors. The Astor family had a variety of business interests, including rental properties. Their connections at City Hall helped the family avoid penalties for violating the few housing regulations that existed; regardless, the family did not think that the condition of the poor was their responsibility (McKay 1990: 217).

New York City was among the wealthiest cities in the nation, and it certainly ranked high among the *world's* richest cities. By geological fortune, New York City was in position to lead the United States as the shipping center of the nation. Blessed with deep ports and navigable rivers, the city was the center for shipping goods within the United States and abroad. The completion of the Erie Canal and its expansion in 1862 provided New York with a direct market from the Midwest all the way to Chicago. The Canal linked the Hudson River with Lake Erie, providing New York with a passageway west (Sheriff 1996: 27). Joining with other rivers and canals, the Erie Canal shipped commerce from Baltimore, Maryland up to Buffalo, New York, and from Chicago down to New Orleans, Louisiana (Sheriff 1996: xviii). The Canal made the risky travel over the Gulf of Mexico unnecessary, providing a safer and faster route for trade with Europe.

The Erie Canal made the fortunes of some of New York City's residents, but the profits were not beneficial for the majority. The disparity between rich and poor, so

evident in New York City, did not escape Henry George's attention. As he traveled the city, George contemplated how in a city of such obvious wealth there could exist such conspicuous poverty. He began writing *Progress and Poverty* almost immediately, completing the book in 1879 after a year and seven months (George, Jr. 1911: x). Henry George wrote his book as "an inquiry into industrial depressions and of increase of want with increase of wealth" (George, Jr. 1911: xi). The fundamental question that Henry George attempted to answer dealt with the question of wealth disparity. He believed that (George 1955: 7):

...just as such a community realizes the conditions which all civilized communities are striving for, and advances in the scale of material progress—just as closer settlement and a more intimate connection with the rest of the world, and a greater utilization of labor-saving machinery, make possible greater economies in production and exchange, and wealth in consequence increases, not merely in the aggregate, but in proportion to population—so does poverty take a darker aspect...The "tramp" comes with the locomotive, and almshouses and prisons are as surely the marks of "material progress" as are costly dwellings, rich warehouses, and magnificent churches. (George 1955:7)

At first his arguments and observations were not widely received. The only publishing company willing to distribute his book agreed only after he bore the expense of making the engraving plates (George Jr. 1911: xi). Soon, however, the importance of his work was realized and copies of the book could be found throughout the United States and Europe. Eventually, *Progress and Poverty* became a bestseller, and Henry George became an international hero. Economic texts rarely, if ever, generate huge profits. Indeed, the timing of *Progress and Poverty* undoubtedly aided in its rapid dissemination. When George published his book, the country was in the midst of a post-Civil War economic depression that was extreme enough even to affect California's booming economy (Rose 1968: I).

*Progress and Poverty* captured the imagination of people throughout the world, providing a voice for the voiceless. Evident in the above passage cited from George's work, he maintained that progress itself was the cause of society's "problem[s]" and injustices (George 1955: 7). Throughout his book, George argued against the then contemporary attempts to explain poverty. One such theory offered was the notion that expanding populations created shortages in available resources and led to poverty. In other words, there were more people than production could support. After a period of growth in production, the resulting population expansion eventually becomes too large to maintain. Proponents of this Malthusian explanation maintained that such growth-produced poverty would correct itself. Similar to a "survival of the fittest" argument, poverty was the result of a finite surplus that eventually runs out, to be corrected by a "natural" remedy. Malthusian belief argued that widespread economic hardship was necessary to guarantee the survival of the system and the preservation of definitive power by the controlling interest groups. As the following passage will show, Henry George disagreed with this conventional explanation for the causation of poverty, instead blaming poverty on discrepancies in resource distribution. George once again looked at the visible disparities present in American cities and argued (George 1955: 146):

...there are on every hand the most striking and conclusive evidences that the production and consumption of wealth have increased with even greater rapidity than the increase in population, and that if any class obtains less it is solely because of the greater inequality of distribution.

Henry's fundamental issue concerned wealth distribution, and he argued throughout *Progress and Poverty* that poverty was caused not by a shortage of materials but because the minority obtained a greater proportion of wealth than the majority.

Henry George's arguments were based on his belief that the nation's wealth disparity resulted from the creation of large corporations and the distorted tax system

used in America. While his arguments were certainly influential and monumental, his solutions to the “problem,” as he called it, were no less significant. George believed that large landholders had an unfair advantage over the rest of the population. At the same time, as the population in a given area increased, so too did the value of land in that area. Using a simple narrative to explain his position, George explains that a homesteader striking out alone onto the Great Plains finds uninhabited land, land that has little, if any, value. But once others occupy adjoining land and a town begins to emerge, the initial homesteader’s lands become more valuable. The land increases in value not because of anything the homesteader has done, but simply because population increases brings progress in the form of a blacksmith, doctor, schoolhouse, and so on (George 1955: 235-243).

The initial homestead has become the center of this newly formed and emerging metropolis only because he or she came first. Now, the homesteading farmer or rancher has a market for surplus production. Any excess land can be sold or rented for a much higher sum now that the only lands available are in the hinterlands. Wages can be controlled and dramatically lowered because land is at a premium. Prior to the creation of this new community, wages were higher because if compensation for labor was too low, workers would simply labor on their own lands. Scarcity of good, local land drives up land’s value, while simultaneously lowering worker’s wages. The homesteader did little to increase the worth of the land; it was the *public* that made the land more valuable.

Earlier, George used the same argument in *The Wages of Labour*, maintaining that land increases in value because of population aggregations:

Take Rome, or Paris, or London, or New York, or Melbourne. Consider the enormous value of land in such cities as compared with the value of land in sparsely settled parts of the same countries. To what is this due? Is it not due to the density and activity of the populations of those

cities—to the very causes which require great public expenditures for streets, drains public buildings, and all the many things needed for the health, convenience, and safety of such great cities? See how with the growth of such cities the one thing that steadily increases is the value of land; how the opening of roads, the building of railways, the making of any public improvement, adds to the value of land...

Another, equally clear example of Henry George's theory on land value increases was offered by Jacob Oser, Ph.D., a professor of Economics at Syracuse University (Oser 1974: 52). Oser modernized George's illustration with the example of a store located on the fringes of an urban city to concretely highlight the manner in which the value of land increases:

A store on the outskirts of a city might yield its owner a modest return. If it were located in the center of the city, suppose it would yield an extra \$16,000 per year because of the larger concentration of shoppers. If eight percent were considered a reasonable return on such an investment in land, the land on which the store is built would be worth \$200,000. Society will have created this value without any effort or wisdom exhibited by the owner of the land.

Writing nearly one hundred years after the publication of *Progress and Poverty*, Oser's example is much more contemporary in its application. Still, the practicality of George's assessment of how land values increase is undeniably correct and enduring. As Oser continues, his explanation for why the value increase only benefits the landowner:

The store owner renting this land would receive only the average rate of return, with the extra productivity of the land due to its location going to the owner. If the store owner also owned the land, his income would be partly rent, partly interest on his capital, partly wages for his labor, and partly profit.

Since the value of land is created by society, society is deprived of what is rightfully theirs if the value of land is not taxed. To charge the owner for this value, in the form of taxation, is merely to collect from the owner for the precise value of the benefit received from society (Carter 1981: 26). Thus, the value added by society would be returned to society, even as the land developer would receive a fair return on investment in labor and capital. George's solution to the problem of poverty, now known as the "single tax" theory, directly addressed the issue of land. He argued that if the

Government only taxed the value of land and nothing else, there would be an end to the imbalanced distribution of wealth occurring in America. He maintained that this would also end land speculation and would force owners to work or sell their holdings. The money generated from the single tax on land could be reinvested into the local community, since the community itself is responsible for the value of the land. George's system based the value on the amount of total rent that could be gained from the land. The tax levied against the land would be equal to 100 percent of the rent (Boulding 1982: 11). The value, based on the monetary compensation an owner could expect in rental fees, is also a result of the community rather than the actions of the landlord.

Oser's example, cited above, hints at George's disdain for land speculation. George abhorred land speculation by owners, blaming the practice for the prevalence of empty lots in urban areas (George 1955: 257). Rather than put the lot to productive use, the owner allows it to remain unoccupied until a desirable value is reached. Since land is a limited resource, fabricating a scarcity serves only the needs of the owner by creating inflated values. Eventually, the value of land becomes so exaggerated that only the wealthy can afford the purchase or rental price, giving rise to "miserable shanties in the midst of costly buildings (George 1955: 257).

One example George used to clarify his disdain for land speculation involved a stand of trees near San Francisco. The land was not productive because its owner left the lands idle in anticipation of higher values in the future. The situation was all the more vexing for George because as a result of the owner's speculation, loggers needed to travel much further distances to find suitable trees to harvest (George 1955: 257-258). George argued that taxing the value of land would discourage both the practice of land



speculation and the tendency to allow property to remain idle. Again, George viewed unused lands as wasteful and an indication of a neglectful owner. His single tax philosophy would force owners to make productive use of their lands or continue to pay the tax based on the value. George argued (George 1955: 436) that if his system was implemented:

[t]he selling price of land would fall; land speculation would receive its death blow; land monopolization would no longer pay. Millions and millions of acres from which settlers are now shut out by high prices would be abandoned by their present owners or sold to settlers upon nominal terms... Within a hundred miles of San Francisco would be thus thrown open land enough to support, even with present modes of cultivation, an agricultural population equal to that now scattered from the Oregon boundary to the Mexican line...

Much of the world's ills, George maintained, could be attributed to the method of land taxation. The system allowed a small minority of wealthy businessmen to control a vast expansion of territory, and in the process prevented from accessing and utilizing the resource. Access to land was part of God's "Natural Law." Though the Industrial Revolution was in progress and technological innovations occurred regularly, the majority of the world was still agrarian. Farming remained the world's main occupation, but as George astutely observed there were needed land reforms.

The land "problem," as George described in *Progress and Poverty*, was not limited to the United States. Another, perhaps more infamous example of the "problem" occurred in Ireland. In Ireland, tenant farmers suffered under the brutal exploitation of "relentless landlordism" (Davidson 1971: 2). Irish tenant farmers had been enduring insufferably high rents for decades. In many instances, rent—paid with a predetermined percentage of the harvest—was so excessive that the majority of the tenant farmer's yield went to the landlord. High rents forced tenants to give the valuable crops (wheat, barley, etc.) as payment, leaving little for the tenant family. Perhaps the condition in Ireland

gives explanation for George's popularity among the Irish. Throughout his life George delivered speeches on the "Irish Problem," as he termed their crisis, and gained widespread popularity throughout the British Isles (Wenzel 1997: 4).

George's solution to the inequitable distribution of land throughout America (and indeed the world) is similar to the Jicarilla Apache Nation's method for ensuring equal access to the resource. Implementing a system similar to the Jicarilla Apache Nation's would have required a complete confiscation of all privately owned lands, an act encouraged by some of George's contemporary social theorists such as Karl Marx. Karl Marx believed that land seizure was the only means to eliminate society's class structure. In *Wage Labour and Capital* (1891), Marx argued that "[i]n the process of production, human beings work not only upon nature, but also upon each other" (Marx 1891: 114), meaning that in order to produce human beings must work together. Marx believed that the bourgeois class (the owners) exploited production for their own end—and as a result production (workers) become capital in the system. For Marx, owners and workers would always be at odds, insisting that "[t]he interests of capitalists and the interests of wage-labour are diametrically opposed to each other" (Marx 1891: 115).

Marx believed that profits and wages were inversely proportioned—regardless of however much the material condition of the worker improved, the capitalist's profits would remain greater because their profits rose disproportionately higher and faster. He insisted that the most fundamental and obvious economic principle, whereby it is essential to keep production costs at a minimum in order to realize the greatest profit, created a proletarian (worker) class exploited by the bourgeois owner. Marx believed that this competition forced the laborer to likewise compete with one another, not only

selling their labor more cheaply but also performing the work of multiple men (Marx 1891: 115).

Marx was certain that the inevitable class struggle emerging from the confiscation of lands would result in the formation of a new, improved socialist society. George, however, disagreed with the need for land seizures and instead devised the single tax as a solution to the class dilemma. How better the world would have been if George had been the dominant influence on social reformers instead of Marx (Boulding 1982: 8).

George's life experiences undoubtedly influenced his economic philosophy. In youth, while at sea, he observed labor versus management disputes. As an adult, he was forced into conflicts against monopolies. Throughout those years he continually witnessed people suffering from the disproportionate distribution of the benefits of industrialization. These experiences, among others, culminated in *Progress and Poverty*. His education—both informal and formal—were heavily rooted in Christianity, though he rejected the common Christian that it was part of God's plan for people to live in poverty. He believed that man was given free will to choose, to make history rather than be its victim. To George, man was free of biological determinants; "he was chosen by God, not selected by nature" (Rose 1968: 66).

Heavily rooted in Christian dogma, George's doctrine conveys a background steeped in biblical knowledge. In his speeches and writings, George frequently fused his own thoughts with elements from the Old and New Testaments. George's belief in God's "Natural Law"—that God meant for all men to have access to land—fundamentally shaped his beliefs. Old Testament passages undoubtedly influenced Henry George's philosophy, and impacted his land tenure beliefs. Biblical admonitions against land

usurpation, such as when God tells the Israelites: “The land must not be sold permanently, because the land is mine and you are but aliens and my tenants” (*Leviticus* 25: 23), along with his life experiences, combined to shape his views. Throughout *Progress and Poverty*, George maintained that poverty stemmed from the unequal distribution of resources (land), combined with the manner in which profits were dispersed (taxes).

Though George was writing in the late 1870s, and his economic philosophy relies on the availability of land, his solution to the ever-increasing wealth disparity still has merit. There have been numerous attempts to recreate the “experimental,” or single tax communities that George envisioned. Trial communities based on Georgist economic theory have been created in the eastern United States, and while the success has been mixed, they still demonstrate the potential of George’s single tax theory. Started as “single tax colonies,” the most successful examples of the application of Georgist economic theory still exist.

### **FAIRHOPE**

The proposal for the first community was formulated after the nation experienced an economic crisis in 1893. Started in Fairhope, Alabama in 1895, the idea was conceived by a small group of men from Des Moines, Iowa. The men believed that the economic recession that occurred came about as a result of defects in the nation’s politico-economic structure that allowed private monopolies to flourish (Gaston 1955: 108). Though their arguments paralleled those of the socialists of the time, they did not believe that substituting government monopoly for private monopoly was the best solution to the wealth disparity that existed despite increasing efficiencies in production.

After discovering George's *Progress and Poverty*, they became so convinced of the soundness of his theory that they created Fairhope (Gaston 1955: 108).

In 1893 they chartered the Fairhope Single Tax Corporation, with a \$200 membership fee established to help defray expenses and buy land (Gaston 1955: 109). Early January 1895 the corporation purchased 135 acres; later in the year they added 220 additional acres. In 1897 title was secured to an additional 320 acres. Almost every year from 1900 to 1907 saw increases to the land holdings of Fairhope (Gaston 1955: 109).

Organized as a non-profit corporation that leases lots on a 99-year basis, the lessee pays a tax on the determined value of the lot. An executive council determines a lot's value, and some of the profits are used to pay the incurred taxes. The lessee is relieved of the burden of paying poll taxes and property taxes, real and personal, levied by state, county, and municipality (Gaston 1955: 109). After paying the taxes, the remainder of the money is used for public improvements such as acquiring additional lands. Fairhope has seen steady growth, as shown by early census reports (Gaston 1955: 112):

Table 4.1: Fairhope, Alabama Population Increases

<b>Year</b>	<b>Population</b>
1910	590
1920	853
1930	1,549
1940	1,837
1950	3,359

As George envisioned, the scarcity of available lands increased both its demand and value. For example, in 1896 a lessee paid \$5.75 per annum for his lot. As its value increased, the lessee transferred holdings to others desiring land and in 1906 reduced his leasehold to  $\frac{1}{4}$  of an acre, or about one tenth of his original holdings. For this, he paid an

annual lease fee of \$20.05. As the land's value continued to increase, so too did the lease fees, so that by 1950 the assessed rent on this leasehold was \$214.56 (Gaston 1955: 115). What is important to note is that the standard of living provided by this smaller tract was actually greater than if the lessee had worked the entire 40-acre lot (Gaston 1955: 115).

### **THE THREE ARDENS**

Arden, Ardentown, and Ardencroft began as experiments that tested the efficacy of single tax colonies. To their founders, an enlightened fiscal policy, as represented by the Ardens, was the foundation upon which real democracy could be built (Stephens 1955: 116).

### **ARDEN**

Arden was the first of the three colonies established by Frank Stephens and Will Price, both followers of Georgist economic theory (Stephens: 1955: 116). In 1900 they purchased an old farm and 162 acres in northern Delaware and named it "Arden" after the Forest of Arden from Shakespeare's *As You Like It* (Stephens 1955: 117). The price was \$9,000, for which a down payment of \$2,500 was made and a mortgage of \$6,500 obtained. The mortgage was to be paid over a term of years from the annual payments made by the village. Stephens and Price appointed themselves and Frank Martin as trustees of their created Deed of Trust (Stephens 1955: 117). They were obligated to pay all local taxes levied against the land and improvements, as well as all road, school and other county taxes—and to see that the annual gross rentals was used for "such communal purposes as are properly public in that they cannot be left to individuals without giving them advantages over others" (Stephens 1955: 118).

Ninety-nine year leases (the longest term allowable by law), with right of renewal, were issued to anyone willing to pay the annual rental fee assessed against each plot (Stephens 1955: 118). The 1900 rental for an acre of land was a modest \$6.00, but by 1911 the annual gross rentals increased to \$908.00, and by 1920 they had risen to \$3,164. By 1954, gross rentals for the 175 plots were \$12,639.19 (Stephens 1955: 118). Since Arden's founders envisioned the colony as eventually having worldwide application, they were determined that no applicant would be denied due to race, religion, or political beliefs (Stephens 1955: 119). Arden's commitment to equality was proven early in their schools. Offering local education for young residents grades kindergarten through eighth—high school age children are educated outside of the community—Arden became the first school in Delaware to integrate voluntarily (Wienczek 1992: 137).

Frank Stevens envisioned a community with artists and artisans who would support themselves through their artistic endeavors. Fittingly, his manifesto (Wienczek 1992: 130) for the community captures his desire:

The Arden craftsmen are a company of men and women who believe with the great English craftsman William Morris that 'all men should have work to do which shall be worth doing and be of itself a pleasure to do' and which should be done under such conditions as would make it neither overwearisome nor overanxious. They believe also with Ruskin that men need not be baited into a shop like moths into a candle and that there are those who will buy what is useful without being ill-designed and dishonestly made even though it costs is more than that of factory goods

To that end, one of the first communal building projects was an open-air theater for Shakespearean productions. In the medieval style encouraged by William Morris, most of the artisans were organized into guilds. There were potters, stained-glass craftsmen, silversmiths, woodworkers, printers, and furniture makers. The Weave shop was started with only one employee who made wool and other sturdy fabrics. Eventually it employed 30 weavers who made fine linens. Stevens devoted his efforts to the Arden

Forge, which produced lanterns, door latches and hinges, fireplace tools, and other works of iron (Wienczek 1992: 132-133).

Since 1967, when Arden was incorporated, the newly created Town Assembly has been the controlling government body, meeting four times a year. Budgets must be approved by a majority of eligible voters—age 18 or older—attending the meetings. Arden’s 1992 budget was \$220,000. Of that amount, roughly \$150,000 will go to New Castle County for schools, police protection, and property taxes. The Ardens are not exempt from county property taxes (Wienczek 1992: 142).

The tax payment, or land rent, for a quarter acre lot averaged \$720 in 1992, subject to the desirability of a lot’s location. No bureaucracy exists, there are only two paid employees, both part-time: the secretary and the treasurer. Volunteer committees execute all other necessary tasks. In the words of one Ardenite (as they prefer to call themselves,) “It’s the purest democracy you can get” (Wienczek 1992: 142).

Since Arden residents own only their homes but *not* the land the home sits on, obtaining a bank loan is difficult. In most communities, homeowners also own the land their home is built on. In communities with this style of standard land ownership pattern, if a homeowner faults on a loan the bank seizes both home and land as recompense. Because land in Arden is communally owned, and a bank can only foreclose on the house itself, lending institutions are often reluctant to approve loans for Ardenites. Aware of this possible limitation, the Arden Building and Loan was established. No interest points are assessed on the loan, and the cost is only \$5.00 (two dollars is applied to cover the processing costs, three goes to the appraisal committee.) The Arden Building and Loan is



operated out of one of the resident's home to keep overhead low, and only makes loans within the three Arden communities (Wienczek 1992: 138).

### **ARDENTOWN**

By 1922, all available land in Arden was leased. The death of a neighboring farmer made available 110 acres adjoining Arden, and money for purchasing it was obtained from wealthy Bostonian Fiske Warren, who had long admired Arden and was a follower of Henry George (Stephens 1955: 120).

With a few changes learned through experience, Ardentown duplicated the fundamental structure of Arden, including the Deed of Trust and individually leased lots. Warren's loan of \$30,000 was used to secure the land, and an ingenious "rent charge" that was a mortgage, not on the land but on the annual gross rentals of the colony, was implemented (Stephens 1955: 121). The loan was to be paid by equal payments covering both the principle and interest over a term of fifty years. The plan proved so economically sound that in 1949 the loan for Ardentown was refinanced through a Wilmington, Delaware bank at a much lower interest rate and other better terms (Stephens 1955: 121).

By the 1950s, Ardentown had approximately 115 homes and a population of 275. In 1953 the rental list showed a total gross rental of \$9,754.71 (Stephens 1955: 122).

### **ARDENCROFT**

The third Arden was named Ardencroft in 1950 after the purchase of 60 acres of farmland that adjoins Arden on the east and Ardentown on its southern end. Two-thirds of the initial purchase price of \$55,000, plus \$5,000 for initial expenses, was obtained

from a Wilmington, Delaware bank (Stephens 1955: 122). Like the arraignment created for Ardentown, the mortgage agreement was based on a rent-charge agreement.

Ardencroft, unlike its two “older sister” communities, was created not as a charitable trust, but as a nonprofit corporation (Stephens 1955: 123). The colony embodies virtually the same tax principles as the other two communities, with minor changes—again learned from experience—to administration.

The gross annual land-lease rentals for 1953 was \$5,982.24; however, Ardencroft’s annual income is augmented by another \$3,000 a year earned from the leasing of a large mushroom farm that was already operating when the lands were purchased (Stephens 1955: 123). As in Arden and Ardentown, the only qualification for admittance as a leaseholder is the desire for a lot and the willingness to abide by the requirements of the lease.

### **BENEFITS OF MEMBERSHIP**

Indicating the founders’ vision of a community that is committed to the arts and equality, “You are welcome hither,” a line from Shakespeare’s *King Lear*, is carved into a wood sign that adorns the entryway to the community theater. All three communities are a testament to Henry George’s philosophy that taxing the assessed land’s worth, while funneling the generated revenue back into the community, benefits the greater populace as a whole.

Ardenites benefit from numerous community-based offerings. Behind the community theater is an Olympic-sized swimming pool, open to all of the members of the community (figure 4.2). In the summer, the pool is the center attraction for a

community funded summer camp for younger Ardenites, and the setting for the weekly cookouts where all residents are welcomed.



Figure 4.2: Side view of Gild Hall with view of pool in back

In addition to the observable advantages that residents receive such as the community pool, summer camp, and interest-free loans, there are other, less noticeable benefits membership affords. Freckled throughout all three towns are “greens,” or miniature nature preserves that co-exist with and compliment the three communities’ homes. One of the largest of the greens, located in the center of Arden, is the Henry George Green; a testament to the influence the philosopher continues to have on the member’s philosophies and principles (figure 4.3).



Figure 4.3: Henry George Memorial Green

These areas, meticulously maintained, offer a respite from the more urban townships that surround the three communities. Giving the feeling of a Delaware from a pre-industrial age, these sections of the three Georgist-based townships fulfill the founders' vision of creating a community that was "more simple, honest and beautiful" than the life they found in the world outside (Taylor 1999: I). Nearly half of Arden's acreage was reserved for all residents to use as the aforementioned greens, forests, and walking paths (Taylor 1999: 6). Additionally, the three towns have a woodland perimeter, insulating the residents from the surrounding suburban sprawl. One longtime resident describes the contrast between the Ardens and the surrounding community: "We had trees and dense growth, Arden was a scary place to go into from the land of a thousand brand-new houses and no trees" (Wiencek 1992: 138).

Founder Frank Stevens envisioned a community where arts could flourish, and his actions emphasized the importance the arts played in the community's inception. Stephens constructed the Field Theater before he built his home adjoining the site. Later renamed the Frank Stephens Memorial Theater, the theater, housed in Gild Hall, remains the center of community activity and hosts an annual summer Shakespearean theater (figure 4.4).



Figure 4.4: Front View of Gild Hall

The summer productions are well attended, due in part, no doubt, to cast members including Broadway performers. The tradition of famous guests performing is an old one, with Gilbert and Sullivan having performed *Trial by Jury* in 1927 (Taylor 1999: 12). The theater has hosted artists other than actors, including legendary Bluesman Leadbelly, who performed in Arden in 1947 (Taylor 1999: 17).

### **The Implications of George's Single Tax Theory**

In the United States, the main source of municipal income is real estate taxation. And while the rates are high, federal income tax provisions that allow deductions of real property taxes lessen the burden. Land tends to be viewed as a commodity and a support for economic activities. The product that is land is easily sold, exchanged or leased for development, and any profits from its development accrue to the owner. Though the Ardens and Fairhope communities highlight the applicability of the single tax system on a small scale, there are examples of the single tax as practice on citywide scales, and variants of the single tax as practiced on nationwide scales.

## **Citywide Application of Land Value Taxation**

### **Harrisburg, Pennsylvania**

One of the best examples in a U.S. urban center of the positive changes a tax on the value of land creates occurred in Harrisburg, Pennsylvania. The following information was obtained from the Henry George Foundation, a modern institution located in Philadelphia, Pennsylvania that investigates contemporary economic discord and attempts to offer solutions.

In 1982 Harrisburg, Pennsylvania adopted the “graded tax plan,” a policy that emphasized a higher land tax. In 1982, there were 4,200 vacant, abandoned dwellings within the city limits. Today, there are only 500. By instituting a higher land tax, speculators were discouraged from allowing their lots to sit idle, resulting in the renewal of 3,700 properties. Since 1982, crime has been reduced by 22.5 percent. Additionally, the number of fires has similarly been reduced by 51 percent. In 1982, Harrisburg was listed as the second most distressed city in the country, by federal distressed criterion. Since that time, Harrisburg has been named an All-American City three times. The city had added more than 4,700 jobs since 1982, and estimates that \$1.2 billion has been invested during this period. Economic progress resulting in jobs and community investment, perhaps more than any other statistical change, can result in appreciable improvements in the daily lives of the local community. The total value of real estate in 1982 was calculated at \$212,000,000, while today it is valued at \$884,000,000, or more than a fourfold increase in total worth ([www.HenryGeorge.org](http://www.HenryGeorge.org)).

## California

In 1909, California devised “special districts,” creating separate zones that are taxed based on land values. By taxing the land values (only), the areas have experienced rapid economic development that has fostered a high level of prosperity (Becker 1969: 131).

Forming these districts, created in 1887 under the “Wright Act,” known officially since 1917 after an amendment as the “Irrigation District Act,” “was of infinitely greater value to California than the discovery of gold a generation before. They are an extraordinarily potent engine for the creation of wealth” (Henley 1969: 165, 167).

Irrigation districts levy and collect taxes based on an owner’s access to water. Land with access to water is taxed at a higher rate, regardless of whether or not an owner chooses to irrigate the land. If the land is worked only minimally or is left completely unused for speculative reasons, the owner pays the same rate per acre as a neighbor who makes an investment in improvements and reaps profit from the land (Henley 1969: 143). This provision is reminiscent of Henry George’s insistence that a value tax would end speculation and force owners to work or sell the lands. In the Modesto Irrigation District, voters, recognizing that passing this legislation would impair the speculator who left the land idle, voted favorably 700 to 156. Of the 156 votes against the measure, “more than 150 were cast by landowners holding 70,000 acres out of 108,000 comprising the district” (Henley 1969: 143). Taxing the value of land persuades the farmer to work or sell the land, without punishing subsequent development or his industriousness, as would be the result after the execution of a property tax.

## **National Application of Land Value Taxation**

Although the method of taxing real estate is universal throughout the United States (clearly excepting the Ardens, Fairhope, the Jicarilla Apache Reservation, Harrisburg, California among others), other countries have developed taxation systems that were not established in the same manner. These countries, because of their larger size, offer a more practical example of the both the possibility and the worth of implementing George's single tax system on a large, nationwide scale.

### **The United Kingdom**

A commonly used base for local tax rates throughout the United Kingdom is "assessed annual value" or "net annual value" (Australia.) Generally, this is the amount of rent that the property could expect to earn during a "normal" year, assuming there are no rent-control regulations in place (Woodruff; Ecker-Racz 1969: 163).

### **England**

In England, the taxable value, or "gross" value is the rental value, and each *occupier* is liable for it as long and he or she is legally the tenant of any real estate. In the Rating and Valuation Act of 1925, Section 68, gross value is defined (Collins 1944: 6) as:

the rent at which a hereditament might reasonably be expected to let from year to year if the tenant undertook to pay all usual tenant's rates and taxes, and if the landlord undertook to bear the cost of the repairs and insurance, and other expenses, if any necessary to maintain the hereditament in a state to command that rent

Although England implements a tax on the rental value of property, allotting that fee to the occupier is diametrically opposed to George's single tax, a method that places the tax burden on the owner. Though the British system differs from the single tax, at the very least, it offers an alternative example of a method for raising revenue with an ad valorem tax. The English system accepts the taxable value of a property—assuming the



rate remains constant, which is the standard—as comprising between 80 and 90 percent of the total rent valuations (Collins 1944: 7). Because numerous allowances are made for deductions from the total assessment, gross value is not always the equivalent of the full value in rent a tenant pays (Heer 1944: 14).

Although the English method is an example of a variation of land value taxation, it does little to impact the wealthy landowner. Since England’s system only taxes occupied land, the owner of a vacant property pays no tax, a provision that neither reduces speculation nor affords communities a guaranteed source of revenue on a year-to-year basis.

Other members<sup>1</sup> of the United Kingdom apply ad valorem taxation measures, but in a manner more in accordance to George’s system. Placing the financial burden on the owner, as George intended, enabled Australia and New Zealand to break up the power of the large landowners. Implementing George’s single tax forced owners to sell their holdings, resulting in a more equitable distribution of land throughout the economic classes.

### **Australia**

Australia consists of six states—New South Wales, Queensland, Victoria, South Australia, Western Australia, Tasmania—and the sparsely populated Northern Territory, which is controlled by the Federal (Commonwealth) Government. The total area of the Commonwealth is 2,974,581 square miles. The Commonwealth also owns and controls

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<sup>1</sup> The relationship between England and each of the countries comprising the United Kingdom, as well as the mutual obligations each has to the Crown, is complex and variable. The political requirements between England and New Zealand differ greatly than from that of Australia and England. Defining the variations in their respective associations is unnecessary, as it would not enhance understanding of ad valorem taxation.

the 940 square miles of the Capital Territory in which the capital city, Canberra, is located (Craigie 1955: 3).

Late in the nineteenth century, open lands in Australia had been preempted by the wealthy. The rich and powerful owned very large acreages, preventing the vast majority from obtaining land, however, a “ready-made solution to the problem was found in the writings of Henry George in the form of a tax that would fall on the relatively small number of economic royalists” (Woodruff; Ecker-Racz 1969: 153). In addition to the land value tax, Australia also initiated a progressive income tax at the federal and state levels, prohibiting the deduction of the ad valorem land tax. Since the Australian Government wanted to promote urban and rural development, the tax on unimproved land value was believed to promote the desired social and economic effect. Just as Henry George indicated, the ad valorem tax stimulated the breakup of the large estates, resulting in smaller, more intensely cultivated farming (Woodruff; Ecker-Racz 1969: 155).

Implementing the land tax successfully broke up the large estates and simultaneously fostered development, but it was an ineffectual source of revenue. As designed, administering the ad valorem tax created opportunity for those previously excluded from landownership. Because the ad valorem tax so thoroughly divided estates, the established maximum tax rate applied only to a relatively small number of taxpayers (Woodruff; Ecker-Racz 1969: 156). During WWI, the Commonwealth increasingly depended on income tax as a source of revenue, and in 1952 the Commonwealth relinquished the right to impose the land tax to the states (Craigie 1955: 9).

## **New Zealand**

In the 1890s, progressive political thought was firmly captivated by the writings of Henry George, resulting in the creation of a system emphasizing a tax based on the “unimproved value” of land (O’Regan 1955: 35).

New Zealand is a small country lacking minerals in quantities suitable for commercial development, a fact reflected in the country’s lack of heavy industries. Blessed with a climate that favors agricultural pursuits, 20,000,000 of New Zealand’s 66,000,000 acres are cultivated. The remainder consists of mountains, lakes, barren lands, highways, and urban and suburban areas (O’Regan 1955: 27). Unlike Australia’s steeply progressive tax, the maximum taxable amount is four pence per pound, or 4 percent of the appraised value (Woodruff; Ecker-Racz 1969: 157). A taxpayer is not subjected to the 4 percent rate (4 pence per pound) unless the landowner’s holdings are valued at greater than £20,000 taxable unimproved value (O’Regan 1955: 29). The “unimproved value” is defined (O’Regan 1955: 28) as:

the sum which the owner’s estate or interests therein, if free from any mortgage or encumbrance, might be expected to realize if offered for sale on such reasonable terms and conditions as a bona fide seller might be expected to impose and if no improvements had been made

New Zealand added a provision to the unimproved value that excludes the value of any minerals or trees. Included under “minerals” are all ‘minerals, metals, coal, oil, clay, gravel, sand, and precious stones’ (O’Regan 1955: 28).

Land value taxation is spreading to more areas of New Zealand and Australia as well. This is a testament to the efficacy of the system in ending speculation and monopoly holdings, while at the same time encouraging development and industriousness. In both Australia and New Zealand, government institutions exist that establish professional qualifications for evaluators, including a rigorous examination that

must be passed in order to qualify for membership (employment as a “valuer,” or appraiser in American terminology.) The valuers are professionals, and the position is afforded a measure of respect in both countries (Woodruff; Ecker-Racz 1969: 165).

### **The Republic of China (Taiwan)**

Similar to the above examples of implementing ad valorem taxation on land as practiced in the United Kingdom, the Republic of China (Taiwan) also levies a tax on land values. In Taiwan, as in Australia, ad valorem taxation was imposed to create a more equitable distribution of landownership. Employing both a Land Value Tax (LVT) and a Land Value Increment Tax that is steeply progressive and can vary according to type of land use, the system encourages homeownership and penalizes absentee landownership (Laconte and Strong 1982: iii).

The basic tax structure of the Republic of China (ROC) was established to distribute the benefits of landownership over the entire population. The ROC’s tax structure takes the form of two steeply graded progressive taxes. The first is an annual tax on land values with rates progressing from 1½ percent of actual value to 7 percent of actual value. The other is a capital gains tax on the increases in land value at the time of sale. This tax depends on the amount of value increase over the base period value, resulting in taxation rates ranging from forty to sixty percent (Woolery 1981: 1). Taxes levied on urban land in ROC include the Land Value Tax (LVT) and the Land Value Increment Tax (LVIT), which are both steeply progressive depending on how the land is used. Because both taxes are progressive, they act in concurrent fashion and encourage investment and development decisions that are consistent with the land policy goals of the Republic of China (Woolery 1981: 4).

The LVIT is levied at the time of sale. By taxing the increment in value, it stabilizes the value of land and produces affordable and reasonable land prices. The lower the price increment, the less the fluctuation in land prices. Since stable land prices are regarded as beneficial to the community, the LVIT, which keeps prices consistent, is an effective tool to achieve the ROC's land policy goal (Woolery 1981: 4).

The LVT is an annual capital tax that integrates aspects of the pure property tax and the unrealized capital gains tax. The government of the ROC utilizes an initial set of land value increments subject to a progressive tax. For example, if there were no changes in value, the LVT's basic rate would be 1.5 percent of the initially established value. Increases occur as follows (Woolery 1981: 5):

Table 4.2: Land Value Tax Rate Increases

Portion of total land value in excess of initial value	Tax Rate
(1) Not greater than the starting value	1.5%
(2) Less than 500%	2.0%
(3) Between 500% and 1000%	3.0%
(4) Between 1000% and 1500%	4.0%
(5) Between 1500% and 2000%	5.0%
(6) Between 2000% and 2500%	6.0%
(7) Over 2500%	7.0%

Homeowners pay a rate of 0.5 percent on up to 3 *ares* (equal to 3200 square feet) of urban land and 7 *ares* of rural land. Land allocated for industrial development is subject to a flat rate of 1.5 percent of current value. There is also a special "vacant land tax", which is levied at two to five times the basic rate of 1.5 percent. The Government categorizes vacant land as private urban land that is designated for higher use but has not been developed within the stipulated time period (Woolery 1981: 6). Absentee ownership falls under this tax, making this a policy that encourages development while

simultaneously curbing land speculation. Like George’s single tax method, the ROC uses the LVT as a taxation measure that curtails speculation and encourages development. The single tax encourages development by its application: a landowner is taxed at the same rate regardless of whether or not the land is used. Under the single tax, the landowner is persuaded to develop the land to offset the costs of retaining ownership. The LVT, however, does more than persuade an owner to develop the land. If an owner does not develop the land in the proscribed period established by the ROC’s Government, the owner is subject to an increased tax rate (Woolery 1981: 6).

The Land Value Increment Tax is similar to the Land Value Tax in that both are a progressive tax. The *seller* is taxed at a rate based on the amount of increased value over the original capital value, but allowances are made for any land improvement costs incurred by the owner. Land Value Increment Tax rates are as follows (Woolery 1981: 6):

Table 4.3: Land Value Increment Tax Rates

Percentage by which a part of the total increment exceeds the original capital value	Tax Rate
(1) Less than 100%	40%
(2) Between 100% and 200%	50%
(3) In excess of 200%	60%

As one might image, placing the tax burden on the seller of any land discourages inflated prices, resulting in steady and predictable land values. Unlike the methods employed by the single tax to discourage inflated rates (an absentee owner continues to pay the assessed tax until ownership changes hands, thereby eliminating the effectiveness of grossly inflating values), the progressive LVIT penalizes the owner by taking as much as sixty percent of his profits. Neither the LVIT nor the single tax discourages

development; moreover, under the mandates of both the LVIT and the single tax, industriousness is not penalized. In accordance with the single tax doctrine as established by George, improvements are not subject to taxation; a landowner is taxed at the same rate, regardless of any improvements. In an attempt to encourage development (i.e. industriousness), the ROC grants concessions permitting an owner at the time of sale to subtract any land improvement costs incurred from the taxable amount assessed under the provisions of the LVIT.

Since the Government's objectives are to support development, the LVIT offers preferential rates. This aspect of the LVIT encourages an owner to not only develop the land, but also occupy the land as well. If urban land is used by an owner as a factory site and is sold for the same use, the tax rates are half what is shown in the above table. Similarly, owner-occupied residential land receives preferential treatment. It is taxed at a flat rate of 10 percent for holdings less than 3200 square feet (Woolery 1981: 6).

Both the LVT and LVIT systems implemented in the Republic of China have proven to be successful. Public officials from various major cities report budget surpluses because of the large revenues raised by the LVT and the LVIT (Woolery 1981: 1), as Henry George envisioned in 1879. The ROC's successful implementation of a graded tax based on land value (ad valorem) offers substantiation that Henry George's single tax could indeed be successfully applied nationwide throughout the United States.

### **Land Assessment**

An unavoidable and admittedly limiting aspect of the single tax doctrine concerns the inherent difficulties of land appraisal. Assessing the value of a particular parcel of land is imprecise at best, as critics of the single tax contend, because it relies too heavily

on unquantifiable methods. A more significant concern for economists is the problem of fluctuating land values. Dr. Oser's example of urban land values cited above aside, rural land value is frequently influenced by the marketplace, resulting in irregular prices.

Kenneth E. Boulding (1982: 14) argues that:

The economic significance of a parcel of Iowa corn land depends on the price of corn and of alternative crops. This in turn is going to depend on the supply curve of corn in some sort of equilibrium, the equilibrium price being that at which there is no net incentive to expand corn production. If corn can be grown only on a certain limited area of land, at some point the supply of corn may become inelastic. Then if the demand rises into that area of it, other corn land will obtain something like a monopoly price as a result of land monopoly. If, however, the demand is such that the supply of corn is highly elastic, there will be very little monopoly element in its price or in the price of land that grows it. I may have no more monopoly in my piece of corn land than I have in my stocks of harvested corn.

Above, Boulding contends that the market price of corn manipulates land values. His argument, that demand-supply in effect decides value, becomes clearer as Boulding (1982: 14) resumes his assertion:

Land on Wall Street, however, is highly inelastic in supply because of the location factor. A stockbroker can get an inexpensive office in the Adirondacks but he will be seriously inconvenienced by the location. He would probably do less business there than he would in a very expensive office in a Wall Street skyscraper.

Boulding's argument—that the availability of land impacts land values as well—is not unlike the position maintained by both George and Oser. Boulder, however, did not use the concept of land availability impacting values to substantiate the efficacy of the single tax. On the contrary, Boulder insisted that an abundance of available land adds to the already complicated and intricate task of land assessment. Boulder argues that it is precisely *because* office space in Manhattan is limited that the value remains predictably stable. Iowa corn land, however, is influenced by the fluctuating price of corn (and other crops) at the market, because of the variable market price land values are in constant flux.

Although the numerous complexities involved in land assessment are cause for concern, and because misappraisal—and the unfortunate consequences associated with



such a mistake—is a realistic possibility, the subject warrants inclusion in this section. George’s insistence on taxing 100 percent of the land’s value (the total amount an owner could reasonably expect in rental fees) has been perceived as technically unsound. Mistakes in appraisal could be devastating, and modern economists maintain that with a tax rate of 50 percent, any errors in assessment would be much more bearable (Boulding 1982: 11).

Today, the Henry George Institution in Philadelphia, Pennsylvania ([www.Henrygeorge.org](http://www.Henrygeorge.org)), argues for a more modest rate than even the fifty percent suggested by economists. The Institute, using a simple illustration, demonstrates the effectiveness of the single tax based on a modest land tax at a rate of 10 percent compared to a method taxing the property at 2.5 percent. First, the taxation of property:

The Institute uses the example of a city block consisting of six lots. The year is 1966. According to the scenario, each of the six lots contains a well-maintained, single-family, two-story dwelling, owner-occupied. Each *property* is assessed by the city for \$40,000. At a 2.5 percent tax rate per property, the city collects a \$1000 tax on each, or \$6000 total:

Table 4.4: Henry George Institute’s Property Tax Example for 1966

Lot	Assessed Value	Tax Rate	Tax
1	\$40,000	2.5%	\$1,000
2	\$40,000	2.5%	\$1,000
3	\$40,000	2.5%	\$1,000
4	\$40,000	2.5%	\$1,000
5	\$40,000	2.5%	\$1,000
6	\$40,000	2.5%	\$1,000
Property Tax Total for 1966:			\$6,000

The scenario advances thirty years to 1996, except that now the value of each property is \$150,000. Using the same 2.5 percent tax rate, each property is assessed at \$3,750, with a total of \$22,500 (\$3,750 x 6) in revenue for the city.

The realism of providing a scenario with all the lots in use can be questioned, and so the Institute modifies its example. The same city block, still in the year 1996, is now depressed economically. Lot 1 still contains a well-maintained, single-family, two-story dwelling owned by residents. The assessed value is \$150,000. Lots 2 and 3 each contain a run-down, single-family, two-story dwelling, owned by an absentee landlord, and rented out to tenants. The assessed value of the homes and lots 2 and 3 each amount to \$70,000. Lots 4 and 5 are vacant, containing condemned buildings owned by absentee landlords. Each lot is valued by the city at \$7,000. Lot 6 is owned by the city, having been seized in lieu of unpaid taxes. Since the city owns lot 6, it has no assessed value and therefore commands no tax. Using the same rate of 2.5 percent, the city now only collects \$7,600 from this block. The following table demonstrates the change in city revenue:

Table 4.5: Henry George Institute’s Property Tax Example for 1996

Lot	Assessed Value	Tax Rate	Tax
1	\$150,000	2.5%	\$3,750
2	\$70,000	2.5%	\$1,750
3	\$70,000	2.5%	\$1,750
4	\$7,000	2.5%	\$175
5	\$7,000	2.5%	\$175
6	\$0	2.5%	\$0
Property Tax Total for 1996:			\$7, 600

The above scenario offers a more plausible contemporary scenario of a city block. Often, urban property values decline in response to “white flight” to the suburbs, the existence of slumlords, as well as absentee owners holding their lands in speculation.

The Institute ([www.Henrygoerge.org](http://www.Henrygoerge.org)) used the same city block, which contained six lots, as the example of the increase in revenue a city could expect after implementing the single tax system. The Institute argues that in most cities, when a building lot is fully developed, approximately 80 percent of the evaluated value is due to the dwelling and 20 percent is due to the land (though they admit that this percentage can vary widely from city to city.) Using Lot 1, assessed at a value of \$150,000, the land value is \$30,000 (20% of \$150,000.) If a land value tax at 10 percent is levied, then the lot is assessed at a taxable rate of \$3,000, a savings of \$750 from the property tax method of 2.5 percent. Arguably, each lot should hold equal value, and when all 6 are taxed at a rate of 10 percent the city collects \$18,000. The following table illustrates the change in city revenue:

Table 4.6: Henry George Institute’s Example of the Single Tax for 1996

Lot	Assessed Value	Tax Rate	Tax
1	\$30,000	10%	\$3,000
2	\$30,000	10%	\$3,000
3	\$30,000	10%	\$3,000
4	\$30,000	10%	\$3,000
5	\$30,000	10%	\$3,000
6	\$30,000	10%	\$3,000
Property Tax Total for 1996:			\$18, 000

Critics could question the validity of this example, arguing that at the very least the revenue from lot 6, seized by the city in an earlier table in lieu of taxes, prohibits inclusion. Minus the revenue from lot six, the city only collects \$15,000, less than a three-fold increase in thirty years. Opponents may argue that the more “realistic scenario” created to replicate an economically depressed urban center is especially problematic. In reality, however, the economic decline of America’s urban centers is undeniable, even to the casual observer. While both of these points of view may have

some validity, the success experienced in Harrisburg answers many of the criticisms of the single tax. The revitalization of the city of Harrisburg, after implementing a variant of the single tax, deserves repeating. In 1982, there were 4,200 vacant, abandoned dwellings within the city limits. After instituting a land tax levy, 3,700 of the buildings were occupied, leaving only 500 empty buildings. This example proves that a single tax on the value of land can bring about positive changes, even to economically distressed urban centers.

One of the most fundamental shortcomings of Henry George's single tax system—one that he could not possibly have foreseen—ironically concerns the availability of land. During the time that *Progress and Poverty* was published, there was an abundance of available land. The 1870s and 1880s were unprecedented decades. Lands in the West were opened to settlement following the subjugation of indigenous groups throughout the Northern and Southern Plains. For the daring or the desperate, the Homestead Act of 1862 allowed a person to occupy up to 160 acres of land. Requirements necessary for fee simple, or ownership outright, included the provision that homesteaders irrigate the occupied land. Additionally, in an effort to prevent land speculation a three-year residency stipulation was added (Allen 1987: 33).

Settlers began streaming onto lands in earnest, their migration checked only by occasional outbreaks of resistance by the affected Indians. The intermittent resistance offered by tribal groups did little to stem the tide of settlement. For example, by 1867 enough people had settled Nebraska for the territory to qualify for statehood. This occurred much earlier than had been predicted (Ambrose 2000: 172). After the various Indian Nations were finally defeated and confined to reservations, settlement continued at

a frenetic pace. For many, they would begin new lives as farmers, ranchers, or merchants. During these agrarian times, instituting a land value tax would have raised the requisite revenue for a government with limited involvement in the welfare of its citizens. Some economists contend that a land tax would not be sufficient to finance the “much wider range of duties governments are now expected to take” (Hicks 1961: 357). But is this realistic? If a community can raise enough revenue by taxing buildings, should it not be able to raise the same revenue from a tax on the land? An algebraic equation developed by economists (Grosskopf and Johnson 1982: 43) shows that changing the tax base does *not* impede a government’s revenue-raising potential:

$$R = t^{\circ} (L^{\circ} + B^{\circ})$$

and  $R = t\alpha (L\alpha)$ ,

where

$R$  = required tax revenue (a constant in static analysis),  
 $t^{\circ}$  = required tax rate if both land and buildings are taxed,  
 $t\alpha$  = necessary tax rate if only land (site) values are taxed,  
 $L^{\circ}$  = total land (market) values if both land and buildings are taxed,  
 $L\alpha$  = total land (market) values if just land (site) values are taxed,  
 $B^{\circ}$  = total building values if both land and buildings are taxed.

The key assumption is that change to a site value taxation has no impact on the market value of land parcels in the aggregate:  $L^{\circ} = L\alpha$ . If this assumption is accepted, then the required extra yield site value tax rate and the proportion of the original total valuation in land ( $P$ ): i.e.,

$$t\alpha L\alpha = t^{\circ} (L^{\circ} + B^{\circ})$$

and, since  $L\alpha = L^{\circ}$  by assumption,

$$t\alpha = t^{\circ} \times (L^{\circ} + B^{\circ}) / (L^{\circ})$$

or, letting  $P = (L^\circ) / (L^\circ + B^\circ)$

$$t\alpha = t^\circ / P$$

The new and higher tax rate ( $t\alpha$ ), when applied to all site values in a community, provides the same tax revenue as before, eliminating any doubts concerning a site value tax (Grosskopf and Johnson 1982: 43).

Arguably, land value would remain stable if a single tax was implemented. Though there may be an initial reduction in value as absentee owners and speculators rapidly push to sell their lands—even for a loss—once the preliminary purchasing frenzy ended prices would return to a steady and predictable rate of value. That price stability would immediately be regained is evident in the progress achieved in the examples shown above. Additionally, the Arden communities, due both to the proximity to major employment centers (Philadelphia and Wilmington) and the accoutrements residents enjoy, offer another example of the stability of land values assessed by value. The community’s Art and Music Director volunteered an unsolicited endorsement of the three adjoining Arden neighborhoods. In the course of our discussions, she acknowledged that because of the benefits Ardenites received as members, many outsiders would pay “any price” for a home. Continuing, she maintained that because of the demand, as soon as a home goes on the market it finds an eager buyer. She herself would “love to find a home in Arden,” but unfortunately, “none were for sale” (personal communication, July 2005).

The above algebraic formula—market values being equal—demonstrates that equal revenue could be raised using either method of taxation. What the formula does not demonstrate, however, is whether or not an ad valorem land tax (George’s single tax)

can raise *sufficient* revenue to fulfill the necessary<sup>2</sup> budgetary requirements of a modern government. Jacob Oser examined figures from 1900, 1958, and 1968, demonstrating both the potential and limitations of the single tax as a means of raising adequate revenue (Oser 1974: 54-63).

In 1900, an average acre of cultivated farmland was worth \$65. Excluding the value of subsoil assets, which admittedly were considerable but unknown, the value of privately held land excluding Hawaii and Alaska was estimated at \$27 billion. By 1958 it was worth \$290 billion. By 1968, the value of privately held land nearly doubled again, and was estimated at \$571 billion (Oser 1974: 54). In 1900 the gross national product (GNP) was \$17 billion. In dollars, the value of land was 159 percent of GNP. By 1958 the land was worth \$290 billion, and the GNP was \$444 billion. In dollars, the value of land dropped from the percentage of 1900 to account for 65 percent of the GNP. By 1968 the land was valued at \$571 billion, and the GNP was \$865 billion. In 1968 land accounted for 66 percent of the GNP (Oser 1974: 55).

Oser evaluated the value of land as the annual economic rent that it yields, plus the speculative anticipation of future increases in rent (Oser 1974: 55). Since the value of land as the percentage of the nation's income (GNP) did not rise, he reasoned that neither did the income going to landlords from rent.

As shown above, privately held land, minus subsoil wealth, was valued at \$27 billion in 1900. Oser, assuming a modest six percent return on the total value, established a figure of \$1.6 billion in revenue for 1900. One-billion-six-hundred-thousand-dollars is

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<sup>2</sup> Though emphasis was placed on “sufficient” in this sentence, the word “necessary” could very well have been stressed. In fairness to Henry George, his single tax system was developed during a time of limited government expenditures. Some would argue that recent Government decisions that have added to the national deficit were unnecessary, while others would argue the opposite point. The notion of “necessary” is an important idea that will be revisited in the “Conclusions” section.

exactly what all levels of government—federal, state, and local—accumulated in expenditures for the year 1900 (Oser 1974: 62). As late as 1900, the single tax on the value of land would have produced sufficient revenue. Unfortunately, based on Oser’s established six percent return, the single tax would not have raised the necessary amount of revenue for government expenditures for the fiscal year 1968 (Oser 1974: 62). In 1968 the value of all privately owned land was assessed at \$571 billion. At six percent return, all levels of government would have had \$34 billion in operating revenue. The federal government spent \$166 billion in 1968, with state and local governments spending an additional \$116 billion, for a total of \$282 billion in expenditures. An ad valorem tax on land would have only generated 12 percent of government requirements (Oser 1974: 62). By 1968, the operating needs of a modern United States government had far exceeded the ability for ad valorem land taxation to generate the requisite funds. Instead, he blames “George’s confusion of the law of diminishing returns” for the failure of the single tax system to raise the necessary revenue for fiscal year 1968 (Oser 1974: 56).

According to the law of diminishing returns, when labor and capital are added to a fixed quantity of land, the total output will increase, but the average output per unit of labor and of capital will fall. To facilitate understanding, Oser creates the scenario of a community that has 100 acres of each grade of land A through D, for a total of 400 acres (Oser 1974: 58). Assuming all the land in each grade will produce the same amount per acre, the community should expect to harvest 20 bushels per acre of grade A land, 15 bushels per acre of grade B land, 10 bushels per acre of grade C land, and on grade D, the most marginal of lands, 5 bushels per acre. He assumes \$10 input for each acre is



sufficient for covering the farmer's cost of seed, fertilizer, wear and tear on his machinery, etc.

As long as the population and the demand for wheat are small, according to the scenario, only the best land will be used, the price of wheat will be 50¢ per bushel, and there will be no rent (line 1 of table 4.7.) The next step in his example assumes that population growth creates an increase in production. Now, 2000 bushels are produced on the 100 acres of grade A land, but this is inadequate to meet demand. As need increases, so too does the price of a bushel of wheat (line 2 of table 4.7,) now worth 66 2/3¢. Because of the increased crop value, it is now worthwhile to work grade B land, which yields 15 bushels per acre. Because this land is so marginal, it barely compensates the farmer for his efforts and investment. Grade A land now produces a surplus of \$13.33 per acre. Tenants will be eager to rent grade A land simply for the extra return it will produce. Competition to rent grade A land will lead to a rental payment for the landowner of \$3.33 per acre (column "A" line 2 of table 4.7.) Oser's rent figure reflects Ricardo's "Law of Rent," a sum derived from the difference of what can be produced on good land over what can be produced on the most inferior land (Cord 1965: 42).

Two thousand bushels are now produced on the 100 acres of grade A land, and 1,500 bushels on the 100 acres of Grade B land. As population grows and the demand for wheat increases again, the price rises to \$1 per bushel. Now Grade C can be worked as the marginal no-rent land (line three of Table 4.7.) Grade B land, because of the rising value per bushel of wheat, produces a surplus of \$5 per acre which goes to the landowner as rent, leaving the tenant farmer with the average rate of return (Oser 1974: 39). The wheat from grade A also sells for a dollar a bushel, and the rent is \$10 per acre.

When the 100 acres of grade C land in Oser’s example is farmed, it yields 1000 bushels. When the total demand for wheat at \$1 per bushel exceeds 4,500 bushels (the total yields from the 300 acres of grades A, B, and C lands,) the price per bushel rises to \$2, making it just barely profitable to work grade D land. The rent rises (bottom line of table 4.7,) to \$30 per acre on grade A land, \$20 on grade B, and \$10 on grade C. Because of the increasing market value per bushel of wheat, the owner’s land values also increase. The competition for grade A-type lands results in higher rents, enriching the landowners.

Table 4.7: Rent Measured from the Extensive Margin of Cultivation

Price of Wheat per Acre	Rent per Acre Derived from Each Grade of Land			
	A	B	C	D
	Input \$10 Yield 20 bu./acre	Input \$10 Yield 15 bu./acre	Input \$10 Yield 10 bu./acre	Input \$10 Yield 5 bu./acre
	Rent	Rent	Rent	Rent
\$.50	0	0	0	0
\$.66 2/3	\$3.33	0	0	0
\$1.00	\$10.00	\$5.00	0	0
\$2.00	\$30.00	\$20.00	\$10.00	0

As long as these figures remain constant, the landowners continue to reap the majority (75%) of the profits derived from the land, not because of their efforts but simply due to ownership. As shown numerous times above, this reality was one of the main points George argued in *Progress and Poverty*. Implementing the single tax, George contended, would put an end to the enrichment of landowners at the expense of the worker. The hypothetical figures created in Table 1 highlight the basis of George’s antagonism towards landowners. In the theoretical community created above, just as George claimed, increases in price per bushel of wheat, produced by society’s growing

demand not the ingenuity of the landowner, results in escalated land values. Society's demand for wheat created the higher land values. George believed as a result, society should benefit from the value of the land instead of the owner.

A central tenet of George's argument was that technological improvements developed during Industrialization should have improved the lives of the masses. George blamed the failure of this improvement to happen on the ever-increasing rents demanded by greedy landowners. He maintained (George 1955: 244) that:

irrespective of the increase of population, the effects of improvements in methods of production and exchange is to increase rent...for we have accounted for the tendency of material progress to lower wages and depress the condition of the lowest class, without recourse to the theory of increasing pressure against the means of subsistence

Technological improvements often lower the price for the consumer. Henry Ford's assembly line allowed the company to mass-produce its automobiles inexpensively, passing the savings on to the consumer in the form of a cheaper finished product. George, however, concentrated on what he believed was the tendency for technological improvements to increase the fortunes of landowners. Revisiting the fictitious community created above can help establish whether or not George's position was valid (Oser 1974: 59).

Through technological improvements, land in grades A, B, and C can now double their respective yields, and so grade A lands produce 4,000 bushels, grade B lands produce 3,000 bushels, and grade C lands produce 2,000 bushels, for 9,000 bushels total, excluding grade D land (Table 4.8.) In table 4.7, Oser assumed a demand for 5,000 bushels when priced at \$2 per bushel, which created such a need that all four grades of land were worked. After improvements in technology, the price of wheat per bushel has dropped to 50¢, the lowest price suggested in table 4.7. Since at the lower price

consumers will want more wheat, there is a market for an increase in production from 5,000 bushels under the former conditions at \$2 per bushel, to 9,000 bushels under the new conditions at 50¢. The total rent in line four of table 1 is \$3,000 for 100 acres of grade A land, \$2,000 for 1000 acres of grade B land, and \$1,000 for 100 acres of grade C land, or \$6,000 in all. Under the new conditions, total rent has been reduced by \$1000 on grade A land and \$500 on grade B land.

Table 4.8: Rent Measured from the Extensive Margin of Cultivation with Improved Technology

Price of Wheat per Acre	Rent per Acre Derived from Each Grade of Land		
	A	B	C
	Input \$10 Yield 40 bu./acre	Input \$10 Yield 30 bu./acre	Input \$10 Yield 20 bu./acre
\$.50	Rent \$10	Rent \$5	Rent 0

Accepting the accuracy of Oser’s evaluation as genuine disproves George’s belief in the tendency for profits gained from technological improvements to enrich the landowner. These two tables were used to highlight the defects in George’s theory, based on his argument that George misunderstood the law of diminishing returns (Oser 1974: 56). Oser’s attack on both the revenue potential of the single tax theory and George’s incorrect belief that profits deriving from technological advancements are usurped by landowners seemingly creates doubt in the mind of readers (indeed, the above tables proved distressing.) The hypothetical situation created above utilized an example of technological improvements enhancing crop yields. According to the scenario,

improvements lower the overall market price of wheat, resulting in lower rents (Oser 1974: 58).

However, by Oser's own analysis the single tax raised the requisite funds needed for fiscal year 1900. Although he comments that of the \$161 billion in total federal expenditures, \$81 billion was on military spending (Oser 1974: 63), he continued his critique of both Henry George and his single tax system. Almost begrudgingly, he recognized the efficacy of the system for the year 1900, but neglects to attribute the shortfall in revenue for 1968 as an example of a bloated bureaucracy embroiled in the Vietnam War.

Even though Oser failed to offer a caveat when using the budget for a fiscal year during a period of war in Southeast Asia, it does not invalidate his findings: taxing land values in 1968 would not have raised sufficient revenue necessary for the Government's operating expenses—based on a six percent return on an owner's investment. The deficiency in Oser's application comes from the very nature of fluctuating and uneven land values. Returning to Oser's example (1974: 16) used above for a storeowner in Manhattan, the value of land even within the *same* city varies based on proximity to the marketplace center. Assessing a standard six percent return on investment, (although in Oser's example (1974: 16) he used an 8 not 6 percent rate), to develop a rental value neglects the endless factors involved in determining land value (location and availability to name two,) and ignores that George was not only cognizant of this reality, but based his system on this fact.

Oser's second criticism of Henry George's philosophy—that he misunderstood the law of diminishing returns—initially seems equally accurate. Oser used the two

tables (tables 4.7 and 4.8) as a means of facilitating understanding, while simultaneously refuting George's antagonism towards land values and technological improvements.

According to Oser, due to the law of diminishing returns the income a landowner receives after an area implements new technologies is actually reduced (table 4.8.)

Oser's data showed that agricultural improvements have actually decreased rental fees from a pre-technology total of \$6,000 to a post-technology total of \$1,500 (Oser 1974: 59). Oser used the same initial crop value of 50¢, and reapplied Ricardo's "Law of Rent." to both tables to derive his hypothetical rental value. Again, this is a sum derived from the difference of what can be produced on good land over what can be produced on the most inferior land (Cord 1965: 42).

A reduction in rental fees from an initial sum of \$6,000 to \$1,500—a loss of seventy-five percent—would be astonishing, if it were genuine. Oser utilized the same size acreage amounts for both tables, the same input fees, and the same yields per grade of land (augmented equally from table 4.7 to table 4.8.) Unfortunately, his attention to detail waned when he applied his hypothetical percentage fee owed to rent. In table 4.7, grade A lands yielded 20 bushels per acre. At a market price of \$2.00 per bushel, an acre of grade A land earned the farmer \$40.00 dollars. The rent for grade A land was \$30.00, so the farmer earned 25 percent of the value and the landlord earned 75 percent. In table 4.8, after improved technology had been implemented, grade A land now yields 40 bushels per acre, or double the amount from the pre-technology harvest. Since supply exceeds demand, the price of wheat fell dramatically from \$2 per bushel back to the initial rate of 50¢ per bushel. The farmer earned \$20 for his efforts.

Up to this point, Oser has given an excellent example of the law of diminishing returns. Quite correctly, he demonstrates that an increase in supply without a further increase in consumer demand results in a *reduction* in value. Returning to the example of the farmer, he earned \$20 for his efforts (40 x .50,) and is charged \$10 for rent, totaling \$1000 in rental fees for the 100 acres of grade A land. The problem with Oser’s assessment is that the fictitious landowner—who previously based his rental fee on *seventy-five* percent of the earned income from the land—has apparently (and quite conveniently) become benevolent and is now only charging fifty percent, or \$10. The discrepancies from table 4.7 and table 4.8 are highlighted below:

Table 4.9: Differences in Rental Fees Owed; by Percentage

	Table 22 (Baseline)	Table 23 (Improved Technology)
Yield per acre	20 bushels	40 bushels
Price of wheat per bushel	\$2.00	\$50¢
Total earnings per acre	\$40	\$20
Rental Fee	\$30	\$10
Percentage of Earnings Going to Landowner	<b>75%</b>	<b>50%</b>

Initially, Oser’s data seemingly highlighted a rental fee income loss from an initial high of \$3,000 for 100 acres of grade A land, to a more moderate \$1,000 (Oser 1974: 59). Oser used this data to disprove Henry George’s assertion that, “irrespective of the increase of population, the effects of improvements in methods of production and exchange is to increase rent (George 1955: 244). When a percentage rental fee of 75 percent is applied evenly across line four and the rental fee is adjusted, the “updated” amount owed to labor becomes \$15. The farmer has only earned \$5 for his efforts, while the landowner has collected \$15—or  $\frac{3}{4}$  of the total income derived from the farmer’s labor. The landowner actually collects \$1,500 in rental fees (\$15 x 100,) not the \$1,000

Oser claimed. Compare this to the data from table 4.7, where the farmer retained \$10 after paying his debts. Oser is correct when he maintains that the law of diminishing returns prevents “landowners from getting an ever-increasing share of the nation’s income” (Oser 1974: 59). The law of diminishing returns impacted the landowner as well as the farmer, but despite this fact, the landowner still reaped the majority of the land’s potential profits. Although both essentially made 50 percent less, the landowner still earned 75 percent of the land’s value from rental fees.

Economic debates concerning the efficacy of George’s single tax system are inherently difficult. The modern world has changed dramatically since Henry George’s lifetime. Applying data from contemporary budget figures in an attempt to deny the effectiveness of a land value taxation system is arguably unreasonable. Even utilizing multiple methods of taxing the public, our government continues to add to the already enormous budget deficit. Obviously, George could never have imagined how the world would evolve. Advancements in telecommunication and transportation technologies have made travel and communication affordable for the masses. The world has indeed become a smaller place. Since a land value tax could not produce sufficient revenue during a year the nation was at war, does this fact invalidate George’s system? Does the fact that by Oser’s own admission, the ad valorem tax raised adequate revenue for the year 1900 validate Henry George? Is a six percent rate assessed evenly a reasonable amount? Does Oser’s manipulation of his hypothetical parameters similarly validate the system and George’s arguments? One could argue that had the single tax been implemented, the nation we live in today might very well be different.



Analyzing the potential effectiveness of implementing ad valorem land taxation in the United States makes the impression that this would not have caused controversy during America's past. An additional problem—unrelated to the single tax as a dependable source of revenue but nonetheless significant—was the widespread resistance of Americans to all imposed taxation. Historically, from the days as British colonists through independence, the citizens of the New World detested taxation. This facet of the American culture was so evident that in the 1830s an English clergyman, writing to a London newspaper, argued that Americans “prefer any load of infamy however great, to any pressure of taxation however light” (Fisher 1996: 49).

Examples of American resistance to imposed taxation are endless, but there are three specific and familiar examples of concerted opposition to taxation: Shay's Rebellion, the Whiskey Rebellion; and Fries Rebellion (Davis 1969: 1). All three “rebellions” were armed resistance against taxation perceived to be unjust; however, the Fries Rebellion was the only revolt in opposition to a land tax. Given that George's system is a land tax, the rebellion led by John Fries deserves a brief mention.

During John Adams' administration, tensions with France continued to escalate. The President, believing a war was looming, passed a number of tax measures as an instrument for raising revenue. On July 14, 1798, Congress passed an “Act to lay and collect a direct tax within the United States,” setting the amount to be raised at \$2,000,000, of which \$237, 177.12 was the state of Pennsylvania's portion. The rates of assessments under the act were as follows (Davis 1969: 3):

Where the dwelling and outhouses, on a lot not exceeding two acres, were valued at more than \$100 and not exceeding \$500, there was to be assessed a sum equal to two-tenths of one per cent. on the valuation. As the houses and lands increased in value the rates were increased in proportion, so that a house, worth \$30,000, would pay a tax equal to one per cent. of its value. By this means rich and poor alike contributed their burden according to their ability to pay.

While the passage of this act caused considerable displeasure, the public generally reacted with vocal condemnation, not violent resistance. In Buck's County, Pennsylvania, however, specifically in the township of Milford, the act was indeed met with violent resistance. Milford resident John Fries, a patriot in the Revolutionary War, inflamed the anger of his neighbors and convinced his fellow citizens to take up arms in opposition to the measure. Interestingly, those residents of Milford who violently resisted the act were—like Fries—of German descent, while residents of British ancestry generally tolerated the tax (Davis 1969: 21). This Direct Tax on land and dwelling houses was believed to be a particularly onerous threat to liberty. Pennsylvanians saw the Direct Tax as yet another example of the Federalist-dominated U.S. Congress that had earlier threatened liberty. Citizens were outraged when Congress passed measures such as the Alien and Sedition Acts and an act that allowed for the recruitment of a professional standing Army (Newman 2004: 1).

The men of Milford Township likewise agreed with Fries's objection to an imposed taxation for a war that had not yet—nor was ever—declared on a foreign enemy. They also questioned Congress's right to impose the tax without their consent, echoing earlier, Revolutionary-era struggles against taxation without representation. Fundamentally, this was an argument centered on state-versus-federal rights; whether power should be vested in each individual state or within the central government.

The government's reaction to Fries's "rebellion" was swift, and the leaders of the armed insurrection were promptly arrested, tried for treason, and sentenced to hang. Adams eventually granted clemency and all of the men received pardons (Davis 1969: 83). The men under Fries's command erroneously believed that the tax was an undue

burden, disproportionately distressing the poor rather than the rich. Upon their arrest, the leading military officer, Brigadier-General William Macpherson, delivered a speech (Davis 1969: 83) that stressed the fairness of the tax passed by Congress:

In laying this tax Congress paid the greatest attention to the situation and wants of the people, and distributed it [the tax burden] in such a manner the burden almost totally falls on the richer part, and the poorer class are greatly screened from the effects thereof. It is laid on lands and dwelling houses and slaves; but as there are no slaves in this State, the whole tax falls upon the lands and dwelling houses. The lands are to be taxed exactly to their value, be the owner whom he may, but the dwelling houses are appraised at a different rate. The poor man whose house, outhouses and lot, not exceeding two acres, are worth less than \$100 has nothing to pay; and if it were worth \$100 the tax would be only 20 cents...

The General continued to outline the various graded taxation rates, reiterating his point that the burden falls on the wealthy by stating, “the tax which is opposed is the most easy on the poorest citizens, whom they irritate to opposition” (Davis 1969: 84).

While it is impossible to know how the citizens of the United States would have reacted to a newly imposed ad valorem land tax some eighty years after Fries’s Rebellion, it seems fairly reasonable that a nation based on an agrarian system would back a method that promised to reallocate lands more evenly. Although the taxation system implemented in the United States during Henry George’s lifetime had certainly become much more sophisticated, the same concerns over state-versus-federal rights remained. Trepidation over the possibility of a centralized government having the ability to overpower the individual states emerged during the nation’s founding. The battle between those who advocated centralized governmental power (Federalists) and those who advocated decentralized governmental power (anti-Federalists) created a sharp political divide (DiLorenzo 2002: 77). The creators of the Constitution recognized the possibility of an uncontrollable centralized power. During the Constitutional convention, James Madison, the “father” of the Constitution, was against a centralized government.

Madison, in *The Federalist Papers* (number 39), warned that the Constitution would be subject to ratification by the people, “not as individuals composing one entire nation, but as composing the distinct and independent states to which they belong.” In Madison’s view, the states not only were sovereign, but had also created the Federal government to serve their needs (DiLorenzo 2002: 92). Federalists like Alexander Hamilton believed that a nation of independent states was against the best interests of the country as a whole. During the Constitutional Convention in 1787 Hamilton argued, “we must establish a general and national government, completely sovereign, and annihilate the state distinctions and state operations” (Newman 2004: 49).

The idea of the United States being comprised of a collection of sovereign states dominated politics, especially during Henry George’s lifetime. The explanation, or excuse, used to justify the secession of the Southern states from the Union in 1861 reiterated this concept of states’ rights. Though the Southern states vehemently opposed the Federal government’s efforts to regulate their legal policies—a stance that hastened the war—after secession both the Confederate and Union states actually became more centralized and authoritative. For example, the Confederate states, under the leadership of President Jefferson Davis, passed acts authorizing the formation of a conscripted army, unthinkable to men like John Fries a mere six decades earlier (Newman 2004: 1). In the North, President Lincoln arrested thousands of journalists who criticized him in editorials (DiLorenzo 2002: 132). While it is impossible to discern how receptive Americans would have been to a newly imposed tax (the single tax) on the value of land, it is possible to identify their objections to the manner in which tax money was used to finance private corporations.

Henry George's economic theory relied on the availability of land. The core of his philosophy, however, was a reaction to his fears of a wealthy few dominating the majority. His concerns were not his alone. On the contrary, public concern over corporate power took many forms. Though debates relating to the structure and function (i.e. private vs. public institutions) of corporations continued, ideological movements began that called for a thorough reinvention of the basic corporate system. Even President Lincoln, once a staunch defender of the corporation while practicing as a young lawyer in Illinois, came to believe that the greatest threat to democracy was the runaway corporation. Abraham Lincoln, writing in 1864, was troubled by the influence wielded by large corporations (Derber 1998: II):

I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country...corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands and the Republic is destroyed.

Lincoln feared the corporate elite and the power exercised by the wealthy.

George, while never condemning corporations specifically, argued against the world's skewed landholdings favoring the wealthy. Although he never mentions corporations explicitly, one is reminded of his scathing indictment against the railroads and Wells Fargo after traveling by train from San Francisco to New York. Mentioned earlier in the chapter, George came to believe that the railroad had failed to lower the rate of coast-to-coast travel. He concluded that the railroad's engineers, perhaps because of the innumerable land grants and subsidies, designed its roadbeds in a manner that maximized government subvention instead of efficiency (Rose 1968: 35). He also alleged that Wells Fargo incompetently managed the United States mails, which he argued was the inevitable consequence of monopoly power (Rose 1968: 36).

As far as Lincoln was concerned, the corporation represented the greatest threat to democracy. This is a somewhat ironic stance, since Lincoln was a Federalist, a party that heavily endorsed protectionist tariffs, passed for the benefit of the politically powerful (DiLorenzo 2002: 69). Regardless, Lincoln's faith and trust in the unassailability of the corporation obviously waned. George's condemnation of the railroads and Wells Fargo, two business entities that he viewed as possessing monopoly power, echoes the reservations offered by Lincoln.

Chapter Five expands on the fears many held concerning the corrupting influence of corporations on national affairs. Specifically, the chapter will continue to examine the implications of land use. The chapter will also introduce some of the disparate ideologies concerning "appropriate" land use that emerged during Henry George's lifetime. Public policy was shaped by many of the viewpoints offered by the social philosophers and reformers of the day. Conventional wisdom, echoing the reasoning of the times, developed policies such as the Dawes Act, or General Allotment Act (1887,) a devastating piece of legislation thoroughly investigated in Chapter Three.

Chapter Five will highlight the effects of the government subsidizing one business over another, virtually guaranteeing monopoly power. Chapter Five will also consider the implications of such power as it relates to the free market. It is the author's contention that such government subsidies are in fact the opposite of *laissez-faire* policies and contradicts the ideal of capitalist practices. The investigation of the corporation in the following chapter seeks to neither support nor condemn the institution. Both pro- and anti-corporate perspectives have been argued more thoroughly and competently elsewhere; moreover, it is beyond the range of this examination. The corporation is only

of secondary interest to this study, and is only examined to the extent that its impact on land usage and individual liberties are concerned.

Lincoln feared that wealth “aggregated in a few hands” would destroy the Republic (Derber 1998: II), and George was concerned about the nation’s wealth disparity caused by distorted landholdings. In essence, both men’s uncertainties were the same. The same wealthy few who speculated and profited on land often also owned the corporations that instilled fear in the President. Chapter Five will examine some of the reasons—many supported by Lincoln himself—for granting thousands of acres in the West to railroad corporations as incentives to undertake building the transcontinental railroad. The push to complete the railroad had far reaching consequences for Native American groups like the Jicarilla Apache, as well as the small farmer who did not benefit from any of the government-sponsored largesse. Native groups were expelled from the land and placed on reservations so the railroad could be completed. Replacing the indigenous population was the small farmer, who initially benefited from the vacated lands. Many of these families left to escape the oppression suffered in the East as wage laborers, despite the promises of advancement espoused by proponents of Industrialization. Once out West, however, they again suffered under the yoke of corporate monopolies. Improvements in transportation (i.e. the railroad) enabled a farmer to ship his excess crop back East, but few could afford to pay the excessive shipping rates charged by the railroads. The push for land reform that Henry George sought was widely accepted by a population who felt helpless and oppressed by the wealthy elite. As will be shown in Chapter Five, the railroad robber barons enjoyed a virtual stranglehold over the small farmer. The railroad is the business entity highlighted in Chapter Five because

in many ways it ushered in the modern corporate structure. A generalized analysis of the contemporary business corporation will be used to emphasize the uniqueness of the corporate organizational systems employed in the Jicarilla and Arden communities.



*...I have seen that in any great undertaking it is not enough for a man to depend simply upon himself*

Lone Man [Isna la-wica]  
Teton Sioux

### **The Benefits of Collective Action and Small-Scale Values**

It seems rather incongruous that someone named “Lone Man” should caution others on the importance of community cohesion and collective, or group, action. The Jicarilla Apaches and the Ardenites understand the innate necessity of cooperation for achieving success within their communities, and have developed systems that promote the social well-being of all members.

As demonstrated in the previous chapters, the Jicarilla Apache Nation and the Arden communities allocate the local resources more uniformly and simultaneously redistribute the intrinsic benefits deriving from land and land use throughout their respective communities. Both the Jicarilla Apache Nation and the Arden communities have designated lands as either private or public. Dividing the lands in this manner ensures that the areas selected for public use benefit the community as a whole, while at the same time private areas promote individual industriousness and the accumulation of private gain. These systems are a distinctive blending of socialist and capitalist practices.

The Jicarilla Apache Nation is located in a rural community that is blessed with abundant natural resources. Combining sustainable usage practices with astute investments, all wealth created is reinvested within the community and in off-reservation business enterprises. As described in detail in Chapter Three, these profits are

redistributed in the community, resulting in numerous benefits for enrolled members. The Arden communities are in many ways the exact opposite of the Jicarilla Apache Nation—with one important exception. Although the three Delaware communities are in a suburban setting and they lack the subsoil resources available to the Jicarilla, the implementation of Henry George’s ad valorem land tax system has similarly generated revenue for the benefit of the community. As shown in Chapter Four, the Arden communities also use the revenue created from the land—in this instance from the assessed land value tax—to improve the lives of community members.

Though the methods utilized by the Jicarilla and the Ardenites to generate revenue are dissimilar, both communities apply the income in a manner that assists community members. In both communities, a member-elected board of directors oversees all fiscal decisions. In this capacity, the board of directors acts as the administrative branch in charge of the respective corporations. Community members are stockholders, enjoying all of the advantages association makes possible. As alluded to earlier in the study, although the corporate-style leadership of the two communities definitely functions as in any capitalist system, it is the author’s contention that neither system is “hyper-capitalist,” and the objective of both governing bodies is to put the interests and needs of the people first, and concerns for profits as an ancillary priority. The system of governance utilized by each community is fashioned from a corporate model, but only in structure not function. Briefly examining the progression of the corporation and corporate ideology highlights the uniqueness of the two systems that are the focus of this study.

The earliest business arrangements that can be equated to a system similar to the modern corporation originated in Europe. Monarchs, eager to exploit the resources of the New World, issued charters for joint stock companies in the 16<sup>th</sup> and 17<sup>th</sup> centuries (Reardon 1992: 1). Considered instruments of their ruler, joint stock company leadership ostensibly acted in the capacity as the Monarch's representative in the New World. At any time, and for any reason, the ruler could revoke the charter. Any profit gained by the joint stock company was taxed, with the charter's holders absorbing all risks inherent to the company's particular industry. As representatives of the ruler, they also acted as agents of their home nation.

Although a joint stock company was "international" in the sense that it operated in lands distant from its home, all authority and most of the profits returned to the monarch (Reardon 1992: 1). Contained within the charter's wording was the provision that the charter holder must serve the *needs* of the state. During the Tudor and Stuart monarchies in the 16<sup>th</sup> and 17<sup>th</sup> centuries, any Englishman who wanted to travel or trade overseas had to obtain a charter—a royal permit—which the king would grant only if he would gain profit from the undertaking (Hessen 1979: 26). Since the Tudors and Stuarts did not recognize a person's individual rights, and the notion of freedom of commerce was likewise inconceivable, all charter requests were justified in terms of the benefits the business enterprise would return to the king (Hessen 1979: 27).

Another name for this type of business arrangement is mercantilism. Reaching its height of power in the seventeenth and eighteenth centuries, mercantilism offered monopolistic privilege to groups or individuals favored by the state (i.e. the monarchy.) Mercantilism offered protection from competition for individuals through trade tariffs

and quotas (DiLorenzo 2002: 56). While the monarchy, its officials, and the merchants all benefited, any profits were to the detriment of the consumer. Imposed economic monopolies eliminated competition, thereby rising prices and reducing options for consumers. The policy of granting monopolies, known as “protectionism” because of the economic shelter, or protection, it gave to merchants, in actuality *reduced* the wealth of nations by eliminating competition and the subsequent jobs competition might create (DiLorenzo 2002: 57).

The British colonists successfully gained their independence from the Crown after the American Revolution of 1776, but many aspects of English business practices were retained. Though the implementation of English legal principles as the foundation of the American legal system has arguably had the greatest influence on American society, the adoption of English business philosophies has similarly shaped the nation. The costs of the war for independence left the newly formed and fledgling United States government nearly insolvent. With Federal reserves virtually depleted, treasury funds were stretched thin. To remedy this problem, private investors were encouraged to assume the risks of investing in quasi-governmental services such as constructing, operating, and profiting from activities ranging from building a canal, bridge, wharf, or harbor, to organizing a bank, water, fire, or street improvement company (Hessen 1979: 28).

Unlike the charters issued by royal permit, these new charters were not contingent upon creating profit for the issuing authority. Like its predecessor, the new charters established legally enforced monopolies, exemptions from taxation, release of employees from militia and jury duty, the power to exercise eminent domain, and the ability to operate lotteries as a means of raising capital (Hessen 1979: 28). Though the investor

still absorbed all inherent risks, he also reaped the majority of the profits. Encouraging private investment in public services marshaled in a new level of cooperation between the government and the public. While investors still needed “permission” in the form of a charter issued from their state governments, the relationship was forever altered. No longer would authorization to invest be contingent on the income that would be returned to the state. These new guidelines, created out of need, authorized virtual monopolies for investors and changed the structure, power, and influence of the corporation in America (Hessen 1979: 28).

Whereas the necessity of empowering investors with government-sanctioned monopolies is certainly debatable, the popularity of the movement is not. The public’s reaction to these policy changes was one of utter contempt. The public argued that the new measures were exploitive and oppressive and they called for the abolition of all sanctioned monopolies (Hessen 1979: 29). Eventually, the government capitulated to public sentiment; however, from now on the state was not the exclusive creator of the corporation.

Additional legislation enacted in 1830s similarly impacted and altered the strength of the corporation in America. In 1837, the state of Connecticut passed the first all-purpose incorporation statute (Hessen 1979: 29). The Act of 1837 established a standardized, simplified procedure for creating a corporation, regardless of the industry. Soon after, other states passed similar Acts aimed at simplifying and standardizing the process for incorporation, which resulted in a frenzy of corporate relocation (Derber 2002: 52). By the 1890s, the state of New Jersey had offered such lenient incorporation laws and promises of lower taxes that thousands of New York companies threatened to

relocate across the Hudson River. In 1896, New Jersey's corporate laws permitted unlimited corporate size and market share, eliminated time limits on corporate charters, and legalized new mergers and acquisitions. By 1900, New Jersey's moderate position on corporations had paid off and 95 percent of big U.S. companies relocated to the Garden State (Derber 2002: 52).

Since public outrage had forced the government to repeal policies that allowed for special privileges and monopolies, and businessmen had already learned that they could gain the advantages of incorporation without actually incorporating, Connecticut sought to create some control over the process (Hessen 1979: 29). The new procedure enabled investors to incorporate merely by filing certain information with a state official. As a result of the Act of 1837 and similar mandates, for the first time promoters of new business ventures were not required to obtain a state charter. This new legislation enabled anyone who wished to start a business to file the forms and incorporate. The Act allowed incorporation for any would-be business associates, and the opportunity to incorporate was opened to all classes of American society (Hessen 1979: 29). Prior to this, companies were not only subject to harsh limits on acquisitions, capitalization, debts, landholdings and even profits, but they also had to prove that their activities were contributing to the civic well-being or they would be dismantled (Derber 2002: 53).

By 1835, the Nation's interests were piqued with talk of a transcontinental railroad. A young lawyer out of Illinois, Abraham Lincoln, was one of its greatest advocates, delivering speeches on the benefits a railroad would provide for the nation (Ambrose 2000: 27). With so much land available in the far West, Lincoln believed it would be easy to pay for the railroad. Lincoln and other proponents of a transcontinental

railroad argued that financing the venture would be as simple as *creating* [emphasis mine] a corporation and awarding it so much land for every mile of track it laid (Ambrose 2000: 28). Lincoln, who later during his Presidency would decry the powerful, corrupting nature of large corporations as a threat to democracy, urged the government during his only term in Congress to appropriate 2,595,000 acres of land for the state of Illinois to help finance the Illinois Central Railroad Company (I.C.) with land grants to public investors (Ambrose 2000: 29).

Not only was Lincoln a strong advocate for a transcontinental railroad, he also defended the railroad company's interests numerous times in court. Though he had litigated on behalf of a state's right to grant tax-exempt status for the I.C., when the company refused to pay his fee of \$2000.00 he resubmitted it for \$5000.00. When the I.C. again refused to pay he brought suit against the company (Ambrose 2000: 29). Lincoln's support of a transcontinental railroad—even if it meant the end justifying the means through state-sanctioned monopolies—was not a position he supported easily. Though he both defended the railroad companies in the courts and supported the creation of corporations through land grants, he was at the forefront of discussions concerning railroad regulations (Ambrose 2000: 29).

Lincoln was involved in all questions regarding the railroad: What was the responsibility of a railroad to owners of lands near the tracks? Who should regulate the relationship between stockholders and directors? The public echoed these concerns as well. Issues relating to corporate regulation for all industries would be a topic he revisited throughout his lifetime. The reservations Lincoln had concerning the influence of the railroads matched the nation's fear. Citizens worried about the increasing power of

large corporations, and questioned government-sponsored policies that encouraged corporate expansion. While legislation such as Connecticut's Act of 1837 and additional measures enacted by other states eased the restrictions to incorporation and increased its accessibility, it did little to abate the public's fear of the giant corporation. As public apprehension increased, so too did their concerns of corporations dominating and corrupting all levels of American society (Jacoby 1973: 5). This trepidation persisted up to the eve of the America Civil War, and even President Lincoln's support of the corporation was transformed. Most of the wealth generated from the railroad was concentrated among a minority of wealthy investors, with the majority of Americans gaining little, if any, benefit.

This system—tax-funded subsidies given to politically well-connected businesses and industries—was an adaptation of mercantilism. Many of the Nation's railroads were partly funded with taxpayer money, despite the fact that the majority of profits remained in the hands of private investors. Known as “internal improvement subsidies” during the 1800s, today the phrase is often denigrated as “corporate welfare” (DiLorenzo 2002: 57). Obviously, mercantilism has the potential to have a corrupting influence on those involved. Since government never has the resources to subsidize all businesses, only a select few that are politically well connected obtain governmental aid. The more politicized an economy becomes, the less economic opportunity it produces for ordinary citizens (DiLorenzo 2002: 61).

Despite any misgivings Lincoln may have had at the prospect of unchecked corporate power, he was a staunch supporter of internal improvement subsidies. In 1837, under Lincoln's leadership, the Illinois state legislature authorized \$12 million for



numerous “internal improvement” projects (DiLorenzo 2002: 74). These projects, however, were never fully realized. According to William H. Herndon, Lincoln’s law partner, the projects were “reckless and unwise,” maintaining that “[t]he giant and stupendous operations of the scheme dazzled the eyes of nearly everybody, but in the end it rolled up a debt so enormous as to impede the otherwise marvelous progress of Illinois” (DiLorenzo 2002: 74).

George Nicolay and John Hay, who studied law in Lincoln’s law office and both served later as his personal secretaries in the White House, described the internal improvement debacles even more harshly, commenting on the inherent corruption throughout the projects:

The market was glutted with Illinois bonds; one banker and one broker after another, to whose hands they had been recklessly confided in New York and London, failed, or made away with the proceeds of sales. The system had utterly failed; there was nothing to do but repeal it, stop work on the visionary roads, and invent some means of paying the enormous debt.

Providing subsidies only to one corporation, which results in an unbalanced, or unfair market, does not correspond with Adam Smith’s position of *laissez-faire* economics. Smith argued against government intervention in the affairs of business. The capitalism as practiced during Henry George’s day with respect to competition cannot be considered “true” capitalism. Since capitalism, by definition, requires competition and a lack of governmental interference, in reality the incentives given to the railroad companies (and other public works companies) are contradictory to the ideals of competition. Henry George strongly argued against land held for speculation, because this was land left unused. The railroad companies were given land as an incentive to lay more track, and government subsidies were also granted to help finance construction. Providing financial assistance to one party but not the other(s) is completely against

capitalism's concept of competition. Not all of the railroad companies financed one hundred percent of operations; moreover, often both federal and state governments passed legislation that favored one company over the other. The legislation encouraged preferential treatment for some over others, and thus eliminated fair competition. As a result, the railroads were hardly efficient. Without competition, there is no incentive to be productive (DiLorenzo 2004: 111). Because there is no competition, and the government sets price floors and ceilings (i.e. the lowest prices and highest that can be charged, respectively,) the railroads have become the classic example of bloated mismanagement.

Gifts of land per mile of track laid created an incentive to work quickly. For example, due to federal land grants, the Southern Pacific Railroad in California became the largest landowner in the state. The Southern Pacific eventually received 3,728,000 acres, which was to be sold to the public at no more than \$2.50 an acre. The stipulation was not enforced, however, and only 128,000 acres were ever sold (Nugent 2001: 87). In the rush to lay track quickly, the finished work was substandard and often had to be rebuilt. Examining the Union Pacific Railroad offers an excellent example of the perverse subsidies they enjoyed, and highlights the extent of the abuse of the government's financial backing.

The Pacific Railroad Act of 1862 created the Union Pacific (UP) and Central Pacific (CP) railroads (Ambrose 2000: 77). For each mile of track built, Congress gave these companies sections of land and sizeable loans. The companies received \$16,000 per mile for tracks laid on prairie land; \$32,000 for hilly terrain; and \$48,000 for tracks built in the mountains (DiLorenzo 2004: 116; Ambrose 2000: 253). Regardless of the

causal factors, historian Burton Folsom maintains that the government-subsidized companies “sometimes built winding, circuitous roads to collect for more mileage” (Folsom 1987: 22). Perhaps the payments per mile of built track, combined with the deadline imposed on the railroads, encouraged shoddy work. As Folsom continues (Folsom 1987: 22), the problems become more obvious:

Since Dodge was in a hurry, he laid track on the ice and snow...Naturally, the line had to be rebuilt in the spring. What was worse, unanticipated spring flooding along the Lower fork of the Platte River washed out rails, bridges, and telephone poles, doing at least \$50,000 damage the first year. No wonder some observers estimated the actual building cost at almost three times what it should have been.

In fairness to the chief engineer mentioned, former Union Army general Grenville Dodge, he too complained of the obvious corruption. Commenting on one of the masonry projects that he deemed “worthless,” Dodge bemoaned the corruption and, writing to a company official, argued, “We cannot trust masons who have reputations of being No. 1 and honest unless we employ an engineer to every structure to stand right over them” (Ambrose 2000: 344).

Identifying who was to blame for the corruption is unnecessary. What is important to consider from the Union Pacific railroad example is that without accountability, corruption is often pervasive within a system. Much worse, the Union Pacific’s finance company Credit Mobilier, had paid nearly 300 percent cash in dividends to the company’s investors and could not make payroll. A company that cannot pay its workers is soon to be without labor (Ambrose 2000: 320.) The corruption reached all levels of government, and was commonly referred to as the Credit Mobilier scandal. In response, Charles Francis Adams, the great-grandson and grandson of U.S. Presidents, wrote an article that was published in the respected *North American Review* entitled “The

Pacific Railroad Ring.” In the article, he wrote that Credit Mobilier was “but another name for the Pacific Railroad Ring.” He further asserted that:

the members of it are in Congress; they are the trustees for the bondholders; they are directors; they are stockholders; they are contractors; in Washington they vote the subsidies, in New York they receive them, upon the plains they expend them, and in the ‘Credit Mobilier’ they divide them...(cited Ambrose 2000: 320)

This kind of corruption was not unique to the Union Pacific railroad. On the contrary, the fraudulent business practices exhibited by the UP are always possible in a capitalist system. Employees of the Union Pacific were not the only people the company cheated. The railroads, having been given monopoly power, were able to charge exorbitant prices. The farmers argued, quite legitimately, that the railroads had the power to centralize populations and control the commerce of the country. They maintained that the railroads influence determined whether a community prospered or failed; whether a businessman flourished or failed. The farmers believed that this abuse of power was the inevitable outcome of placing private companies in charge of public functions (Unger 1964: 27). The farmer was a “captive customer,” and lacked an alternative method for shipping excess grains back east. Western farmers either paid the inflated shipping fees—which were sometimes four times higher than the rate for the same distance in the East—or were shut out from the eastern markets. The railroads, working in alliance with grain elevator companies, often refused to ship a farmer’s grain until after the market was flooded and the price dropped (Canovan 1981: 19).

This routine price gouging was a concern only for the farmer who harvested crops in excess. Often, deficiencies in operating capital forced farmers to mortgage their crops in advance to the local merchant, who in turn would furnish the necessary provisions—on credit—payable come harvest. If the price received at harvest was not enough to clear

the farmer's debt with the merchant, the farmer's only recourse was mortgaging next year's crop before it was planted (Taggart 2000: 31). The relationship between the merchant and the farmer, known as a lien system (because the merchant held the rights to the farmer's crop until full reimbursement,) conferred on the merchant the entitlement to dictate the particular crop sown. If the merchant demanded cotton, which was always marketable, and not an edible crop that the farmer and his family could eat, the farmer was in no position to argue (Canovan 1981: 22). As the yearly price of cotton gradually dropped, the economic condition of the farmer steadily worsened while his debts to the merchant increased.

The monopoly power held and abused by the railroads led to the agrarian Populist movement (DiLorenzo 2004: 139). Because of the difficulties faced in the course of daily life, which were worsened by the railroad and banking monopolies, the farmers banded together in a cooperative union. According to Margaret Canovan, populism is usually considered a "type of movement with a particular kind of socioeconomic base (peasants or farmers), liable to arise in particular socioeconomic circumstances (especially modernization of one sort or another)" (Canovan 1981: 8). Canovan's definition corresponds with the history of populism in the United States. The movement traces its roots to Kansas. In fact, the name for the movement, *populism*, also originated in Kansas (Clanton 1991: 6). The populists were against the special favors the government afforded to companies, especially the banks and railroads. From this discontent, a coalition comprised of men who opposed "grants of land to railroads or other corporations" formed in opposition to the corrupt administration of President Ulysses S. Grant (Clanton 1991: 7).

Land grants were awarded to companies because the Federal reserves were virtually insolvent. The nation's treasury funds were stretched thin, and as a result, private investors were encouraged to assume the risks of investing in quasi-governmental services such as the railroads (Hessen 1979: 28). Land, held in abundance out West, was used to entice private corporations to build the railroads. As an added incentive for the government, those alternate sections of land that the government retained increased in value once the railroads were completed (Ambrose 2000: 80). Naturally, the "invent[ed] means of paying the enormous debt" fell to the taxpayer. The corruption and mismanagement of allocated internal improvement funds throughout the state of Illinois, covered earlier in this chapter, turned the public's sentiment against any additional expenditures of public money for financing private enterprises.

The public was so incensed, in fact, that after 1837 the state of Illinois no longer granted subsidies to privately owned corporations (DiLorenzo 2002: 82). Even without government subsidies for private corporations (a practice that remained common in other states and territories,) Illinois went on to become the railroading center—both geographically and commercially—of the United States. Whereas other railroad lines were severely hampered by corruption at all levels, those railroad lines that were privately financed did not experience the problems as those lines partly or fully funded with government money (DiLorenzo 2002: 82).

From 1839 until the start of the American Civil War, the public's sentiment echoed the fears voiced by the taxpayers of Illinois. Much of the public's criticism was focused on the power and influence that corporations wielded, but also the amount of land railroads were awarded. New states such as Wisconsin and Minnesota, which

entered the Union after the internal improvement scandals in 1848 and 1858, respectively, prohibited grants and even loans to private corporations in their state constitutions. Many states redrafted their constitution and similarly outlawed the practice (DiLorenzo 2002: 83). President Rutherford B. Hayes, himself also former railroad lawyer, was likewise concerned about the extent of the railroad baron's influence on government (Bercher 1998: 17):

Shall the railroads govern the country or shall the people govern the railroads? This is a government of the people, by the people and for the people no longer. It is a government of corporations, by corporations and for corporations

If the power that corporation wielded concerned taxpayers, so too did the prospect of the Government funding private institutions. When the Southern states seceded from the Union, contained within the Confederate Constitution was the prohibition against the Government funding corporations or granting monopolies through protectionism. Article I, Section 8, clause 1 of the Confederate Constitution stipulates that:

Congress shall have the power to lay and collect taxes, imposts, and excises for revenue necessary to pay the debts, provide for the common defense, and carry on the Government of the Confederate States; but no bounties shall be granted from the Treasury; nor shall any duties or taxes on importations from foreign nations be laid to promote or foster any branch of industry; and all duties, imposts, and excises shall be uniform throughout the Confederate States.

The unease of Southern leaders for policies designed "to promote or foster any branch of industry" resulted from their experiences prior to secession. Heavy import taxes imposed on all trade items severely hampered the Southern economy, because it was primarily an agrarian society. In an effort to protect Northern goods from European competition, heavy taxes were placed on all imports. These "protectionist" policies resulted in high prices for all incoming materials. At southern ports, consumers paid the same prices for goods coming from either the North or Europe. The Southerners argued, rightfully so, that these taxes, used for "internal improvements," benefited the Northern

states at the expense of the Southern taxpayer. From 1866 to 1872 the eleven Southern states had amassed \$132 million in state debt for railroad subsidies alone (DiLorenzo 2002: 213).

As the Illinois debacle clearly demonstrated to all Americans, much of the revenue allocated for internal improvements more often lined the pockets of the politically well connected. Even when funds were directly utilized for its intended purpose, many still questioned the validity of the Government financially backing corporations. For the Southerner, in addition to their complaints of the powerful corporation, there were outcries at the injustice of a Southern tax debt owed for subsidies that benefited the Northern states.

Many questioned the validity of the corporation itself. As in contemporary debates concerning the level of “social responsibility” corporations demonstrate, critics at that time contended that the corporation reaped more benefit than they returned to the public. Moreover, the underlying charge leveled at corporations was that they manipulated governmental institutions. As a result of the powers given to corporations to build the railroads, own and operate public works (i.e. roads and bridges), and manufacture materials for the Civil War, the end of the nineteenth century saw the emergence of the modern corporation (Bercher 1998: 18). The complexity of the “operational requirements of the railroad demanded the creation of the first administrative hierarchies in American business” (Chandler 1977: 87)

Simultaneously, as the corporation evolved into the powerful institution that exists in the 21<sup>st</sup> century, the public’s uncertainties likewise increased. Debates regarding the level of “social responsibility” that corporations practice were and are common.



Fundamentally, the contemporary argument concerning social responsibility is centered on the issue of corporate origins. Is a corporation an agent of the state? If it is, than as an agent of the state corporations have a responsibility to perform socially responsible acts—benevolent acts such as charitable contributions that benefit the public. Critics of the corporation argue that since corporations benefit from state-sanctioned legislation such as tax breaks, tax incentives and the ability to operate in perpetuity—to name just a few of their prerogatives—they are agents of the state that provides those incentives. As agents of the state, they are essentially agents of the public taxpayer's base who provides those corporate incentives (Nader, et. al. 1976: 239). Though corporations, as agents of the state, are joined in an economic association, it is not mutually beneficial since economic loss is “absorbed by political entities, while economic gain is distributed in ‘private’ hands” (Wallerstein 1976: 230).

Those that argue that a corporation has the same inalienable rights that any individual person possesses, guaranteed by the Constitution, disagree with the notion that the corporation is an agent of the state and a de facto instrument of the public. Supporters of the corporation maintain that when states ceased to grant exclusive charters to individuals, the corporations were no longer state-sponsored. In 1900, for example, England's leading historian Frederick W. Maitland wrote:

It has become difficult to maintain that the state makes corporations in any other sense than that in which the state makes marriages when it declares that people who want to marry can do so by going, and cannot do so without going, to church or registry. The age of corporations created by way of “privilege” is passing away

In 1930, professor Adolf A. Berle similarly argued that when states ceased bestowing privilege on individuals, so too ceased the relationship of the corporations as an agent of the state:

So large a part of legal history of corporations was bound up with actual cases in which the state had granted something—a charter plus a privilege, as monopolies to trade, the right to run a ferry, the right to mine gold, etc.,—that the legal concepts are still filled with survivals of the idea

Other economists echo Berle's argument—that the relationship between states and corporations had changed and only the remnants of legal precedents remained. Pro-corporate sentiments argue that the corporation is a private organization that is designed to be mutually beneficial for its owners and officers. As such, the only obligation that a corporation has to the public is to abide by state and Federal law. Noted economist Milton Friedman argued this very point in a September 13, 1970 *New York Times Magazine* article titled *The Social Responsibility of Business* (*New York Times Magazine* 9/13/1970: 122-126). Throughout the article, Friedman maintained that only *individuals* can have social responsibility, and that a business is not an individual, therefore a corporation's only responsibility is to make profits for its shareholders. Friedman asserts that because a corporate executive (or a board of directors) makes all of a business's decisions and is/are employed by the business owner(s), their direct responsibility is to conduct the business according to the desire of the owner; the executive's responsibility is to make profits for the owner (Leube 1987: 37).

The contemporary debates regarding the power and accountability of corporations are not new. On the contrary, these questions occupied the minds of reformers even during the days of Henry George. The issue of corporate power and the impact of industrialization on the economy was often the foundation of the arguments concerning state-versus-federal rights. During the race to complete the transcontinental railroad, the nation became bitterly divided over the issue of state-versus-federal rights. The argument manifested itself as a state's entitlement to permit or outlaw slavery within its borders as opposed to the power of the Federal Government to draft laws for the entire nation.

While the issue of slavery was the major cause of the Civil War, related topics similarly divided the nation and contributed to the war. The Southern economy, almost entirely dependent on slave labor, was competing economically with the more industrialized North. The merits of an agrarian system over a corporate-run industrial system were also at issue. Southern propaganda attempted to display the slave owner as benevolent. Political cartoons from Southern newspapers sympathetic to slavery argued that African slaves in an agrarian system were treated better than white industrial workers. Often, the lives of slaves were measured against the conditions of the English factory worker. The example provided (figure 5.1) highlights a particularly unflattering image of English industrialization, while simultaneously endorsing slavery in America.

This image presents a defense of slavery as a way of life superior to the life of the working poor of industrial England. In the first scene, "Slavery As It Exists In America," slaves dance and play, observed by four white men—two Southerners and two Northerners. The Southern gentleman comments to the Northerner: "It is a general thing, some few exceptions, after mine [his slaves] have done a certain amount of labor, which they finish by 4 or 5 P.M., I allow them to enjoy themselves in any reasonable way." The second scene, "Slavery As It Exists In England," takes place at a British textile factory between two barefoot youths. The one reveals that he is going to flee the factory: "I say Bill, I am going to run away from the Factory, and go to the Coal Mines where they have to work only 14 hours a Day instead of 17 as you do here." Behind them, an impoverished mother comments about life in the factory: "Oh Dear! what wretched Slaves, this Factory Life makes me & my children" ([www.slaveryinAmerica.org](http://www.slaveryinAmerica.org)).



Figure 5.1: "Slavery As It Exists In America. Slavery As It Exists In England." 1851

While these two scenes in no way legitimized the institution of slavery, they do serve as an example of the public's fear of the corporation, albeit in an exaggerated fashion. Though these images are an example of the Southerners' fears of the ruthless, exploitive corporation, many Northerners had similar misgivings. Again, prior to the Civil War, companies were strictly controlled by severe regulations. Limits were placed on acquisitions, capitalization, debts, landholdings, and even profits. Additionally, corporations had to prove that they were contributing to the *public's well-being* or they would be dismantled (Derber 2002: 53; italics mine). The increase in corporate power as a result of the post war years created trepidation throughout the nation, and many shared concerns about the seemingly endless power that corporations wielded.

Corporations held too much power, reformers contended, but they also held too much wealth. While the ability of corporate leaders to corrupt politics was certainly a major concern of the public, so too was the disparity in wealth between the rich and poor in America. The numerous technological improvements within the last century should have lessened the burden for the poor, not increased their troubles. As the image above of the industrial worker demonstrates, the public was also uneasy with the exploitation they believed came from corporate leaders. In cities across the United States, the glaring disparity between the rich and poor was obvious. Neighborhoods resplendent with mansions and all of the other trappings of wealth bordered overcrowded slums that emphasized the bleak outlook of its inhabitants.

The brief examination of the wealth disparities in Chapter Four that existed in New York City during the background section on Henry George highlighted the difficulties an average New Yorker faced. As explained, Henry George wrote *Progress*

*and Poverty* in response to the existing inequality he witnessed daily, but he was neither the first nor the last to comment on the inherent gap between the wealthy and poor. George's questioned the fact that despite the increase of productive power, real wages constantly tend to a minimum that only provided but a bare living. The march of progress, George argued, goes to the owners of the land, since wages did not increase for the worker.

Though many decried the injustice of the situation, economic uncertainties in the late 1870s brought the issue to a boiling point. Central to the issue of wealth disparity was the difficulty in understanding how advancements in technology had failed to bridge the gap between wealthy and poor, and whether, as many charged, industrialization and the creation of corporations only exacerbated the problem. This wealth disparity, glaringly evident in many American cities, and the tendency for Industrialization to exacerbate the problem, served as the inspiration for Henry George's *Progress and Poverty*.

This is very similar to Karl Marx's position in *Wage Labour and Capital* (1891). Marx argued that "[i]n the process of production, human beings work not only upon nature, but also upon each other" (Marx 1891: 114), meaning that in order to produce human beings must work together. Marx believed that the bourgeois class (the owners) exploited production for their own end—and as a result production (workers) become capital in the system. For Marx, owners and workers would always be at odds, insisting that "[t]he interests of capitalists and the interests of wage-labour are diametrically opposed to each other" (Marx 1891: 115). He believed that profits and wages were inversely proportioned—regardless of however much the material condition of the

worker improved, the capitalist's profits would remain greater since profits rise disproportionately higher and faster. Marx insisted that the most fundamental and obvious economic principle, whereby it is essential to keep production costs at a minimum in order to realize the greatest profit, created a proletarian (worker) class exploited by the bourgeois owner. Marx believed that this competition forced the laborer to likewise compete with one another, not only selling their labor more cheaply but also performing the work of multiple men (Marx 1891: 114).

According to Marxist ideology, the solution to wealth disparity was in the “manifold gradation of social rank...[between the] two great hostile camps: Proletariat and Bourgeoisie” (Taylor 1967: 80). The social connections between the people involved are thereby obscured and are experienced only in the form of the commodities they see extracted from them as producers, and those returned to them as consumers.<sup>1</sup> Marx believed that this exploitation would eventually lead to violence, which is the mechanism for social evolution. This belief is perhaps the most salient difference between Karl Marx's position and that of Henry George. According to Marxist thought the violence-inspired transition was the natural progression of society (i.e. from Feudalism to Capitalism to Communism.) Similarly, Marx believed that the private ownership of land was also a passing phase in the evolution of human society, an era that would come to its natural conclusion with the adoption of Communism. Marx was a proponent of Socialism, which is a system that advocates the ownership of exploitable capital and means of production by the government and not by individuals or corporations.

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<sup>1</sup> It should be noted that the term “social” is used by Marx to refer to the essential organization of a society, i.e., those processes by which a society allocates the tasks necessary to its survival

Under socialism, all in society (or perhaps just the immediate community) share in the ownership and operation of the means of production and distribution. Additionally, all in society share in the work and any eventual production from that work. For example, in a socialist system a private individual could not be the sole owner of a corporation or of land. Profits are split equally among all of the people. This type of system differs dramatically from what is known as a Capitalist system. True capitalism is the exact opposite of socialism. Under capitalism, all or most of the means of production and distribution (i.e. land, factories railroads etc.) are privately owned and operated for profit under fully competitive conditions. Ironically, Karl Marx invented the term *capitalism* to denigrate the system of private property and free enterprise to further promote socialism (DiLorenzo 2004: 1).

The dichotomy between a capitalist and socialist system is dramatic, a fact that becomes more apparent after examining some of the pertinent works of various economic theorists. Understanding the differences between the two systems is a must for achieving greater insight into the uniqueness of the Jicarilla Apache and Arden communities. Again, governments based on socialistic policies tend to be against capitalism, whereas those advocating capitalistic policies are against socialism. This is a necessary factor because the practice of one requires the suppression of the other. Socialism strives to stop competition between people and attempts to act as a leveling mechanism for all in society. Socialism attempts to provide equally for all of society, by uniformly redistributing the profits. Under socialism, ideally, everyone's standard of living is equal; no one is wealthier than his or her neighbor.



Capitalism, conversely, encourages competition, maintaining that more people benefit as a result. “Choice” is the mantra of advocates of capitalism. People have the choice to purchase an item, and they also have the choice not to purchase that item. Because people can choose, it is argued, voluntary exchange in the free market is mutually advantageous (DiLorenzo 2004: 2). This point of view is directly opposed to the Marxist belief that people profit in business at the expense of others. Some economists argue that it is *because* of competition that people’s lives are improved. Competition forces a manufacturer to sell a superior product at a competitive or even cheaper rate than his or her business rival, or risk losing sales. Because of this reality, the consumer ultimately benefits. In a purely capitalistic world there are zero government-based barriers to competition such as protectionism (DiLorenzo 2004: 21). Protectionism grants monopolies to businesses at the expense of competition. Governments sometimes do this by imposing higher tariffs on imports. The costs are then passed on to the consumer in the form of higher prices. As a result of the protective tariff, it is reasoned, a company can deliver an inferior product and still profit because of the increased cost to the competition’s product. Proponents of capitalism insist that the consumer actually loses because of the lack of competition.

The Ardens and the Jicarilla Apache Nation have adopted both socialist and capitalist practices, and there are some obvious similarities with Marxist ideology. The “passing phase” of private land ownership that Marx predicted is a reality within both communities. Mentioned above, both communities have lands designated for communal use, though only Jicarilla lands generate distributable profit.

For the Jicarilla, adhering to the Indian Reorganization Act's (1934) mandates required that individual lessees relinquish their allotments to tribal authority. In return, members requested that they receive a share of the profits (i.e. dividend payments). Reservation lands, now under the control of tribal authorities, were subsequently leased back to individuals. Though the whole tribal community owns these lands, the lessee retains any derived profits from his or her leased lands. Non-leased lands are held communally, and portions of the profits are redistributed within the community in the form of dividend payments (Tiller 2000: 186).

Though within the Ardens profits are also derived from the land, the revenue is actually generated from a tax placed on the land's value. Akin to the lease system utilized by the Jicarilla, Arden residents are merely leaseholders in possession of a ninety-nine year charter. The single tax they pay is based on their land's value, and all profits (after county and state taxes are paid) are used to improve the aesthetic and actual quality of life for the residents.

Marxist thought concerning land greatly influenced other philosophers of his period. One who was influenced by Marx was Max Weber, who wrote *Economy and Society* in 1922. Though Weber did not believe that conflict was as vital an ingredient in social change as did Marx, he allowed that land gave the wealthy "specific life chances" that excluded non-owners from acquiring "highly valued goods," thus granting a virtual monopoly over such goods to the wealthy land owner (Weber 1922: 57 ). According to Weber, land (including domestic buildings, productive establishments, warehouses, etc.) becomes capital, leaving the poor with only their labor to offer. Though he believed that conflict mattered little in generating and maintaining class relationships, nevertheless he

acknowledged that there were often class struggles. Weber argued that modern society had evolved from a pre-capitalist economy of needs, to a capitalist economy of acquisition. Because of this change moneymaking was an end to itself, and money—not goods—was most important in the capitalist world.

The argument that land gives the wealthy “specific life chances” is reminiscent of Henry George’s position, most notably in a debate against a well-known New York Socialist reformer. As in all debates, each man argued for the believed benefits offered by his own system against the inherent weakness of his opponent’s system. Using the analogy of shipwrecked Robinson Crusoe to suggest an unspoiled world unburdened by modern government, each attempted to sway the crowd by arguing how their system would eliminate unfair advantage for the strong at the expense of the weak. For purposes of the debate, Robinson Crusoe performed the role of the strong in society, while Friday was portrayed as the weak, helpless worker (Wenzer 1997: 154).

The Socialist supposed that if Crusoe obtained capital to improve the land—as only the wealthy would—he necessarily had an advantage over Friday. Land without capital does not alleviate the injustices suffered by the worker. If the wealthy (represented by Crusoe) has access to capital that will harness the product from the land but Friday does not, Friday eventually becomes his slave. Therefore, the Socialist argued, George’s single tax fails to alleviate the worker’s economic distress since land without the means to produce (capital) offers little (Wenzer 1997: 150).

George retort was brief and to the point. After explaining that Friday could fish for sustenance and build a home out of the limbs of a tree for shelter, he explained that “the moment Robinson Crusoe owned the land, that moment he could say to Friday:

‘Unless you do so you [must] walk off.’ Friday would have been his absolute slave (Wenzer 1997: 154).

The Socialist was arguing against private ownership of land, similar to arguments made by Weber and Marx. Unlike Weber and Marx—both advocates of varying degrees of socialism—George was a supporter of free enterprise throughout his lifetime. His single-tax system deliberately avoided penalizing industriousness. Private ownership of land was not only acceptable but was encouraged and seen as the panacea for the world’s poor. As long as land was utilized, George had no issue with it being held in private ownership. According to George’s vision, the evaluated value of the land is a corollary of society itself:

Landowners were nothing but parasites, feeding off the productivity of others through their extraction of rent and high selling prices for land. Whenever productivity improved, bringing increases in wages and business profits, landowners raised their rents or selling prices for the ground beneath homes, stores, businesses and factories, even though they themselves had contributed nothing to the increased productivity

Having contributed nothing, George maintained that it was society who should enjoy the benefits of the increased value, not the parasitic owners. The systems utilized by the Jicarilla Apache Nation and the Arden communities directly redistribute derived income throughout their respective communities, improving the lives of their citizens.

The validity of Weber’s belief that private land ownership creates disadvantages and distinctions among classes is certainly debatable. And though the argument that private ownership of land also denies the poor “specific life chances” is similarly controversial, nevertheless the Jicarilla Apache Nation has implemented measures that safeguard against any possible disadvantages. Their dual system of public and private lands ensures that a member’s basic needs are met from the collective lands.

Nevertheless, a single individual is not penalized for his or her industriousness on private lands because their efforts must cover the needs of a member who puts forth less effort.

It is not easy to explain how the two communities<sup>2</sup> have been able to successfully bridge the divide between socialism and capitalism, since the history of the two communities are so disparate, as are both of the systems fundamentally. Proponents of socialist policies tend to be against capitalism, whereas those advocating capitalist policies are against socialism. This is only natural, since the full implementation of one system necessitates the suppression of the other. The Jicarilla Apache Nation assures that reservation lands contain sections that are used publicly, and others that are held for private gain. The system has aspects of capitalism *and* socialism, since both privately and publicly held resources are developed and exploited. The tribal government operates lands on behalf of enrolled members, redistributing portions of the profit within the community in the form of dividend checks. Individual families, however, lease other reservation lands not held communally. Any profit derived from the leased lands remains the property of the lessee.

Within the Arden communities, individual families similarly lease land. Though a tax (the single-tax) is placed on the value of an individual's leased lands, and profits are used to improve lands for the enjoyment of the community (i.e. the community center, theater, the greens, etc.), those lands held communally do not produce revenue to supplement an Ardenite's income. Land held individually can be used to create income, although this revenue is generated from at-home businesses such as metalworking. The Ardens—created as both an experimental single-tax community and a haven where the

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<sup>2</sup> Though the “Ardens” are in reality three communities, hereinafter they will be referred to collectively as one community.

arts could flourish—are still thriving artistically. But because the Ardens are in close proximity to both Philadelphia and Wilmington, property values are at a premium. Therefore, land is not commercially farmed. Though income is not augmented from the communal lands, as previously mentioned the lives of the residents are nevertheless improved from the single-tax system.

Whenever an economy is primarily agrarian, access to land obviously becomes the crucial concern of its citizens. Often, pre-Industrial societies, understanding the value of land, limited the amount of land a commoner could own (Bodley 2003: 38). Indeed, to gain consideration as a member of the elite class one usually needed ample land holdings. This concept of privately owned property often increases as population grows. For some scholars and theorists, this was a necessary and welcomed “advancement,” for others the concept of private property is considered a negative development in the history of mankind. Early social scientists often believed that cultures were ever evolving from simple to more complex structures. Using Charles Darwin’s concept of evolution as their framework for analyzing cultures, these scholars viewed tribal people as exhibiting the early stages of development that Europeans had long ago evolved beyond.

One early socialist theorist using Darwinian theory in this manner was Herbert Spencer. In *The Social Organism* (1860) Spencer outlined his stages of cultural complexity. According to Spencer, cultures evolved from simple to complex structures. It was actually Spencer, not Darwin, who coined the phrase “survival of the fittest,” believing that social evolution was driven by competition between people. This competition would eventually lead to the perfection of society and the elimination of social problems. Spencer argued that this process was “natural and beyond human

control.” Any attempts to try and eliminate social inequality were unnatural and were therefore doomed to fail. Spencer’s theory was used to excuse European conquest and the subsequent colonialism of tribal people all over the world. Europeans had, according to cultural evolutionists, evolved into the most complex society on earth and it was only natural for them to hold their dominion over others.

Later theorists utilized Spencer’s ideas. Eventually, some even added the idea of “stages” that supposedly charted the evolutionary steps societies followed. Lewis Henry Morgan introduced his idea of stages in *Ancient Society* (1877), maintaining that cultural evolution is progressive in both technological and moral development. Morgan believed that all societies progressed through three stages, thereby gaining in complexity. All societies started at the “Savagery” stage, progressed to the middle stage of “Barbarism,” and finally achieved the stage of “Civilization.” Morgan believed in unilineal evolution, arguing that all humans follow a universal course of development. According to Morgan, the concept of property led to the beginning of civilization as well as the establishment of political organizations. This was, he insisted, “the most remarkable portion of the mental history of mankind” and necessitated the creation of a government based on property and territory as opposed to the former style based on kinship.

Morgan’s stages influenced the writings of other, less famous philosophers of the day. They too used the notion of civilization to explain and excuse everything from colonialism to poverty. In 1921 Madison Grant wrote *The Passing of the Great Race*. The title alone reveals Grant’s position on the colonized. Grant argued (DeLorme and McInnis 1969: 43-44):

Mankind emerged from savagery and barbarism under the leadership of selected individuals whose personal prowess, capacity, or wisdom gave them the right to lead and the power to compel obedience...democracy is fatal to progress when two races of unequal value live side by side

At the core of these evolutionary arguments is the idea of “progress.”

Evolutionary theorists believed that all societies would not only change from simple to complex, but also from small to large. The anthropologist Leslie White introduced his stages of cultural evolution in 1949. White believed that social growth could be used as an indicator of progress, in conjunction with measurable changes in technological efficiency and an increase in per capita energy consumption. Leslie White’s four levels of cultural evolution (band, tribe, chiefdom, state) hinged on the idea that complexity could be equated to a society’s mastery over their environment. Progress was an increase in scale, with greater physical and biological complexity, “higher” forms of integration, specialization, more energy use, reproductive success, and greater environmental adaptability.

Unlike Marx and Weber, theorists who condemned private property and blamed it for society’s wealth disparity, evolutionary theorists viewed both the concept of private property and population growth as indicators of progress. They were certainly not alone in advocating private property. On the contrary, Adam Smith similarly celebrated private property in *Wealth of Nations* (1776), a classic text on economic theory. He divided the world into four stages (hunters, shepherds, agricultural, commercial), believing that the concept of private property arose in the world of shepherds.<sup>3</sup> Once land was divided and held privately, there was a need for laws and government. Smith acknowledged that laws and government were “instituted for security of property [but] is in reality for the defense of the rich against the poor” (Raphael 1997: 8). *Wealth of Nations* has had, and continues

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<sup>3</sup> Though Smith’s study utilized stages as well, *Wealth of Nations* predated Darwin’s idea of evolution and can be more equated to “types” of societies rather than a biological transformation.



to have, such a huge impact on Western economic practices, that it is still often used to defend business practices and government policies.

Although these men were writing from diverse attitudes during different centuries, what all of them have in common is the idea that “progress” is measurable. Fundamentally, they believed that growth and modernization were progressive. Equating private property with civilization and using European society as the culmination of evolution, both excused and encouraged colonization. The belief that private ownership of land would hasten acculturation resulted in misguided government policies such as the General Allotment Act (1887).

As shown in Chapter Three, the Jicarilla were fortunately spared from some of the more destructive results of the Dawes Act. Evolutionary theories that celebrated European society and its methods of organization were popular ideas of the time. Some used comparable notions of the cultural superiority argument to excuse colonization throughout the world. It was the “white man’s burden” to civilize non-whites, and these ideas no doubt encouraged the creation of additional land reform policies. And while the countless “civilizing” policies established in the United States were said to be for the benefit of non-whites, the value of indigenous lands encouraged appropriation as much as any policy that anticipated the eventual assimilation of indigenous groups.

These priorities are evident from the initial exploration of America’s uncharted and virtually unknown “far West.” At the beginning of the nineteenth century, the fledgling United States government, under the leadership of Thomas Jefferson, sent explorers into the West. The group of emissaries that were chosen became known as the celebrated *Corps of Discovery*, led by Meriwether Lewis and William Clark. As leaders,

the men were charged with chronicling the tribes and geography of the western regions of the present-day United States. The expedition was also attempting to claim American sovereignty over the lands they chartered, and open up possible trade alliances with the tribes they encountered. Lewis and Clark observed many facets of Indian culture, and more often than not seemed genuinely impressed. Since the focus of the expedition was to assert claim over the western regions of the country, it is not surprising that specific observations of the lands qualities are evident in the record they left. Comments regarding the fertility of the lands the group traversed are apparent throughout the written record from the expedition. Even in 1804 the government understood the value of indigenous lands. The lands that the expedition surveyed were finally opened to white settlement following the subjugation of the indigenous peoples. These lands, made available through various Homestead Acts, were some of the very lands Henry George suggested should be taxed based on his system.

The value of good, productive land is essential for *all* manufacturing and agricultural interests. The land provides minerals and metals for mining firms and productive crops for farms. It is useful to briefly highlight the auto industry as an example of how important land is to any industry. Although countless components are used in the process of manufacturing a vehicle, arguably steel is most vital to the auto industry. The outer shell of the car (body) is made up of steel, as are most of the operating parts. Steel is a hard, tough metal that is an alloy of iron. Iron is the most common of metals, and is vital for both plant and animal life (Johnson 1985: 14). Mining companies extract iron ore, eventually entering into agreements that transfer the ownership of steel to the automobile industries. Thus, land that has iron ore deposits in

profitable abundance becomes more highly valued. Additionally, many of the machines that are used to manufacture an automobile are made partly or wholly of metal.

Automobile plants also require extensive lands, with some assembly lines stretching for more than a mile in length (Johnson 1985: 14).

Although this example of the importance of land to a manufacturing corporation is very basic, it sufficiently demonstrates the crucial importance of land even to a seemingly unrelated field. Anything and everything that is manufactured, from a refined natural element to a computer, relies on the availability of land at some stage in its process. What makes the Jicarilla Apache Nation's method of governance and the Arden's single-tax system so unique is not in their realization that the land is valuable, but in their willingness to share in the bounty.

If it is accepted that the governing boards of both communities can be compared to a corporate board of directors, it is reasonable to view both as types of corporations. Referring to the two communities as "corporations" may initially seem to be a simplistic association, save for their governing boards. Up to this point, the study has primarily focused on the benefits that members—stockholders—enjoy because of affiliation. Thus far, it has been argued that the lives of residents from each community are measurably improved because they are Jicarilla Apaches or Ardenites. Granted, the two communities utilize their respective lands for the benefit of members and distribute the revenue more uniformly. Both communities have also instituted precautions that guard against any one member from gaining too much power or wealth. Democratic principles allow dissatisfied voters to remove offending leaders, and leaders can only enrich themselves through illegal methods.

These aspects of governance make the Jicarilla Apache Nation and the three Arden communities unique and desirable places to live. Uniformly distributed profits from corporate endeavors also make these two communities exceptional businesses that would be enviable to employees from other corporate organizations. The focus of this study so far has examined the different approaches both communities have taken concerning land use and allocation, emphasizing many of the benefits that membership affords. Promoting the welfare of associates is not unlike the mission of a corporation—to make money for the shareholders (Leube 1987: 37). A member of the Jicarilla Apache Nation or one of the Arden communities is in essence a shareholder of the corporation. Arden's board of directors and the Jicarillas' Tribal Council operate in the best interests of their constituents because they are, in fact, under the employ of those constituents. This then is the greatest difference between these two communities and other corporations. As "stockholders" in their communities' corporation, members have the ability to influence the decisions of their representatives with their votes. Perhaps this is the greatest asset of the two systems: the ability to have direct contact with one's representatives.

The most beneficial quality that both the Ardens and the Jicarilla Apache Nation enjoy is their smaller size. Large, multinational corporations that issue stock to the public, however, do not enjoy the same intimacy. A large corporation can have thousands of employees—all lacking in individuality—who are tiered in responsibility and in compensation for the functions they perform within the corporate system. For example, Philip Morris has 210,000 employees worldwide (Bodley 1997: 341). The number of shareholders of a single corporation is astounding. By the early 1970s a

“medium-size giant corporation such as Coca-Cola or Bristol-Myers has 60,000 shareholders, while General Motors has 1,400,000 and American Telephone and Telegraph has nearly 3,000,000...he [a shareholder] hardly views himself as a partner or expects to devote his personal attention to that business” (Hessen 1974: 58) Of course, both individual persons and institutions can be shareholders. Compare these numbers to the Jicarilla Apache Nation, which has 2,400 people residing on the reservation, and the Arden communities, where 1,041 people live. The two corporations *combined* have only 3,441 shareholders. To gain further understanding of how large and powerful corporations can be—and to understand the number of employees necessary to operate such leviathans—it is helpful to examine the sales for the top (in earnings) 200 companies in the world. The top 200 companies include General Motors, Shell, Exxon Mobil, Siemens, Mitsubishi, and Microsoft, among others. The sales for the top 200 companies accounted for more than 25% of the output of the *world's* economy (global GDP,) and are bigger than the *combined* economies of 180 of the 190 countries in the world (Derber 2002: 71; italics mine). These companies are either partnered with or have subsidiaries in other industries, causing some to wonder if the age of the single corporation has ended.

The emergence of large corporations has been the subject of study by many economic theorists. One prominent early examination of organizational theory was by R. H. Coase. Coase's *The Nature of the Firm* (1937) attempted “to bridge what appears to be a gap in economic theory...that resources are allocated by means of the price mechanism [or]...that this allocation is based on the entrepreneur-co-ordinator” (Coase 1937: 389). According to Coase, the cost of using the price mechanism (considered from

the side of the direction of resources) makes it more profitable to establish larger firms (Coase 1937: 390). Establishing the market price for a transaction (“transaction costs”) between businesses can be reduced if all transaction costs are absorbed within the firm. Transaction costs can include materials or services, but they also consist of the cost of executing the contract for those materials or services (Coase 1937: 391). Firms grow when they absorb transaction costs. If it is more economical for a firm to absorb a transaction cost for a service than to contract that service to another business, the addition of the means to produce the service is what makes a firm grow. Creating an overly simplified example may aid in understanding:

Manufacturing Company A makes widgets and contracts with Trucking Company B to haul the finished product. Manufacturing Company A assesses the partnership and discovers that it would be more economical to operate its own trucks (after analyzing cost of trucks, salaries for drivers, insurance, maintenance, etc.) rather than contract the service to Trucking Company B. As a result, Manufacturing Company A adds a trucking division and has thus expanded.

Coase emphasized that transaction costs impact firm sizes. Absorb more transaction costs and the firm grows, contract transaction cost out and the firm is reduced in size (Coase 1937: 393).

Coase questions “[w]hy is not all production carried on by one big firm,” and then proceeds to give two reasons why a firm reaches a size threshold (Coase 1937: 394). He argues that perhaps a firm reaches a size whereby it becomes too costly to incorporate another transaction cost. Another possibility is that a firm that grows too large can no longer remain nimble, and it may not be able to adequately distribute resources. If a firm is too large to operate profitably, it has reached a point of “diminishing returns to management” (Coase 1937: 395).

Oliver E. Williamson elaborated on Coase's transaction cost theory with an approach to understanding business organization. In *The Modern Corporation: Origin Evolution, Attributes* (1981), Williamson argues that the modern corporation should be viewed as an economizing, rather than mainly a monopolizing entity (Williamson 1981: 1542). He speculates that there are two behavioral assumptions on which transaction cost analysis relies: bounded rationality and opportunism. Bounded rationality and opportunism are the intellectual and moral limitations of the human agents who work for firms; workers are less competent in calculation and less trustworthy and reliable in action (Williamson 1981: 1545). Bounded rationality, a term borrowed from Simon, refers to the limits workers possess in formulating and solving complex problems and in processing (receiving, storing, retrieving, transmitting) information (Simon 1957: 198). Opportunism refers to self-interest seeking combined with guile (Williamson 1981: 1545). Williamson maintains that if bounded rationality could be eliminated, all economic exchange could be organized by contract.

Williams uses scope and scale economies to explain an aspect of growing firms. Scope economies show that it is cheaper to combine two or more product lines in one firm rather than produce them separately. This is an obvious similarity to a transaction cost. In a scale economy, it becomes more economical as output increases on a single item (Williamson 1981: 1547). Williamson, like Coase, simply offered a conceivable explanation for the growth of corporations. According to their theory, transaction costs decide whether or not a business expands or contracts in size. Neither theorist makes value judgments on the trend for business to grow and expand operations internationally, instead they furnish an economic explanation for the heightened activities.

One of the main objectives for this chapter was to objectively examine the causes and consequences of growth in the scale of corporations, in order to better understand the significance of small-scale corporate organizations the Arden and Jicarilla Apache communities. It is not difficult to show the negative social consequences of scale increases in corporate business. When companies relocate overseas in search of cheap labor pools, American are left unemployed. In 1970, for example, 214,000 workers were making shoes in this country. By 1994, only 60,000 workers were employed in this field. Formerly, Nike manufactured its shoes in Maine, where workers earned \$7.00 an hour. Now, Nikes are made in Indonesia where workers earn \$1.03 a day, or 14 cents an hour. This is below the Indonesian government's own poverty line (Chasin 1997: 166). Anthropologist Katherine Newman (1988, 1993) estimates that more than 10.6 million American jobs were lost because of corporate downsizing between 1981 and 1992. Corporate decisions to relocate manufacturing overseas stands in obvious contrast to the Jicarilla Apache Nation's corporate system. The Jicarillas' corporation employs sixty-four percent of the members living locally, and provides royalties to one hundred percent of the population. However, the Jicarilla do have investments in off-reservation businesses that employ non-tribal members, and they hire a few non-tribal members for jobs on the reservation.

Regardless of the causes of the recent growth of large businesses and their tendency to relocate out of the country, it is obvious that these large corporations have enormous power, and the ability to impact a nation's economy—for good or bad. They have the capability to shape entire communities in response to their business needs. Revenue developed in one community may be removed and relocated in ways that



augment another community's economy. Because of the jobs that corporations create, they have enormous bargaining power with local, state, and even national governments. This is the ultimate power: the ability to control others on an individual, community, national, or even global level. This power is often referred to as social power. The concept of social power has many nuanced definitions, but in its most general, social sense, power means one's ability to control their environment and force their will over others.

A history of research in social power can be briefly traced through the work of three prominent social theorists: Eric Wolf (*Europe and the People Without History*, 1982; *Envisioning Power* 1999), Michael Mann (*The Sources of Social Power* 1986, 1993), and John Bodley (*The Power of Scale* 2003.) These social theorists all draw on a wide range of past social theorists, and attempt to account for many of the world's inequalities.

Eric Wolf sees power as aspects of many kinds of human interactions. This can include interpersonal relations, in interactions institutional arenas, or even between entire societies. Wolf argues that individual power is the power that can be seen as inherent in an individual. This idea of individual power can be compared to Max Weber's (1922, *Economy and Society*) notion of a charismatic individual's ability to rise above "bureaucratization" and personally redirect society. The second aspect of power that Wolf examines is power manifested in interactions and transactions among people. This can be understood as an individual's ability to impose his or her will over others, even if they resist. The third type of power, according to Wolf's theory, is tactical or organizational power. This is power that controls the contexts in which people exhibit

their potentialities and interact with others. The last type of power is structural power. Structural power specifies the distribution and direction of energy flows. Structural power is seen empirically in the ability to mobilize labor and control resources, but also in the realm of symbols and ideas. Structural power is similar to Weber's (1922, *Economy and Society*) belief in the presence of ideological structures that exist to keep the oppressed unaware of their oppression.

Wolf envisions two types of societies, based on scale differences. The first type of society maximizes social order because all social relations are close-knit and suffused with value consensus. In Wolf's second social category, social *disorder* predominates because social relations are atomized and unbalanced by disunity in cultural values. As societies grow, social relations shift their basis from status to contract. Consequently, increases in size forces societies to adopt utilitarian, or "greater good," values. Increased size accompanies more complex business organizations, which Wolf argues are necessary to establish and maintain the distribution of class forces upon which capitalism depends (Wolf 1982: 122). Following Wallerstein (1976) and other world system theorists, Wolf argues that the world can be divided into a capitalist center(s), and a dominated periphery (Wolf 1982: 362). Wolf's theory is very Marxist in sentiment, arguing that the capitalist system only exists to ensure the domination of one class over another (Wolf 1982: 308). He argues for three modes of societies: a kin-ordered mode, tributary mode, and capitalist mode (Wolf 1982: 386).

Michael Mann (1996, 1993) examines how power is utilized in the formation and maintenance of societies. Rather than viewing societies as discrete entities, he treats them as overlapping and intersecting "sociospatial" networks of power that reside in four

domains: ideological, economical, military, and political. Social power in this sense refers to an individual's ability to impose their will on others, even if they resist in some way. To Mann, social stratification is the overall creation and distribution of power in society. He defines power as deriving from institutionalized law, which allows the few at the top to keep the multitudes compliant. Mann's ideas recall Smith's belief that once the concept of private property arose there was a need for laws and government. Smith maintained that laws and government were "instituted for security of property [but] is in reality for the defense of the rich against the poor" (Raphael 1997: 8). Mann argues that those in power utilize institutional law as a mechanism to keep the masses in check. Mann gives the United States (2003, *Incoherent Empire*) as his example of the elite use of power, arguing that the country's notion of "freedom" and material plenty for all is contradicted by its militarism. According to his theory, rulers use four methods to maintain and expand their power. In the case of indirect rule, rulers develop patron-client relationships with subordinate local elites. They may use direct military power in a strategic stronghold. The third method those in power use to control subjects is through forced economic cooperation. Finally, those in power may develop a widespread ruling-class culture that replaces the local elites.

Neither Wolf nor Mann, however, view *individuals* as the primary sources of social power, and this is where John Bodley (2003, *The Power of Scale*) disagrees with their analysis. He argues that elite imperia (personal networks of power to control others) exist whenever an individual or an elite minority who are fewer than half the members of any social group permanently exercises control. Borrowing from complexity science, he groups societies into three culture worlds: Tribal, Imperial, and Commercial. Tribal

worlds are domestic-scale cultures that emphasize humanization, or the production and maintenance of human beings, societies, and cultures. Imperial worlds are classified as political-scale cultures that emphasize politicization. Imperial societies concentrate social power by co-opting the humanizing process to produce and maintain political organizations. The Commercial world is a global-scale culture that emphasizes commercialization. Commercial worlds co-opt the humanization and politicization processes to produce and maintain for-profit business enterprises.

Bodley (2003) shows how elites (in today's Commercial world) construct imperia to direct cultural development. His work explains how pro-growth government policies have allowed these property-rich elites to further concentrate wealth and increase their social power, while reducing the living standards for a majority of households. Additionally, as economic power becomes more concentrated, the number of poor households increases. This process follows Paretos' Law, in which there is a "natural" skewing in the distribution of income producing a small number of progressively higher incomes and progressively more numerous smaller incomes (Bodley 2003: 57).

In an effort to highlight the influence of elites at local and regional levels, Bodley conducted a study on property holdings for Spokane County, Washington (Bodley 1997: 351). He found that within the county there were 190,051 parcels of property, 138,289 owners and a total assessed value of \$16.9 billion. During his research, he learned that property ownership proved to be concentrated among an elite few. Excluding tax-exempt properties and owners (governments, schools, and churches totaling \$1.2 billion in assessed value), he concluded that the hundred largest landowners in Spokane County owned \$1.6 billion in property, or 10 percent of the total \$15.6 billion in property values.

If the \$1.6 billion was distributed equally among the 141,000 households in Spokane County, each could be provided with property worth more than \$100,000. In reality only 60 percent of the households owned their own home, and 1/3 of these were valued at less than \$50,000. Bodley found that there were 761 large owners (473 corporate, 288 private individuals) holding real estate worth \$1 million or more, who collectively controlled \$3 billion in taxable property.

He showed that in Spokane County, these wealthy elite, a mere .5 percent of the title-holders, owned 20 percent of the total property value (Bodley 1997: 351). Bodley’s work demonstrates the power of elites at the regional level, and is an example of the veracity of Henry George’s fears of a wealthy few in society dominating the majority. George maintained that the cause of wealth disparity was the unequal distribution of land. Bodley’s study highlights the reality of George’s position in contemporary America and elucidates his power-elite hypothesis.

Examining more recent figures for Spokane County also underscores the applicability of the single tax as a producer of revenue. The following table (www.ofm.wa.gov) itemizes the different levies utilized in Spokane County to create revenue (column A is the county revenue, column B are the expenditures):

Table 5.1: County Revenue and Expenditures (2004)

Column A		Column B	
Revenue (\$)		Expenditures (\$)	
Property Taxes	\$55,523,773	General Government Services	\$78,529,315
Retail Sales and Use	27,566,936	Security of Persons/ Property	69,468,863
All Other Taxes	11,095,631	Physical Environment	17,868,091
Licenses and Permits	4,656,448	Transportation	30,146,752
Intergovernmental Revenues	116,043,563	Economic Development	7,049,570
Charges for Services	42,491,244	Mental and Physical Health	44,846,856
Fines and Forfeits	3,840,890	Culture and Recreation	8,403,578
Miscellaneous Revenue	35,024,171	Debt Service	9,675,730
Other Financing Resources	565,773	Capital Outlays	24,405,624
Total Revenue	\$296,808,431	Total Expenditures	\$290,394,379

The figures for Spokane County utilized by Bodley were for fiscal year 1997. By 2004, the value of property within Spokane County was valued at \$23,039,489,906 ([www.ofm.wa.gov](http://www.ofm.wa.gov)). Spokane County primarily taxes properties based on the assessed value of any and all structures on the land. As with all taxes based on property, improvements result in reevaluated values and higher tax rates for the owner. The average tax in Spokane County amounts to \$15 per \$1,000 in value. A home worth \$100,000 would generally have \$1,500 in levied property tax (Personal communication: County Tax Assessor, Washington State). For fiscal year 2004, Spokane County's revenue from assessed properties produced \$55,523,773. This sum is only .24 percent of the total assessed value of properties within county limits. Spokane County generated \$296,808,431 in total revenues, and had \$290,394,379 in operational costs. Of the total revenue, the amount raised from the property tax is only \$55,523,773.

Increasing the percentage of tax-exempt properties from the roughly 7 percent figure of 1997 to 10 percent for 2004 eliminated \$2,303,948,990 of taxable properties, leaving \$20,735,540,916 in total property value. Implementing a 10 percent ad valorem land tax for all taxable properties creates \$2,073,554,091 in operating revenue. If the county subtracted the operating costs for fiscal year 2004 (\$290,394,379) from the total revenue, the budgetary surplus would be \$1,783,159,712. The population of Spokane County is 436,300 people ([www.ofm.wa.gov](http://www.ofm.wa.gov)). After paying all expenditures, the government could issue refunds of \$4,087 for *every* man woman and child living in Spokane County.

Throughout the present study, the corporate-style mode of governance utilized by the two communities, and the manner in which they distribute revenue, has been the

focus. Due to their size and partially autonomous economies<sup>4</sup>, Bodley's Tribal world, which consists of domestic-scale cultures, is arguably the most appropriate descriptive model to describe both communities. They can be seen as domestic-scale, not because they fail to involve themselves in the larger economy, but simply owing to the community values that their systems support. Bodley has classified societies based on size, but these classifications should not, however, be confused with a progression. As Bodley stresses, all societies will not inevitably "progress" to the later stages as defined, nor would that necessarily be beneficial.

Though Bodley defines types of societies based on size, other social theorists have employed "stages" to classify types of social organization. The causal factors of change propounded by theorists tend to insist that as groups grow in size, the nature of their society is also altered. Population growth can result in a more sophisticated—and at times despotic—system of governance. An increased population puts additional pressure on resources, which often results in societal fissure. Robert Carneiro's (1967) *On the Relationship Between Size and Complexity of Social Organization* evaluates the relationship between population and social complexity. Instead of defining types, he tried to understand how growth and increased complexity impacts communities. In his study, he examines what he referred to as organizational traits, which are any trait that "involved the coordinated activity of two or more persons" (Carneiro 1967: 236). He used 205 traits to study 46 single-community societies to determine the level of correlation between population size and social complexity. What he found was that

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<sup>4</sup> Both communities are reliant upon non-community earnings. Most Ardenites are employed by non-local businesses outside of the community. Though the Jicarilla Apache Nation employs many of its enrolled members, they too are dependent on off-reservation businesses and individuals who purchase their subsoil minerals or hunts within the reservation boundaries. Thus, they are not entirely independent of the greater society, but their profits are used for the benefit of members locally.

“social complexity increases more slowly than its population” (Carneiro 1967: 240). In a 2000 paper published in the *Proceedings of the National Academy of Sciences of the United States of America* (97(23): 12926-12931), Carneiro argued that the mechanism for social evolution is that a “quantitative increase in some entity, usually population, reaching a certain threshold, gives rise to a qualitative change in the structure of society” (Carneiro: 2000: 12926). Carneiro maintained that the relationship between increased population pressures and social organization could be considered in the formula:

*Autonomous villages + population increase = fission*; or where n = the number of individuals: (population<sup>2</sup> or n<sup>2</sup> - n/2 = fission tendency)

Carneiro suggests that fissioning is a negative response, while growth in a social structure is a positive response to mechanisms of population growth or other factors. He allowed that “when duels are no longer capable of defusing quarrels and reducing tensions then a village split becomes unavoidable” (Carneiro 2000: 12928). Increases in social structure can result in new social segments such as clans and moieties. This may lower the critical threshold. Carneiro’s work attempts to explain the social reaction to population growth through cultural change. He accepted that cultural change could be either gradual, or punctuated (Carneiro 2000: 12928). The creation of a new social segment such as the clan system helps to create group cohesion. As Johnson and Earle (1987) suggest, higher population densities place additional strain on resources and instigate increased competition for prime resources. In response, clans can regulate the use of their land to the exclusion of outsiders (Johnson and Earle 1987: 158). Clans are also important in maintaining ceremonies for “publicly defining the group and their interrelationships” (Johnson and Earle 1987: 20).



Another perspective on expanding populations and the corresponding increase in social complexity comes from Morton H. Fried's (1960) examination of societies in *On the Evolution of Social Stratification and the State*. Fried developed four stages, or types, of societies. Fried argues that all societies can be categorized as one of the following: an egalitarian, ranked, stratified, or state society. Fried believed that material factors such as a community's economy, its population, and the environment propelled societies along the progressive stages. Accordingly, in egalitarian societies individuals are differentiated only by gender, personal abilities, and age whereas in larger societies other forms of ranking and class stratification appear.

The work of these theorists attempts to explain the factors involved when populations expand. Carneiro's work shows that as populations increase in size, there needs to be a corresponding change in social complexity to counteract all possible complications. Fried theorizes that "progression" along his four stages is influenced by changes in a group's material condition. The theories of these neo-evolutionists focus on causal relationships and material determinism, and as the above excerpts highlight, attribute those conditions to changes in demographic and sociological adaptations (Murphy 1980: 113).

By Fried's definition the Jicarilla Apache can be considered an egalitarian society. However paradoxically, they managed to avoid fissioning by changing their social complexity and reorganizing under a corporate charter. Once under the corporate charter, changes in their subsistence patterns (i.e. from hunter-gatherer to capitalist society) eliminated any need for gender-specific occupations. Today, the Jicarilla Apache Nation employs members based on their abilities instead of creating positions based on gender-

appropriateness. Consequently, all positions can be filled by any qualified applicant, regardless of gender. The system can also be classified as egalitarian because they have instituted land measures that ensure equal access to resources.

The leveling mechanisms that the Jicarilla Apache Nation instituted following incorporation in 1937 differs from the operational practices of larger corporations throughout the industrial world. Contemporary Jicarilla society serves as a remarkable example of the small-scale tradition of equal allocation of resources as practiced in and adapted for a modernized commercial economy. Their system can be linked to Weber's (1922, *Economy and Society*) assertion that prior to capitalism, man's economy was submerged in his social relationships.

This Jicarillas support Polanyi's claim in *The Great Transformation* that in small-scale societies catastrophe impacts all members equally (Polanyi 1944: 46). According to Polanyi, in a small-scale community the idea of profit is barred, "higgling and haggling is decried," and giving freely is acclaimed as a virtue (Polanyi 1944: 49). He disagreed with Adam Smith's (1776) position in *Wealth of Nations*, asserting instead that Smith's insistence on a supposed propensity for men to barter, truck, and exchange does not appear in small societies. Much like Weber's assertion above, Polanyi maintained that a small-scale economic system is a mere function of its social organization (Polanyi 1944: 49). Members of small-scale societies accept a social code of honor to be generous. All actions are not for gain, but social prestige. Those that disregard the social code are cut off from society and become outcasts. Polanyi's beliefs in the creation of a social code in small-scale societies is reflected in the words of Ojibwa (Chippewa) Chief George Copway [Kah-ge-ga-gah-bowh]:

Among the Indians there have been no written laws. Customs handed down from generation to generation have been the only laws to guide them. Every one might act different from what was considered right did he choose to do so, but such acts would bring upon him the censure of the Nation....This fear of the Nation's censure acted as a mighty band, binding all in one social, honorable compact.

The idea of social censure as a modifier of behavior is not completely applicable to the Jicarilla, nor to the Ardenites. Though social censure exists and is quite effective in both communities, members who commit federal crimes will still find themselves involved in the dominant society's legal system (the Jicarilla Apache Nation does operate its own jail, but jurisdiction goes to state and federal authorities for serious offenses.) This does not negate their characterization as small-scale societies, however. Most importantly, the Jicarilla Apache Nation can be categorized as small-scale because of the manner in which they allocate their resources.

Classifying the Arden communities as small-scale is inherently more difficult. The Ardenites redistribute collective resources through the workings of Henry George's single tax system. And while revenue improves the lives of community members, the economic system is not a mere function of its social organization (Polanyi 1944: 49). Since the shared lands do not produce sufficient corporate income in amounts needed to afford redistribution, a family subsists on its own earnings. This is not to suggest, however, complete absence of community interdependence. On the contrary, as in all other urban communities, property values (in the classic sense) are dependent upon the overall condition of the local neighborhood. The community imposes conditions on how property holders can improve their properties. These rules are strictly enforced, and a lien can be placed on a home for non-compliance. For example, during a visit to Arden a homeowner was in the process of dismantling his newly erected fence because he had not

received council approval prior to construction (personal communication; July 2005).

Penalties can either be executed at the time of sale, or added to the ad valorem land tax.

Some would question whether or not the values of a small-scale society could include taxation. Some economists insist that a taxpayer would have no incentive to sacrifice more for the community than legally required. In this view, all money lost to taxation to support the growing activities of government restricts a citizen's economic freedom (Olson 1973: 91). The additional revenue needed from the growth of government activity is money that is no longer available to the taxpayer, and results in a loss of economic freedom (Olson 1973: 96). In this view, any form of taxation is the equivalent of despotism. The validity of this position is certainly questionable, but regardless, any Ardenite who disagrees with the taxation system is free to leave the community. This, too, is an example of a small-scale egalitarian society. The very fact that the Arden community is unique and participation requires voluntary membership ensures alternative options.

American citizens who are dissatisfied do not have the options available to the Jicarillas or the Ardenites. If an Ardenite or a Jicarilla is dissatisfied with their community's method of generating revenue, they are free to leave the community and relocate. Though this is also an option for members of the greater society, most states assess taxes in a similar manner, and relocating into another community (or state) would result in only minor changes. Taxes, as the old saying indicates, are as certain as death itself.

If it is accepted that both communities are modeled after corporations, and also variations of the classic small-scale society, their respective modes of governance—

which ensures a more equitable distribution of resources—can be equated to the small-scale practice of developing leveling mechanisms. Societies create leveling mechanisms to guard against the accumulation of too much wealth or power by any single person or group within society (Grobsmith 1982). The low population densities of both the Jicarilla Apache and Arden communities permit practices that guarantee social equality and foster equal access to resources. The custom of ensuring even distribution is true to the spirit of small-scale societies and serves as an example worth implementing in other communities.

*It ain't over 'til it's over*

Yogi Berra

## **Conclusions**

The two communities examined offer alternative approaches to resource allocation, one in a rural community, the other in an urban setting. Each community has developed different approaches to manage the problems of socioeconomic inequality. The Jicarilla Apache Nation, with abundant subsoil resources, designates land as both private and public. Resources from public lands generates revenue to supplement the earnings of all enrolled members, while retaining private lands permits private activities and fosters industriousness. Similarly, the Arden communities utilize the concept of public and private lands. Lacking in mineral wealth, Arden leadership employs ad valorem land taxes. The revenue generated by taxation is reinvested within the community surroundings and enhances urban life.

The principles of small-scale societies are maintained in these two communities. The practice of sharing resources in a manner that facilitates a healthier community is a value worthy of emulation. Small-scale societies emphasize more than pure material gain. In an ideal, or “folk,” society, “...there is no place for the motive of commercial gain... goods are exchanged as expressions of good will...” (Redfield 1947: 249). Although both the Jicarilla and Arden communities advocate capitalistic practices that create commercial gain, revenue is not hoarded by an elite few.

Both communities utilize their environments to improve the lives of all members. Their systems encourage community cooperation and sustainable development based on

interaction *with* their environments, not exploitation. The land is used to benefit existing members, but it is maintained for future generations. The land is their economy, and will be in the future. This is contrary to large-scale communities, where the economy is an “instituted process of interaction between man and his environment, which is a continuous supply of want satisfying material means” (Polanyi 1944: 126). The systems examined harness their environments, and afford each member not only an equally improved quality of life but also a uniform voice in operations. That this is aided by their optimum-scale is certain, as their small populations defend against the concentration of social power evident in large-scale societies. Both communities have managed to exploit the power of scale to initiate a redistribution process that “is democratically managed for the maximum human benefit” (Bodley 2003: 235). The capitalistic practices of both communities result in economic gain, but for the benefit of members.

The intrinsic value in any societal study is in indicating problems and supplying alternative solutions. The systems highlighted offer concrete examples for restructuring and correcting the maldistribution of resources. This study examined the socioeconomic implications of land use for two U.S. communities: a rural community in New Mexico and an urban community in Delaware. Though a major portion of the study was an assessment of alternative values concerning revenue distribution, it also concentrated on the manner in which land is *utilized*. In one community, the resource-rich lands are developed to create operating capital. The capital is then reinvested within the community or devoted to outside moneymaking activities. In the other community, a tax is implemented to create revenue that is also reinvested in the community. The methods used to generate money, while different in application but similar in result, offer solutions

for economically depressed areas of the country and world. And while the two communities profiled are both small-scale, Taiwan's successful implementation of ad valorem land tax also attests to the efficacy of the social redistribution system (Laconte and Strong 1982).

The single tax method of generating revenue developed by Henry George and practiced in the three Delaware communities profiled in Chapter Four offers a solution for the economic inequalities of urban centers. The single tax could be implemented in any economically depressed urban center throughout the world. Detroit, Michigan, for instance, where 1 in 4 buildings is unoccupied and rundown, is a city that could benefit from the single tax. Many of Detroit's property owners are no doubt eagerly awaiting a citywide economic revitalization to stimulate their property's value. Implementing the single tax, just as George insisted, would force these speculators to improve or sell their land. Instead, employing George's single tax system would force the *landowners* to instigate Detroit's economic recovery. If taxes were assessed based on land values instead of property values, than owners would be persuaded to make the improvements necessary to increase the land's earning potential. The economic recovery realized in Harrisburg, Pennsylvania could certainly be reproduced in Detroit.

It is improbable that the United States would ever implement ad valorem land tax on a national level. Since homeowners benefit from the present system, as do land speculators, and governments are loath to change, it is unlikely that this arrangement will ever cease. Recently, the Internal Revenue Service eliminated the provision that a homeowner aged 55 or over can utilize a onetime capital gains tax exemption. This exemption allowed a homeowner to sell a house and buy a less expensive house without



accruing tax on the price discrepancy. Instead, every two years a married owner can sell a house, file a joint return with their spouse, and deduct as much as \$500,000. To qualify, the house must have been lived in consecutively (i.e. “primary” residence established) for two of the five previous years. It is not illegal (nor uncommon) for owners to sell their primary home, use the deduction to avoid the tax, and move into what was their “weekend” home. Since “primary” residence requires living full-time in a home for two out of five years, two years after moving into the “weekend” home it is now possible (and perfectly legal) to sell that home, utilize the \$500,000 deduction clause, and once again avoid the tax. In four years, a homeowner can earn \$1,000,000 tax-free (personal communication; 2006). Weber’s argument (1922) that land gave the wealthy “specific life chances” was incomplete, he neglected to include the advantages that property ownership afforded to American homeowners.

Sharing resources has improved the lives of all Jicarilla Apaches, aiding in their transformation from a people near-extinction at a population of 588, to the economically successful society that exists today. Their system is one that could be enacted in other reservation communities. According to the Indian Health Service’s *Trends in Indian Health* (1991: 42, 45, 47) American Indians suffer death rates from motor vehicle accidents, suicide, and homicide at nearly twice the rate of American society. This phenomenon is no doubt exacerbated by poverty, resulting in poor roads, hopelessness, and increased interpersonal violence. The Jicarilla Apache Nation’s system provides an example to emulate not just for reservation economies, but for economies in dominant society as well. Establishing co-op type communities (“commons” in colonial America)

with lands established as public and private are certainly not impossible (in Delaware they are called the Ardens.)

This study has shown that the Jicarilla Apache Nation's financial improvements began as soon as they incorporated and organized their economy as a cooperative enterprise. Though slated for extinction, today they are a vibrant people enjoying a thriving economy. Collective utilization of their resource base has allowed them to add to their landholdings, build schools, a shopping center, and even a hospital. Community cohesion and savvy leadership created this reality. Future success is virtually guaranteed if the Jicarilla remain dedicated to their small-scale values of community interdependence.

In urban communities lacking in subsoil wealth, ad valorem land tax could be instituted. Examples of the successes achieved from the implementation of land value taxation, provided in Chapter Four, could be reproduced in almost any community throughout the world. The greatest value of this alternative tax measure rests in its ability to improve the community, as evidenced in the provided examples above.

Henry George lived less than two decades following the release of *Progress and Poverty*. Though only 58 years old, in October of 1897 he suffered a fatal stroke (Wiencek 1992: 128). In the years following the publication of his seminal work, he twice ran unsuccessfully for mayor of New York City. One biographer's (Holbrook 1957: 161) comment on George's personality is interesting:

There was something almost magic about Henry George himself. There was nothing of the intense and often sour fanatic about him. The defeats of a quarter century left him the same gentle, sympathetic, affable, and even humorous man he had always been. It is doubtful that any other radical...appealed so warmly to those who knew or only met him

*Progress and Poverty* was the first work that challenged American complacency concerning social inequalities such as poverty and economic depressions, problems exacerbated by the Industrial Revolution (Cord 1965: 242). The economic philosophies espoused in *Progress and Poverty* had profound implications for many of George's contemporary theorists. Leo Tolstoy was a proponent of the single tax, and attempted to have it implemented in Russia. Instead, Marxist thought dominated, and Russia would soon suffer the horrors of the Russian Revolution in 1917. Interestingly, Marx hated *Progress and Poverty*, dismissing it as the "capitalists' last ditch" (Wienczek: 1991: 128). George was not an admirer of Marx, either, and after reviewing his theories referred to Marx as the "prince of muddleheads" (Cord 1965: 204). Tolstoy, however, was a believer in George's philosophies, and during a meeting with Henry's son Henry George, Jr. a decade after his father's untimely death, promised to deliver the elder George a message. "Tell him I kept the faith," said the young son (Wienczek: 1991: 128).

George's single tax philosophy offered hope for those oppressed by the social deficiencies caused by the Industrial Revolution. Although his philosophies were known the world over and George was internationally renowned (it was said that only Lincoln's assassination touched the nation more deeply than George's death,) today his philosophies have been lost to history. But they need not be. George's single tax has the ability to generate the same revenue as does a real estate tax, but with one major difference: implementing the single tax has improved the living conditions for local residents and has proven to simultaneously increase the value of landholdings.

Both of the systems highlighted throughout this study offer alternative methods of resource distribution. The system of resource allocation that each community has

implemented illustrate how sharing resources and pooling revenue results in a demonstrably improved quality of life for a greater number of people. It is because the communities elected to hold their respective resources collectively that financial gains were realized. Undeniably, had the lands been divided a few would have become very wealthy. Those few original families fortunate enough to have been allocated valuable lands would arguably be even more affluent today. Perhaps, but much of the Jicarilla Apache Nation's original success—their cultural and financial renaissance—can only be attributed to their ability to negotiate with companies from a position of strength that comes from unity. Had the lands been fractured, exploration companies would have found themselves in the advantageous position of negotiating with individual families rather than the entire Nation. Many of the Jicarilla Apache Nation's methods of generating revenue relied on intact land holdings. When the Tribal Government released Municipal bonds after the passage of the Tribal Government Tax Status Act (1982), the land secured the bond. An individual family, or even the combined efforts of numerous families, could not have guaranteed the bond. Collectively held land in both communities has allowed the governing boards to grant interest-free loans to members. Reinvested revenues have created educational opportunities and given members the luxury of spending their money locally, allowing those dollars to augment their own community.

This study substantiates that sharing land improves the lives of people and the condition of the community. More significantly, this study reveals those very advantages could only have materialized with community-owned lands. The ability of both systems to produce revenue and improve the community is evident throughout the

study. Lands designated for public use guarantees that basic needs are met; simultaneously, those allocated for private use ensures that the gains from independent activity rewards those responsible for the effort. The syncretic blending of capitalism and socialism creates economic opportunity and provides safeguards. The success realized in both communities confirms that the equitable allocation of resources creates greater opportunity. The method of allocating resources in both communities engenders economic progress and eliminates the possibility of class distinctions. Most importantly, the systems provide a basic minimum standard of living, which is certainly a worthwhile value to emulate.

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