**Lessons from Attempted Utopia:**
**Fairhope, AL and Arden, DE**

Matthew M. Harris
© 2004

**Lincoln Institute of Land Policy**
**Working Paper**

The findings and conclusions of this paper are not subject to detailed review and
do not necessarily reflect the official views and policies of the Lincoln Institute of Land Policy.

Please do not photocopy without permission of the author.
Contact the author directly with all questions or requests for permission.

**Lincoln Institute Product Code: WP04MH2**

## Lincoln Institute of Land Policy

The Lincoln Institute of Land Policy is a nonprofit and tax-exempt school organized in 1974, with a specialized mission to study and teach land policy, including land economics and land taxation. The Institute is supported primarily by the Lincoln Foundation, which was established in 1947 by Cleveland industrialist John C. Lincoln. He drew inspiration from the ideas of Henry George, the nineteenth-century American political economist, social philosopher and author of the book *Progress and Poverty*.

The Lincoln Institute aims to integrate theory and practice to better shape land policy and to share understanding about the multidisciplinary forces that influence public policy. The Institute organizes its work in three departments: valuation and taxation; planning and development; and international studies.

The Lincoln Institute assembles experts with different points of view to study, reflect, exchange insights, and work toward consensus in creating a more complete and systematic understanding of land policy. The Lincoln Institute does not take a particular point of view, but rather serves as a catalyst to facilitate analysis and discussion of these issues—to make a difference today and to help policy makers plan for tomorrow.

The Lincoln Institute offers challenging opportunities for interdisciplinary teaching, research and publishing. The education program incorporates research findings into courses, conferences and workshops for both scholars and practitioners. The publications program produces books, policy focus reports, *Land Lines* quarterly newsletter, and this series of working papers.

The Lincoln Institute admits students of any race, color, national or ethnic origin, or gender to all rights, privileges, programs and activities generally accorded or made available to students at the school. It does not discriminate on the basis of race, color, national or ethnic origin, or gender in administration of its educational policies, admission policies, scholarship and fellowship programs, or other school-administered programs. The Lincoln Institute is an equal opportunity employer.

For more information, please contact:


Lincoln Institute of Land Policy
Information Services
113 Brattle Street
Cambridge, MA 02138-3400

| | |
|---|---|
| Phone | 617.661.3016 |
| | 800.LAND.USE (526.3873) |
| Fax | 617.661.7235 |
| | 800.LAND.944 (526.3944) |
| Email | help@lincolninst.edu |
| Web | www.lincolninst.edu |

**Lincoln Institute of Land Policy**
**Working Papers**

Lincoln Institute working papers make available the results of new and continuing research. Although papers may be in early draft stages and subject to revision, they should strive for final publication in reputable scholarly or professional journals.

To be accepted as a Lincoln Institute working paper, a manuscript must explicitly address one or more items on the Lincoln Institute's current agenda, which is organized in three departments: valuation and taxation, planning and development, and international studies.

In addition, working papers must:

- build on rather than repeat earlier work—through new data and analysis, an original interpretation of previously available data, or an innovative theory;
- demonstrate awareness of the most relevant previously published sources and, for empirical papers, summarize the data and methods used;
- be coherently argued, logically organized and clearly written.

Submissions to the working paper series are subjected to informal review to ensure that each paper meets these basic standards without requiring that it be a completely finished product.

We give the highest priority to manuscripts that explain in a straightforward manner the significance of their conclusions for public policy. However, the Lincoln Institute is a nonpartisan organization and strives to present a variety of viewpoints on the issues it addresses. The opinions expressed in working papers are therefore those of the author(s) and do not necessarily reflect the views of the Lincoln Institute.

For more information about the Institute's programs, please contact one of the following department chairmen:

| | |
|---|---|
| H. James Brown, Cochairman | Department of International Studies (China) |
| Armando Carbonell, Cochairman | Department of Planning and Development |
| Rosalind Greenstein, Cochairman | Department of Planning and Development |
| Martim Smolka, Cochairman | Department of International Studies (Latin America) |
| Joan Youngman, Chairman | Department of Valuation and Taxation |

Lincoln Institute of Land Policy
113 Brattle Street
Cambridge, MA 02138-3400

| | |
|---|---|
| Phone | 617.661.3016 |
| Fax | 617.661.7235 |
| Email | help@lincolninst.edu |
| Web | www.lincolninst.edu |

**Abstract**

The towns of Fairhope, Alabama and Arden Delaware were founded in 1894 and 1900 respectively. Both were intentional communities founded to demonstrate the economic principles advocated by Henry George by holding the land in common and leasing plots on a long-term basis to individuals for private development. Both towns did collect considerable economic land rent in their early years but both towns eventually settled on policies that collect only a small portion of the economic rent for public purposes. While both towns are successful in the sense that they continue as excellent places to live, both strayed from their original purpose. This paper concludes with eight specific lessons to be learned from the experience of these two unusual towns, drawing from historical records and current real estate data.

## About the Author

Matthew Harris
200 Academy Drive
Suite 160
Austin, Texas 78704
512-478-6948 ext 113
mharris@geotrends.net

Matthew Harris is the principal and founder of Geotrends, a marketing analytics consultancy specializing in combining Geographic Information Systems (GIS) with more traditional data-mining and database marketing. Mr. Harris was a founder of another Austin based data-mining technology company, Trajecta. Earlier in his career he worked in several different positions for the IBM Corporation.

He is a fourth generation member of the Fairhope Single Tax Corporation and his maternal great-grandparents were among the first Fairhope settlers. As part of his professional practice Mr. Harris also applies GIS tools to the valuation of real estate. Mr. Harris is particularly interested in re-framing the Georgist economic arguments into present day language, and in applying GIS to the global assessment of land values. He is also serving on the City of Austin Commission for redeveloping the old Mueller Airport into what will become a new-urbanist infill community.

He holds a B.S. in Chemical Engineering from the University of Florida and studied under a Fulbright award at the University of Karlsruhe in Germany. Mr. Harris is the co-author of several patents related to applying optimization algorithms to credit card portfolios.

**Table of Contents**

**Lessons from Attempted Utopia: Fairhope, AL and Arden, DE**

## Introduction

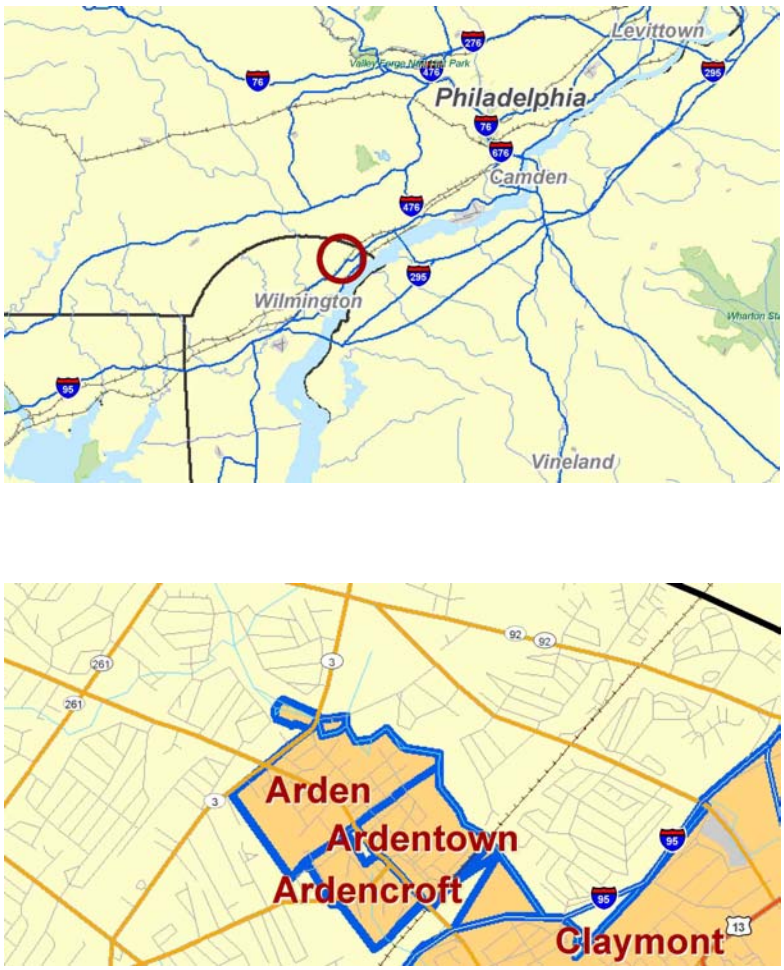
Most communities form because of some set of happy accidents. A good location with a port helps a town to grow, or perhaps a central location within an area of strong agriculture makes an ideal place for a town to start and develop. Sometimes proximity to natural resources such as steel or coal will drive the development of a town. In contrast intentional communities arise when some group of people decide to come together and live a certain way. The drive to form an intentional community is typically something other than simple economic advantage. American history is rich with examples of intentional communities, many of them with a religious purpose. Typically a group of people is not satisfied with their lives within the greater society and chooses to relocate where they might build a community that better supports their particular aspirations. History shows that most intentional communities eventually fail, so those that survive may provide unique opportunities for us to learn. In this paper I examine two intentional communities that have survived for more than 100 years, Fairhope, Alabama and Arden, Delaware.

**Figure 1: Fairhope Regional and Local Map**


Fairhope was founded in 1894 while Arden was started in 1900. Both were intended to be examples, inasmuch as possible, of the economic principals of Henry George, the American writer and economist of the late 19th century. Both towns drew an amazing diversity of people who wanted to participate in something different from what mainstream American offered in the 1890's. Much of the American communitarian experience of the 1800's was precipitated by religious convictions, while Fairhope and Arden stand as counter examples of secular communities. In this sense their examples are probably more broadly applicable to others who might learn from their experience.

In writing this article I would like to disclose that I have considerable personal ties to the town of Fairhope, although I no longer live there. My maternal great-grandparents were among the earlier settlers and were attracted there by the ideals upon which the town was founded. My grandparents arrived there as young children, my mother was born there, as were two of my siblings. Our family lived in Fairhope for several years when I was growing up and my brothers and I were treated to many vacations there with our grandparents when we lived elsewhere. Fairhope was something of a home base to which we would always return. I am also a member of the Fairhope Single Tax Corporation, although the distance from my home in Austin, Texas has prevented me from strong participation in that organization.

**Figure 2: Arden Regional and Local Map**




I have many fond childhood memories of Fairhope because of strong family ties. My grandparents were the anchor of a large extended family, but they were also living history in that they were among the early Fairhope settlers. If our family was typical mainstream American in some respects, it was remarkably different in some others. At my grandparents house on the same shelf as The Bible were also well-worn copies of Henry George's *Progress and Poverty* and *Protection or Free Trade*. Summer outdoor gatherings were as likely to be animated by discussions of George's economic theories as the latest current events. This sense of intense engagement with broad economic theory offered a window into early Fairhope when such conversations were common in many households and at community gatherings, although that is no longer the case in Fairhope today. It used to be said of early Fairhopers that if you assembled three or four together for a discussion, you could count on having six or eight different opinions.

As soon as I was old enough to learn about the unique underpinnings of Fairhope, I also began hearing about Arden, Delaware, which was always considered as a kind of smaller sister city to Fairhope off in the Northeast. It was only recently that I studied Arden carefully, and it is truly remarkable how parallel the history, successes, and failures of both towns are to each other, although Fairhope is a considerably larger town. These similarities strengthen the lessons we might learn from these two remarkable towns born of that unique American willingness to experiment with our social arrangements.

## The Message Of Henry George

What was it that Henry George wrote that moved so many people to join the promised land of these intentional utopian communities? George's message was one of hope, new possibilities, and dire warnings. It was a theory that reconciled what appear, to conventional thinkers then and now, to be irreconcilable truths. In the brief description that follows, I take the liberty of departing slightly from George's terminology in order to place the theory contained in *Progress and Poverty* clearly in the language of our time.

When the state enacts rules that permit one person, or group of people, to do what others are not permitted to do, it creates a *privilege*. Some examples of privilege are: 1) allowing only one company to use a given broadcast frequency, 2) The exclusive right to use a portion of the earth's surface, or 3) Only licensed people may practice a given profession or trade. Privileges are created in order to advance civilization, and indeed most significant *progress* would not be possible if the state did not create privileges. No one would invest the effort and equipment to operate a radio or television station if anyone else were permitted to interfere with the signal. No one would construct a home or commercial building, or raise a crop, if they did not have the security of knowing that others could not take what they had produced. Many specialized professions such as engineering, medicine, or mass transportation require a level of trust that may be enhanced by the creation of a privilege that makes damaging fraudulent or incompetent practice less likely. Each privilege, while beneficial to the creation of wealth, reduces the freedom of everyone else in some degree.

Privileges are almost always justified by the fact that they promote a more intense level of productivity. They tend to make society richer by creating the possibility of more intense use of natural resources or acquired knowledge. But privileges, as we presently maintain them, do something else too. Although they create the possibility of a richer society, they also guarantee that the additional riches will be shared in a very unequal way and the inequality has nothing to do with how productive any one person might be. By creating privilege *and not requiring the privilege-holder to remit ongoing compensation for their privilege*, the state assumes an active role in the distribution of wealth.

When people today commonly speak about the state altering the distribution of wealth, it is usually through taxes on "wealthier" people to pay for services for "poorer" people. One of George's essential insights was noting that when the state creates privileges, *and* also *refrains* from demanding a reciprocal annual payment, the state likewise assigns a greater portion of the product of society to the few who hold the valuable privileges. According to George privileges are necessary for *progress*, but without an ongoing compensating payment, *poverty* for many will persist despite the increase in overall wealth. Without ongoing compensation for privilege the state rigs the game in favor of the privileged few.

George's insight didn't stop there. He was a passionate advocate for free markets and advocated the end of taxation on productive activities, which is to say taxes on labor and man-made capital. George recognized that such taxes weren't just unpleasant to pay, but also tended to make society less wealthy than it would be without them. By responding to taxes on production people often do things that improve their own situation, although those actions may make society as a whole less wealthy. Examples of this principle are: 1) A tax on labor might induce people to work less simply because the last bit of work they wanted to do was no longer worth the bother to them, or 2) The owner of a barely-productive building might tear the building down if he had to pay a tax on the structure. In each of these cases the individual regards themselves as being better off for their actions, although clearly society as a whole is less wealthy because of these perfectly rational personal decisions.

George's proposal was that we would be much better off as a society if we phased out taxes that fall on productive activities, while simultaneously collecting the value of state-created privileges. George's proposal shifts the entire conversation surrounding government revenue, and indeed the very role of government. Government must charge the holders of privilege an annual fee, not for any particular public benefit to be had from the spending of the money, but as a means of restoring equality among the citizens, where it had already created inequality through privilege. Under George's plan the government would provide needed services, but any excess over what was needed to provide those services would be rebated back to the citizens equally. The most important purpose of government revenue collection was to restore equality between those who enjoyed privilege and those who did not.

The Georgist proposition came to be know as the "Single Tax" because of the aspect of it that calls for replacing various taxes on industry with a single source of public revenue from land, which was carefully defined as meaning all privileges in natural resource use. George never really liked the name *Single Tax* because it implied much less than he was proposing, which was a complete rearrangement of social-economic relationships. The fiscal adjustments were just the mechanism for promoting equality of opportunity.

George's proposal is one of the most intense advocacies for economic freedom ever written, *but subject to the equal freedom of all*. Most people would accept the basic fairness of the following propositions individually and as theoretical notions:

1. We all have an equal natural right to be here on our planet and to enjoy it's many benefits and treasures.
2. Individuals have a natural right to own what they create; to the creator belongs the created.
3. Everyone has a natural right to do as they please subject to not inflicting harm on others.

George provided a theoretical plan for how we might actually have a society that reconciled these propositions. No society has ever implemented his plan, so it remains to be seen what would happen if it were ever put into practice.

## A Background: The America of 1900

As we enter the 21st century it might be helpful to imagine what it was like to our ancestors as they entered the 20th century. The parallels are striking. Arden and Fairhope were founded at a time suffering from many of the same problems we have today.

They emerged from a bitterly divisive war in the 60s, and then had to find their way through a troubling persistent decade of economic difficulty in the 70s. Prosperity did return and took them to unheard of material advancement that seemed to offer the prospect of a good life for everyone. New technologies in all fields heralded a new era of truly wondrous possibilities.

But all was not well in our country. The differences in income and ownership of assets among the population reached staggering proportions and would seem to mark the coming of a rigid class system. The rigidity of the European economic class systems is what drove most of our ancestors to this country. Neither of the major political parties wanted to address this issue, and if they did, neither seemed to have any workable plan. Small splinter parties offered numerous demagogic solutions. Immigration reached proportions that were troubling to many Americans.

Add to this mix of difficult circumstances the fact that the country just engaged in a foreign war (Spanish-American War) that seemed to have been fought on completely false pretenses. War profits and spoils were being given out to the politically connected in a manner more associated with Imperial Rome than the idealist republic of our dreams. The formal part of the war went quickly and successfully, but they were bogged down in what appeared to be a long insurgent war overseas (The Philippines). Many foreign countries condemned our recent war and looked warily at us, not knowing quite what to expect from us. Elements in our population were positively jingoistic with national purpose on the world stage.

Many Americans are disturbed about the course of our country, but most are not sure what we need to do differently. A small number of people were definitely ready to do some experimentation with their lives to come up with a new way of living.

The more things change, the more they stay the same. There are, of course, important differences as well as similarities between the beginning of this century and the beginning of the last. Fairhope and Arden present two examples of how our time is different from 1900 with some lessons we might apply to our time, which is not so unique as many of us might imagine.

One key difference is that we seem to live in a time in which the impulse to experiment is more evident mainly at the individual level. We all probably know individuals, or families that live unusual breakaway lives. While we seem to believe strongly in individual reform, we seem to be in an age in which the idea of re-arranging our community relationships seems to many to be unattainable. But it was very independent

minded men and women who founded these intentional communities. Though personally independent thinkers, they deeply valued community life and saw in the basic structures of community the possibility of having a more fulfilling personal life as well. They were searching for a more satisfying definition of the individual within a community. In their search for a new balance between the individual and the community we might learn from these unusual Americans.

## Fairhope – The Present Day City

Most people visiting Fairhope for the first time are struck by the charm and beauty of the city, and quickly come to the idea that there is something unique and different about the town. The outward differences are not hard to name. The city is located on the eastern shore of the Mobile Bay situated on a bluff overlooking the water. The half-mile waterfront and bluffs are all part of the city's park system and are generously open to all. Fairhope Avenue serves as the main street through town and winds down the bluffs to the public pier, providing a dramatic, eye-pleasing view for the entire descent. The public pier serves as a welcoming focus of civic life.

**Figure 3: Fairhope Municipal Pier and Park**

The central business district of Fairhope is filled with active businesses and generally attractive locally owned stores. For practical purposes there are no empty lots or buildings. The sidewalks are generous and invite the visitor and resident alike to walk safely wherever they might wish to go. The town is the kind of place that invites you to get out of your car and be a part of the scene. If Norman Rockwell were to walk the streets he would have no trouble finding inspirational scenes for one of his famous All-American paintings.

If you were to walk around the older neighborhoods you will see a generally pleasing mix of housing including modest Victorian houses with friendly porches, bungalows, and simple but attractive cottages. Adjectives that come to mind might include, quaint, charming, and unique. Old Fairhope has a charm, dignity, and a definite egalitarian feel. Among the older houses there are none that would be called mansions and there are no hovels.

**Figure 4: Fairhope Downtown Scene**

To the distress of many old-time Fairhopers there is a developing trend of newcomers tearing down old modest homes and replacing them with large out-of-character "McMansions." Several efforts are underway to encourage historical preservation. The current winds of change are definitely altering the original town.

The newer, more easterly residential parts of the city have more conventional suburban style houses typical of the post-war era. Along the eastern fringe of town there are several shopping centers that could be located anywhere in the U.S. The growth in new housing is almost entirely outside of the original town area.

The town of Fairhope today has about 12,000 residents and is growing rapidly. The growth is largely fueled by the town's proximity to Mobile, serving as a bedroom community, but also as a refuge for families unhappy with the troubled Mobile public school system. There is no small irony in the new growth of Fairhope. One hundred years ago the founders of Fairhope arrived with the express purpose of solving large and pressing social problems; today's newcomers often see Fairhope as a safe place where they can avoid social problems, more or less giving up on any solution.

The Fairhope Single Tax Corporation (FSTC) is the successor to the founding organization, The Fairhope Industrial Association (FIA) and is located in a modest office at 336 Fairhope Avenue in the heart of the downtown commercial district. The influence of the FSTC on the town today is very slight with few people even noting its existence. When I asked the mayor, Tim Kant, about what influence the FSTC has had on the development of the city he referred mostly to past accomplishments such as the building

of the wharf, donating parklands, and starting the library system. Mayor Kant did also readily acknowledge that having the city inherit the utility system from the FSTC had been a definite boon to the city as it accounts for more than 40% of the city revenue, allowing the city to be the only Alabama city of its size not to levy a sales tax. (Note that a considerable portion of the income from the utility system is actually economic rent.) The Mayor also said, "The FSTC is a stabilizing influence. If we have right of way issues, we can often resolve them quickly because the FSTC owns so much of core city property."[1] Mayor Kant also said that he frequently receives calls expressing confusion about what rights individuals have with FSTC leases. But generally speaking the municipal government and the FSTC have little to do with each other.

Mayor Kant played a strong role in shaping Fairhope's present appearance. When he arrived in Fairhope in 1983 as the City Horticulturist then-mayor James Nix charged him with the task of "making Fairhope into the Carmel of the Gulf Coast," referring to the beautiful California town famous for its flowers. Kant went on to become the Public Works Superintendent, and seems to have largely succeeded in his original assignment. The present city is beautifully decorated with flowers and attractive sidewalks from the downtown through to the bay front. While credit for this beautification should go to the Kant and the city, it should also be acknowledged that much of the public space in the form of parks and sidewalks was generously set aside for public purposes by the FSTC in an earlier time.

If modern day Fairhope has become a beautiful "Carmel of the Gulf Coast" it has also become something in the direction of Carmel in terms of its real estate prices, making it less and less affordable for persons of moderate means. An ordinary 66' x 132' city lot not far from the bay, but without a view recently "sold" for $480,000[2] as a tear down, meaning that the new owner recognized no value in the old cottage that had been on the property. The land is, in theory, owned by the FSTC although obviously it is not collecting any significant land value if the land carries such a selling price. The "sale" consists of a transfer of lease at the FSTC office, not much unlike any typical property sale anywhere in the USA. The underlying property arrangements in Fairhope today are very different from what the founders intended. How did it all happen?

If you ask most people who know about Fairhope to give their impressions you will likely hear about the beautiful waterfront, the arts and crafts fair, the July 4$^{th}$ celebrations, and perhaps other unique features. A few better-informed people might mention the unusual origins or the politically progressive attitudes of the early years, but you would search in vain for evidence of any such egalitarian or progressive politics today. In 2000 the voters of Fairhope went 75% for George Bush, an even higher margin that the state total of 56%. With extremely expensive real estate the city is fast becoming an enclave of the conservative and the wealthy. While the casual observer reflecting on Fairhope in its second century might consider it a success, E.B. Gaston's grandson and historian, Paul Gaston, believes his grandfather would consider it a terrible failure.[3] What began as an experiment in social and economic equality has become an enclave of the wealthy and the conservative. Fairhope has become something very different from what its founders intended.

## History of Fairhope

### The Early Years

Fairhope, Alabama began in Des Moines, Iowa in the work office of E.B. Gaston. Gaston was at the center of the Des Moines Single Tax Club, a group of socially conscious thinkers searching for practical solutions to what they saw as an unhealthy and demeaning social and economic order. They were deeply disturbed by the large and growing inequalities in wealth that attended the Gilded Age and with the unhealthy effects this inequality had on social arrangements. Gaston was a synthesizer of ideas and was strongly influenced by the thinkers of the progressive movement, most notably, Henry George. Over several years, Gaston and his social network developed the idea of "Cooperative Individualism," which Gaston conceived of as a philosophy pulling together the best of celebrated American individualism and the emerging social consciousness implied by socialism.[4] Within Cooperative-Individualism most aspects of economic life would remain in private hands, but monopolies of all kinds would be publicly owned, or at least heavily regulated. On January 4, 1894 the 13 members of the Des Moines Single Tax club voted unanimously to put their ideas into practice by founding a "Colony" based as closely as possible on the Georgist Single Tax theory. [5]

E.B. Gaston was no idle dreamer but was rather more of that rare mix of pragmatic achiever bundled with pure American idealism. He had met with some modest success as an independent businessman, and had been politically active in the populist movement, generally seen as a young man with a political future, if he so desired. But Gaston was frustrated with the prospects for reform through the political process and looked instead to the communitarian traditions of the early 19th century as a model for how best to proceed with radical reform. Gaston was eager to put his ideas into practice in an experimental model community. In early 1894 Gaston's little group in Des Moines formed the Fairhope Industrial Association with the stated purpose:

> "…..to establish and conduct a model community or colony, free from all forms of private monopoly, and to secure to its members therein, equality of opportunity, the full reward of *individual* efforts, and the benefits of *co-operation* in matters of general concern.[6]"

Legend has it that the name Fairhope came from one of the conversations when the new enterprise was being organized. One of the participants speculated on what their chances of success might be. Another cautiously gave the opinion that they had a "fair hope" of success. Somehow this modest estimate struck a chord with everyone and became the official name of the new enterprise: *Fairhope*.

The plan was to acquire a piece of land sufficiently large to build a town and to hold the land in common. The community would lease parcels on a long-term basis to individuals who would pay into a common fund the full rental value of their particular leasehold. The common fund would be used for public purposes such as infrastructure, or schools. Individuals would construct their own houses or other buildings and own them as their

private property. The leases were to be easily transferable such that the lessee would be able to sell his improvements if so desired.

Further, the colony agreed to pay the state and local property taxes on the privately owned buildings out of the rent fund. This measure was intended to help simulate the ideal of the *single tax* wherein no individual would face an immediate tax penalty for improving his property, although the community as a whole would bear the improvement portion of the property tax. The last provision was to provide untold grist for arguments about its fairness, but it was part of the original plan, and remains through today, though modified such that tax payments do not exceed rent collections on any given property.

A search committee was given the task of looking for a suitable site and after considerable travel through Tennessee, Louisiana, Texas and Alabama, came back with a recommendation for the eastern shore of the Mobile Bay in Baldwin County, Alabama. The membership agreed to the Mobile site with a vote although only one of the future "colonizers," James Bellangee, had ever seen the property they intended to colonize.

In 1894 most of Baldwin County Alabama was very sparsely settled. The eastern shore of the Mobile bay had several established small villages on the coast but a considerable stretch of the coast between Battles Wharf and Montrose was almost completely empty of human settlement. In the mid-1800's there had been an attempt to form a city called "Alabama City" near present-day Fairhope, but the endeavor had failed. The land was poor for agricultural purposes and there was no established industry of any sort. The few local inhabitants made their living through subsistence, fishing and agriculture. There was a resort hotel at Point Clear a few miles south of the future site of the town. The early Fairhope colonists were drawn to the site because the land was cheap and they reasoned that there was some latent value in being located on the coast.

The actual beginning settlement of Fairhope was extraordinarily inauspicious. Twenty-five people, counting children, arrived at the appointed day of November 15, 1894 in Mobile. They came from several different mid-western states and most did not know each other except by correspondence. Most were poor, typically having at most a few hundred dollars in family possessions. One family came by covered wagon from Ohio.

While financially poor, these colonists shared a rich and abiding belief that the remedies to social problems as expounded by Henry George held the key to a better life for themselves and for the nation. They believed that if a small working experiment could be created to demonstrate the Georgist principles, then surely larger scale political reform would follow. They were willing to stake what little they had in this small, but bold experiment. It is difficult to imaging a successful gambler having taken a bet on the survival of this little settlement.

The initial land purchase was for 132 acres at $6.00/acre and included the crucial 2800 feet of bay front. Although the land holdings eventually grew to over 4000 acres, the colony was never able to achieve the contiguous 15,000+ acres that had been initially imagined. And most crucially, even from the beginning the colony was never able to

consolidate its holdings into a contiguous block of land. Because of this, the colony experiment would always have in its midst land holders who were not part of the experiment.

Little by little, the colonists succeeded in forming a town. If the initial Fairhope settlement was simple and primitive, the thinking behind it was not. Before arriving the colonists already had an established newspaper, The Fairhope Courier, the first edition having been printed in Des Moines in August 1894. The "Fairhope Industrial Association" (FIA) had already issued its own "script", a form of local money to be introduced to facilitate trade for the first arrivals. The original plan called for the town to create and operate several industries in addition to owning the land in common. This small town started with some big ideas and considerable planning.

The issue of creating community owned businesses deserves some special consideration. Although the original colonists were strongly convinced of the free-enterprise ideas of Henry George, the early colony attracted a considerable faction of more socialist minded people. Thus during about the first ten years of the experiment the colonists were of varying minds about the role they expected the association to play in the operation of industries in addition to owning the land. On one end of the spectrum there were members who wanted some considerable level of business ownership by the Association, while the other extreme only wanted the Association to just collect ground rent and perform more traditional community services, as needed. In the early years the Association did, in fact, operate a variety of businesses: a general store, wharf, steamship, newspaper, telephone, waterworks, power plant, library, and the People's Railroad. Only the wharf operation endured for very long, lasting until 1927 when the operation was turned over to the municipal government.[7]

Those early years of the colony also showed the members to be remarkably innovative when needed. For example, it was absolutely necessary for the town to have a wharf so that boats from Mobile could load and unload. There was no road connection to the outside world in 1895. But after the initial land purchases the Association had no funds remaining for construction. The Association issued "wharf certificates" for "donations" of labor and materials applied to the construction effort. The colonists built a wharf in short order. The certificates were redeemable for $1.25 in future services for $1.00 in current materials and labor. For several years the certificates served as a fully circulating currency. Likewise for some of the early public works such as roads and water systems members were paid for labor in colony script redeemable to the Association. Generally, the Association script would be used to pay land rents to the colony, but could also be redeemed for legal tender. It is a testimony to how well this process was managed that the script generally circulated at little or no discount to hard dollars, and local merchants readily accepted the script.[8] Students of economic theory will also note that these forms of currency were backed up by their ability to command rent services with a high level of certainty.

The town grew rapidly such that by 1904, ten years after the founding, there were more than 500 people living on the Association lands with about as many living on nearby

adjoining lands. One remarkable feature of such a small town was the number of clubs and associations. A resident in 1903 wrote that the town counted the following organizations: Henry George Club, Socialist Club, Library Review Club, Fairhope School of Philosophy, Progressive League, Dancing Assembly, Village Improvement Association, Women's Suffrage Association, Fairhope Winter Assembly of Chautauqua, Fairhope Society of Arts and Crafts, Fairhope Dramatic Club, Academy of Sciences and Art, Henry George Athletic Club, Fairhope Library Association, Arbitration Society, and the Fairhope Band. Fairhope was a sociable place.[9]

To give some measure of the early situation in Fairhope, a few other firsts are worth noting. By 1904 Fairhope had revived the 4th of July celebration for Baldwin County. As in much of the deep-south, celebration of the 4th had been suspended since the civil war. Fairhope built the first public water works in the county although several other cities had been in operation for many decades. Fairhope built its public library with more than 3000 volumes before Mobile had even established a library. Neighboring communities referred to the town as "arty" and "intellectual", perhaps suspect by some, but generally embraced as the major hub of social activity for the county.

If Fairhope was progressive and egalitarian in some dimensions, there were other aspects of the town that were less so, and fair accounting of history demands that these be acknowledged. The choice of a location in the Deep South of 1894 meant that the colonists would have to either oppose the local systems of racial segregation or give up on "equality of opportunity" inasmuch as African-Americans were concerned. Paul Gaston, the grandson of E.B. Gaston, poignantly describes the choice that confronted the colonists.

> '….When a supporter of the colony raised concerns about the exclusion policy [racial segregation], there was no evasion in my grandfather's reply. "The criticisms of our friend illustrates anew the difficulties and differences of opinion arising in the effort to determine how far we can practically go in the 'application of correct theories' within a general condition of applied incorrect ones over which we have no control."…But when asked if the colony should "Follow the naked principle of equality unreservedly [racial integration], regardless of existing conditions he could not advise it. To do so, he [Gaston] believed would stir the wrath of the neighboring white Southerners and bring to a cruel end the infant experiment…[10]'

The mid-western colonists abandoned any notion of creating a colony that would allow "equality of opportunity" that included African-Americans. Considering that the colony was already chaffing against many settled notions of proper social-economic arrangements, it was probably impossible to also throw in the explosive issue of racial equality at the same time and expect anything like success. It is a realistic, if sad, assessment that only so much change seems possible despite the best of intentions.

The Fairhope Industrial Association formed in 1894 in Iowa was incorporated in the state of Alabama in 1905, eleven years into the experiment, as the "Fairhope Single Tax Corporation." The incorporation required a special act of the legislature and it would

prove to be the first of several occasions in which the little village would have its business brought before the courts and legislature. The name chosen for the new organization is also odd and has probably been a liability as well as a source of confusion. The community could not actually create a real *Single Tax*; it had no authority to levy any taxes. In reality the FSTC was a land holding corporation in the eyes of the law, in principle no different from any other land developer. The FSTC and all of the residents have always been subject to the same taxes as any other citizens. While the FSTC initially acted in some sense like a governmental body, it never actually had governmental authority.

Fairhope grew rapidly and by 1907 the need for some form of municipal government became ever more apparent. Initially, the Fairhope Industrial Association had taken care of community needs, but there was always a question of how the community would define itself. The initial colonists had insufficient funding to acquire a large contiguous block of land and so the town had grown with privately deeded land mixed in within the colony lands. The colony owned the magnificent bay front and considerable lands extending back from the bluffs. It also owned what was becoming the commercial center, but from the town center eastward, northward, and southward, the land ownership was a checkerboard of private and colony lands mixed together. Furthermore the colony constitution prohibited it from using lease proceeds to buy more land, thus practically blocking off the possibility of bringing all of the land under common ownership. The colony constitution had anticipated providing services to member lessees only. But by 1907 there were many more non-member lessees on colony land than member lessees, and the total number of people on colony land was about equal to the number on deeded land. The situation created a strange mix of interests.

The situation was further complicated by the internal workings of the colony. The original plan called for people to become members by paying in a sum of money ($250) to be used to purchase land and help start the community. An installment plan was available for those unable to come up with the full $250 in a single payment. The paid up members would exercise political power by electing the colony leadership and there was a strong referendum process built into the FSTC constitution. The initial number of paying members was smaller than had been hoped for, so land purchases were less as well. (The difficult situation was offset somewhat by generous contributions from benefactors such as Joseph Fels, the great soap magnate, who helped the colony purchase additional lands.)

Within the first few years the colony found itself leasing land to non-members, who did not have the necessary funds to become members. Many of these non-members did not share the ideals of colony, but were simply drawn by the prospect of obtaining free land in a growing town in a pleasant place. A considerable number also came with their own ideas of utopia including a spicy mix of socialists, anarchists, free-lovers, and artists. Many of these non-member lessees did not want to pay increases in land rents, even if the town grew and land became more valuable. There is solid evidence that as early as 1905 the colony was not collecting anywhere near the full rental value of its lands. The situation was further complicated by the fact that the early colony membership could not

come to a consensus about what fraction of land rent to collect or what formulae to apply to estimate rents.

When the town of Fairhope considered incorporation in 1906 the political landscape contained a strange mix of interests. About half the population lived on private, deeded land that benefited enormously from the colony provided benefits. However, only lessees paid for the benefits. The private landholders had no interest in expanding the colony experiment and stood to gain from the growth of the city. With every colony funded public project their land became more valuable. Although benefiting greatly from the colony plan, many may have resented its relatively closed political culture. The non-member lessees comprised a group that also benefited greatly from the colony plan, but once they had obtained their leases they had a personal interest in restraining full collection of the land rents. Though officially discouraged, there is clear evidence that even in the early years leases were being sold with "bonuses" – payment for the uncollected rent of land. In addition some colony members occupied what had become prime locations in the growing town. While most were committed to the ideals of Fairhope, many of them were more eager to personally realize the rent of land than have the colony collect the full value.

Against this backdrop the first election was held in 1908 and was a heavily contested affair. The mayoral election pitted E.B. Gaston against H.S. Greeno. Greeno was an avowed opponent of the colony plan although he had applied for membership twice, and been rejected both times. Greeno narrowly won the election. Although colony members won three of the five alderman seats the direction had been set that the colony would never guide the direction of the city government. It is one of the imponderables of Fairhope history to consider what might have happened had Gaston been able to sway a few more voters and thus guide the Fairhope city government as well as the FSTC. It is also worth considering what a difference it might have made if the colony had connected with non-colony residents in a way that would have resulted in more of them joining with the colony purpose.

The Fairhope experiment was intended to be a demonstration that would, in turn, precipitate political action, it is worth noting the political events of the time that had a bearing on the expansion of the utopian dream. Most of these events were not favorable, although it would have been difficult for the colonists to have anticipated many of them. The 1901 Alabama constitution prohibited the taxation of land and buildings at different rates, effectively blocking wider application of the Fairhope plan without intense political involvement and success at the state level.

At the national level the federal income tax became law in 1913, which made the net income to the FSTC taxable. Thus, the FSTC faced the need to raise enough funds through land rents to 1) pay for desired projects, 2) pay for all property taxes, and 3) also pay federal income taxes on the net rents collected. Further, the bay front and other parklands, being owned by a private land holding company, were subject to property taxes. The funds for paying those ever growing property and income taxes would have to come from the FSTC lessees, although the non-FSTC landowners enjoyed use of the

parks and bay front without having to pay for them. In addition the rise of the automobile culture reached a new level of impact when the causeway connecting the Eastern Shore to Mobile was finished in 1927. This effectively ended the gracious "bay boat" era while also ending the stream of wharf revenue, which represented about half of all FSTC income. The new tax rules along with the FSTC's unwillingness to collect the full rental value of its lands made for a compelling case to give the parklands to the city of Fairhope. In 1931 the bay front and parklands were deeded to the City of Fairhope free of charge. While this is often presented as an act of generosity, and it surely was, it was also self-serving for the colony membership. Given that there was no political will within the FSTC membership to collect full rental values on its land, the membership was better off divesting itself of parklands, and bay front, that generated growing expenses, but no revenue. The role of the FSTC in the city of Fairhope began its long decline through to the present.

Despite the difficulties and complexities of starting the town, Fairhope rapidly outgrew its neighbors. Daphne to the north of Fairhope and Battles Warf to the south were two established coastal towns before Fairhope was founded. Inland the town of Robertsdale is located about 13 miles to the east and was founded about the same time as Fairhope and had the advantage of being located along the Louisville & Nashville Railroad. Fairhope quickly outgrew all of these towns and became the social center of the county. By 1920 the town had a permanent population of about 1500 people.

Fairhope also became a vacation destination with many people from the Northeast and Midwest spending the winter months there. The tourist trade became one of the mainstays of the Fairhope economy. In the teens and twenties the Casino and dance hall on the waterfront by the wharf remained a lively destination for many people throughout South Alabama and beyond. The town boasted an active set of local theaters and held an annual Shakespeare festival in the summer.

Much of the tourism and cultural development was bolstered by Marietta Johnson and her Organic School. (described in more detail below) By 1920 the school had created a strong connection to the outside world bringing a steady stream of visitors to Fairhope. Life in Fairhope through the 1920's was gracious and much more cosmopolitan than one might expect from such a small town.

In some respects the town's uniqueness was at it's greatest in that era. But new forces were at work throughout the country and Fairhope was not insulated any more than other small towns. In 1927 the U.S Highway 90 causeway was completed across the northern part of Mobile Bay. This development brought Mobile to within automobile commuting distance from Mobile. Ever more people with no interest in the original principles would begin to move to Fairhope, and ever more Fairhope residents would find their livelihood away from the local economy.

The Florida land boom of the 1920's extended well into coastal South Alabama, and this created new problems for the town founded on the idea of collecting land values annually. As land values rose throughout the area the FSTC had its last serious internal

debate about whether to collect all the full rental value of its land, or just collect what was minimally needed to perform desired services. Those favoring full rent collection lost the struggle. The last remaining discouragement against land speculation was an FSTC prohibition against bonuses paid for lease transfers. Even though the parties to a lease had to pledge that no such bonus had actually been given, such bonuses were nearly universal. The official discouragement coupled with the possibility of the FSTC actually someday collecting full rents may have dampened land speculation on FSTC lands.

The Depression hit Fairhope hard as it did the surrounding communities, although Fairhope weathered the situation better than most. For example the local Fairhope bank did survive, unlike all of the other local banks in the county. While it is difficult to say exactly why one bank survived when so many others failed, it surely had something to do with having fewer loans collateralized with inflated land values. Even during the depression and through to 1944 the FSTC still had free lots that it was assigning to newcomers who could get started in a home in Fairhope with less money than would be required in neighboring towns. The FSTC did struggle during the depression with a considerable number of rent delinquencies and the percentage of total taxes paid as a percentage of rents collected reached a high of 83.44%.[11] The FSTC was on its way to becoming a simple tax collection agency with an occasional public project, although it probably did still play a stabilizing influence in the town.

The real problem facing the FSTC was that ever more people moving to Fairhope had no connection to the founding ideals of the town and the FSTC had no effective way to bring newcomers into the organization. As the depression ended and the 1940's brought in new prosperity FSTC Trustee Francis Lemon wrote in the Fairhope *Courier* on January 11, 1945: "Materially, the colony is doing well. Educationally, it is getting nowhere."[12] The FSTC membership was dwindling and there was no effective outreach to bring in new members dedicated to the founding principles.

In the post WWII era Fairhope enjoyed prosperity like the rest of the country and probably became more conformist as well. The FSTC and the Organic School continued to lose influence as fewer and fewer new residents cared about the town's founding principles. What had started as a progressive island with strong Mid-Western cultural moorings began to become culturally more like the Deep South. The linguistic patterns are telling in this regard. When I was growing up in the 1960's and visiting in Fairhope it was common particularly among older people to hear a mid-western accent around town. It was distinctly different form upstate cotton belt accents or even what one might hear while shopping in Mobile. Today one hears mainly the predominant regional accent. Fairhope has become largely absorbed into the surrounding culture with only a few, but important physical reminders of its earlier, progressive political roots.

**Key People in Fairhope**

A community is a group of people and surely the nature of the people will make a difference in the success of any community. Several people stand out in the development of Fairhope and certainly made a strong difference in the development of the town.

Richard Florida in his groundbreaking book *The Rise Of The Creative Class*[13] makes a compelling case that towns and cities that attract unusually creative people enjoy much stronger economic growth than towns that do not. In his book he notes that places that enjoy a strong sense of place tend attract unusually talented people, but that a virtuous cycle tends to take hold in which more creative people relocate, thus increasing the initial attraction. The creative pool of people then increases the productivity of the location, further strengthening the cycle. The initial cause for these early creative class people relocating to Fairhope was mainly the unique founding principles, but once there these people were certainly a force of their own.

While most of Florida's research focuses on measuring recent trends, it is reasonable to assume that similar forces have always been at work. We note in the following sections some of the remarkable people attracted to the experimental town of Fairhope.

**Marietta Johnson and the Organic School**

Marietta Johnson was a person who changed lives and moved people in a way that few could claim. She was an educator with a passion for the progressive reforms that were being proposed at the turn of the century by John Dewey, Nathan Oppenheim, and C. Hanford Henderson. Moreover, Johnson had the drive, ability, and charisma to put progressive educational reforms into practice. Fairhope provided an ideal setting for Johnson and it would be difficult to separate the early development of Fairhope from the Marietta Johnson School of Organic Education.

Marietta Johnson, her husband Frank, and their young son first moved to Fairhope from North Dakota at the end of 1902, initially for health reasons and at the invitation of friends who were part of the original Fairhope settlement.[14] The original Fairhope Industrial Association plan called for the establishment of a public school, and Johnson was far and away the most qualified person present for running such a school. She had graduated from the Minnesota State Normal School at St. Cloud, which at the time was considered one of the best teacher education systems in the country. Marietta took over the new public school and was much heralded by the town for its ambitious curriculum. But working in the confines of a state sponsored system was not where Marietta's drive would take her. After a brief time away from Fairhope she returned in 1907 to found her own school: The Marietta Johnson Organic School of Education.

Two Fairhope benefactors, Samuel and Lydia Comings, provided help to the new school and the newly renamed FSTC provided a 10-acre tract of land as well as direct financial help. Soon afterwards Joseph Fels, the wealthy Philadelphia soap magnate, gave the young school the beginnings of an endowment. The Colony-provided land was one entire city block in a prominent spot just east of the emerging central business district. The organic school philosophy meshed so well with ideals of the *Single Tax* that for many observers the two were often thought of as part of the same experiment. Johnson's ideas about "organic education" extended into radical and egalitarian terrain unlike practically any other schools then or since.

The tuition was free and any student who applied would be accepted. There would be no competition for grades or awards. In fact, there would be no grades or reports at all. The children were encouraged to act on their own interests with the school ready to provide a structure to help the child along to learn something when ready. Every child would learn several crafts, music, folk dancing, nature study, story telling, dramatizations, cooking, and games, as well as traditional subjects. Students under the supervision of professional craftsmen performed much of the school construction and maintenance. The Organic School quickly developed a boarding system with a large "School Home" where out of town students lived. About one third of the students were from somewhere else, mostly from the mid-west and northeastern states. These out-of-towners and their visiting families gave the small town by the bay a distinctly cosmopolitan feel quite different from any neighboring towns. For several decades about half of the town's children attended the Organic School while the other half attended the state supported public school.

Additional features of the school included public service, in which the students would perform some type of work for the greater community such as creating and maintaining street signs. The school built its own boat, a 32-foot schooner named *Osprey* as a student project, and later certain classes might be held on the school boat. In the teens and twenties, if you were in Fairhope you might have witnessed a literature class being held in the Gazebo in the park overlooking the bay. Or you might have seen groups of students holding a math class, carving equations by hand into the sandy sides of the many gullies dissecting the town (which the Colony preserved as public property). Or you might have seen one of the classes that built Indian Tepees on the beach and lived like Indians in them for the entire week session. At the Organic School you might have witnessed a sewing bee in which the students sewed their own uniforms for their sports teams. You might have witnessed the same team boarding the school schooner and sailing to a game in Biloxi, with the whole team manning the sheets. The Organic School of that era would definitely seem other-worldly from any typical American school today.

For Marietta Johnson natural unselfconscious growth was the key to the Organic Education philosophy. In her world there were no distinct boundaries between living and learning, between school and life, between spiritual development and academic learning. The very setting of the school was open to the community with no wall or clear barrier dividing it from the rest of the town. The lovely cluster of school buildings was open to all and children might be seen coming and going as part of their normal school activities. In the Organic philosophy a child had a right to a happy childhood and had a right to a large measure of autonomy in his development. The School was a setting with a group of teachers ready to help, nurture foster and teach, and not to mold, dictate, demand and judge. The school was a near perfect parallel institution to the FSTC, which was trying to create a town setting in which people might live in equal opportunity while exercising their own individual initiative.

As the Organic School became a success Marietta Johnson took on a role befitting her charisma, energy, and growing stature. She routinely went on the lecture circuit in the Northeast and Midwest during the summer months. The famous educator, John Dewey,

cited the Organic School in Fairhope as an example of what progressive education should strive to become. Such was the interest in the school that The *New York Times* and *The New Republic* ran numerous articles following the development of the enterprise. When John Dewey first visited Fairhope in 1913 he came as an observer and guest with his 14-year old son, who promptly persuaded his father to allow him to stay as a boarding student. Upon visiting the town in 1909, Upton Sinclair decided on the spot to enroll his son in Johnson's new school. Such was the pull that this small town was exerting on a growing number of artists, writers, and other creative thinkers. The pull is all the more remarkable considering that the town was located in the Deep South far from any of the generally recognized centers of progressive thinking.

As Marietta Johnson's fame grew she became a strong connecting link to the world beyond Fairhope. One of her outstanding creations was her winter lecture series beginning in 1921. While progressive education held the promise of building a more enlightened generation, Johnson and others believed that the process could be hastened along by educating parents, teachers, and interested social workers. To this end she created the winter lecture series in which she and other prominent educators would host visitors to Fairhope for the 6-week course. The Winter Course became a significant cultural event, attended regularly by well-known people such as John Dewey, Upton Sinclair, and Clarence Darrow, as well as many others. The first meeting in 1921 drew about 70 visitors and by 1930 was attended by people from 30 states, Canada and South Africa.[15] For a town with only about 1,500 permanent residents the Winter Series was a defining annual event.

But how would one judge the success of such a school? The nature of teaching is such that it casts a long shadow over a person's life. Does the child become a well-adjusted happy adult? Does the child meet with professional success as an adult? Many of the school's graduates went on to be successful at institutions of higher learning. They were admitted to more than a dozen colleges and universities without examination, solely on Mrs. Johnson's recommendation.[16] On a personal note, my mother attended the Organic School from 1937 until graduating in 1945, and fondly remembers the steady stream of eager young teachers from all over the country who came to train with the innovative school. She remembers it as an especially enriching experience. I cannot help but note that my three brothers and I have all done well academically and professionally, but from my mother's influence we also all learned music, several crafts, folk dancing, and gardening. While we enjoyed many influences in our formative years, somewhere in the mix was the spirit of Marietta Johnson.

Johnson died in 1938 at the age of 74 after a year of difficult health problems. Her passing marked the beginning of a long, slow decline of the Organic School. The school had struggled financially when the great depression hit with terrible force, although Johnson was able to hold the school together through those difficult times. But the tide of history was turning, at least for the time, against the philosophy of organic education. Of what use was her loving, nurturing, self-paced philosophy in a country that was waging a world war? Where did the philosophy of learning self-sufficient crafts, and the skills of self-entertainment and community service fit in a world of interstate highways,

television, and red scares? The Organic School struggled through the 1950's and early 1960's. The school enjoyed a slight revival in the late 60's and early 70's as the counter-culture movement sought out havens of non-conformity. The school continues on in a new location south of the old town, though it now commands only a shadow of its former prominence. A public Junior College now uses the old Organic School as a satellite campus, and a small museum educates the public on the wondrous experiment that flourished there in the first half of the 20th century.

**Marie Howland Helps Shape a New Town**

Early Fairhope was blessed with several exceptionally strong formative characters, and Marie Howland would have to be counted as one of the most important. To most modern Fairhopers she is mostly remembered as the founder of the town library, but that would be to understate her contribution to the town.

Marie came to Fairhope in 1898 as a recent widow at the age of sixty-two a few years after the start of the experiment. She brought with her an intellectual depth and activist history that would deeply affect the young town during its formative years. Her life traced a magnificent arc from obscure rural New England poverty to mill worker, writer, social activists, and labor organizer. She had brief stage career in New York and had worked as a teacher and reformer in the infamous "Five Points" slum of New York City.[17]

While in New York during the 1850's she had been a participant in the urban commune movement and had lived at the Unitary House, which was rooted in the radical communitarian ideas of the French philosopher Fourier. Newspapers labeled the Unitary House, accurately or not, as a haven for socialist, anarchists, and free-lovers. The House was actually a type of cooperative urban boarding house that held regular parties, and tried to also tend to the intellectual development of its members through literature readings and discussions of social issues. Ideas of greater equality between the sexes were a large part of the philosophy and these experiments can probably be fairly called one of the origins of the feminist movement in America. Marie met both her first and second husbands there. The story goes that divorce and re-marriage were amicable for all three and they remained life-long friends.[18] Marie was definitely a woman far ahead of her time.

Marie and her second husband, Edward Howland, settled into their home in Hammonton, NJ where they became well-known writers, activists, and educators during the post civil war period. They eventually came to join Albert Owen in his plan to form a utopian community called Topolobampo on the West Coast of Mexico. The community failed for a variety of reasons just as Edward's health deteriorated, leaving Marie a widow looking for new direction in her life. Through mutual friends of the Fairhope founders Marie found her way to Fairhope.

When Marie Howland moved to Fairhope in 1898 the town did not just receive a new citizen. They received the experience of a person who had lived many years of

experimental communitarian life. She brought her vast personal book collection, which would become the first Fairhope public library. They received an accomplished writer, who would shape stories about the town for the local paper as well as the New York Times. Howland possessed a vast connection of progressive minded friends from all over the world, and to whom she would be Fairhope's tireless champion. Her influence must have helped many people thinking of moving to the new town to go ahead and take the plunge. The library she started became a social hub for the new town and Marie was a walking encyclopedia of connections to the outside world. A young person growing up in Fairhope could feel personally connected to the whole world through the direct stories of Marie Howland. By the time she died in 1921 the town was firmly established and with a definite intellectual bent quite different from any nearby town. Marie deserves a large measure of credit for both.

**Artists and Writers**

From the early years Fairhope attracted a remarkable number of artists and writers considering the modest size of the town. In the present era Sony Brewer created the annual Southern Writers Reading, which brings many well-known writers to Fairhope. Among the recent writers who came from Fairhope, or lived there, are Emily Ellison, C. Terry Cline, Jr., Judith Richards, Chuck Perry, Mark Childress, and Gregory Benford, Mary Lois Timbes, and Paul Gaston.

The Annual Eastern Shore Arts & Crafts Show draws artists and craftsmen form around the country in addition to locals. It has been a fixture since the mid 60's when the Eastern Shore Art Association was formed. But the roots in crafts go back to the beginning of Fairhope when the Organic School had as part of its curriculum the learning of crafts. The early town also had several associations for the purpose of promoting crafts and art. The tradition lives on to the present.

**Additional Observations on Fairhope Settlers**

Who were these people who founded Fairhope? One way to find out is to visit the early town cemetery. The Colony Cemetery is situated on Section Street just west of the Fairhope business district. When it was dedicated for this purpose, it would have been a short walk from the populated part of town. Situated on a pleasant knoll, it was a thoughtful place for a cemetery. The bay breeze blows gently through the ancient, cathedral-like pine trees. It would have been a quiet place when first dedicated, and even today retains a peaceful aura as the heavily wooded perimeter buffers the site from modern noises.

Grave markers are small. If you have something to say you must be brief, and we might reasonably infer that what is said reflects something important to the deceased. For many people simply a name, birth date, and a date of death are all that seems appropriate. Regarding what you see written on headstones, the Colony Cemetery is in some respects not that different from so many other small town cemeteries. Commonly seen are bible

verses, a phrase from a treasured poem, and many military unit designations with dates of service.

But as you walk through to the older sections of the cemetery you notice some inscriptions certain to jog your thoughts. Interestingly the designations for military services are for Federal Civil War units like the 47th Ohio Infantry, the 59th New York Infantry, or the 5th Wisconsin Infantry. But you are in south Alabama where some of the fiercest combat of the Civil War took place in the last year of the war (1861-1865). These people were from somewhere else and it was important to them that we know that fact. If these federal soldiers were in their teens or early twenties during the war then they were 55-60 years old when they came to Fairhope in the early 1900's. Relocating for retirement was not common in 1900. These people uprooted themselves from another part of the country and came to Fairhope because of the ideas embodied in its founding.

Among the earlier markers you will see many noting the country or U.S. state of birth. The early Fairhope experiment drew people from England, Germany, Sweden, Canada, Ireland, and other countries. People from all regions of the U.S. are represented in Fairhope. Some of these early Fairhope settlers left little to your imagination about why they came. Jeremiah Lucier, my great-grandfather from upstate New York, had inscribed on his headstone "Single Tax Is Justice." Several left the phrase "I too kept the faith", which was a reference to statements made by Henry George and his son about the need to persevere in the cause of social justice. These were people who came from many countries and parts of the U.S. because of their desire to be a part of a demonstration of the great *Single Tax* experiment. More than a few have phrases from the town song, *Fairhope I Love You*, "There's a verdant shore…and we long to be there." These people had an extraordinary sense of place about their adopted home on the Eastern Shore of the Mobile Bay.

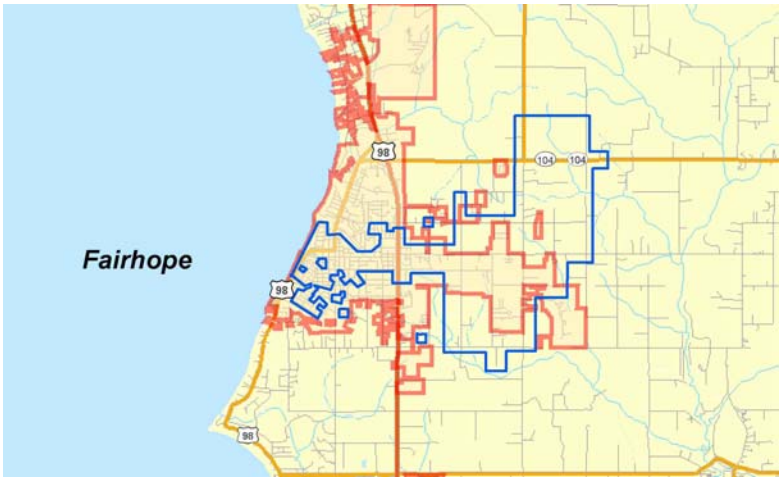
It is also worth noting what you do not see in the Colony Cemetery. While the headstones show considerable individuality and uniqueness, none are ostentatious. None are much larger than the others. Unlike in so many cemeteries in which the deceased seem to be trying to preserve in their grave monuments the social order of the town, there is a pleasing egalitarian sense to the graves. E.B. Gaston was the most prominent of the town founders, but his grave marker is modest. You would not know from Marietta Johnson's marker that she played such an important part in shaping early Fairhope, and was at one time one of the most famous women in America. These were people that wanted to build a place that would welcome and include everyone and for a time they succeeded.

## Fairhope Single Tax Colony Processes

### Land Acquisition

The first process of the Fairhope Industrial Association was to acquire land and then to assign it to members. The original FIA constitution allowed for land purchases only from membership dues or other contributions, not from subsequent land rents. This was almost certainly a strategic mistake, but was nonetheless the working agreement. The original membership fee was $250, which was paid by many in installments of $5/month. In the second year of operation the membership fee was reduced to $100. (Note that $1-2/day was not an uncommon workman's wage in 1900.) The result was that the original 22 members did not have anything like the money needed to buy the 15,000 acres originally envisioned. The original purchase was for 132 acres for $6/acre or a total of $792, which did include the crucial 2400 feet of bay front. Shortly afterwards the Colony purchased another 200 acres back away from the bay for $1.25/acre. Through membership fees and donations, mainly from Joseph Fels, the Colony was able to obtain a little more than 4,000 acres, although the land was not in a contiguous block. The "checkerboard" pattern of land ownership mixing colony lands with private deeded land would forever be a problem for the Colony because of the differing interests of the two groups. Another provision of the FIA constitution prohibited the organization from taking on binding debt or mortgaging any of its property, so expansion by borrowing was never a possibility.

**Figure 5: FSTC Lands in Blue - City Boundary in Red**




### Rent Assessments

During the initial assignment of lots there was little dissension due to the small number of people involved and a restriction of five acres per person. At the end of the first year the colony set its first rental assessment to members by attempting to use local county appraisals although there were very few transactions upon which to base the values. In practice this meant that they developed a few "stair step" valuations such as $1.25/year for a 50' X 200' bay front lot, and then decreasing to 12.5¢/acre for farm land away from the bay.[19] These rents were computed as 5% of what was taken as the assessed market

value. Even at these relatively low rates there were complaints about rents being too high although a steady stream of newcomers continued to apply for land leases.

In the following year a rent committee took up the task of assessing lots in terms of "units" whereby each parcel was graded relatively to an average, or "standard lot." Thus, each lot had some number of "units" of value associated with it. The Colony then calculated rent bills by taking their anticipated annual operating budget and dividing by the number of units. Although this approach was a more sophisticated method of estimating rents it also was a clear break from the stated philosophy in that it separated the rent charged for Colony lands from actual total rental market value of the land at a very early stage. This initial break from the stated goal of collecting the full value of the land set a troubling precedent for the young community.

At the time these practices were in place the Colony had also adopted the practice of accepting a "bonus" for its leased lands if more than one person wanted a particular lot. The bonus was an initial payment in addition to the subsequent annual rental payments. In one example a bonus of $6.50 was offered for a particular lot, several times the assessed annual rent.[20] Clearly from the beginning the Colony was not collecting anything near to the full rental value of its lands, and even more troubling it did not have a credible system for calculating the full rental of its lands.

Table 1 shows the rents from the early years including net income from the wharf operation.[21] The Wharf numbers were net of all expenses, including depreciation, so we can be reasonably confident that wharf receipts were mainly economic rent. (The Fairhope wharf was the only working wharf of significant size on the eastern shore so anyone traveling or shipping goods to the county interior came through it.) The data show that the ground rents, while significant, were not actually the main source of net proceeds. The wharf fees were often more than the total ground rents, a situation that persisted through the 1920's. While it is difficult to estimate what the total rent was, from the prevalent practice of paying bonuses to acquire leases it almost certainly was several times more than what was collected.

**TABLE 1: EARLY FSTC RENTS AND WHARF RECEIPTS**

| YEAR | RENTS | MEMBER FEES, DONATIONS | NET WHARF RECEIPTS | PROPERTY TAXES |
|---|---|---|---|---|
| 1897 | $157 | $122 | $207 | $106 |
| 1898 | $175 | $458 | $217 | $67 |
| 1899 | $251 | $118 | $222 | $119 |
| 1900 | $285 | $314 | $357 | $140 |
| 1901 | $480 | $215 | $246 | N/A |
| 1902 | $709 | $130 | $499 | $167 |
| 1903 | $928 | $1,767 | $328 | $409 |
| 1904 | $1,521 | $509 | $655 | $393 |

Some additional aspects of the Colony operations deserve consideration in order to understand the rent situation. The original Colony plan called for residents to be colony members and thereby participate in the Colony through its democratic processes, which allowed only currently paid members to vote. Early on the Colony started to allow residents to lease colony land without becoming members, and these residents did not generally have a strong allegiance to the Colony ideals, while the significant membership fee deterred non-member leaseholders from becoming members. The rent was set through Colony officials elected by members only. Inevitably, there would be tensions between non-member leases that wanted to keep the rents low and member leaseholders that generally wanted to collect more rent but had among their numbers people who were not fully committed to collecting the full value of the land.

Complicating rent considerations was the Colony policy of paying leaseholders' property taxes on their improvements and personal property. It would be impossible to implement a s*ingle tax* system within an existing government framework at odds with the s*ingle tax* principles, but it was believed that this feature would more closely simulate the effects of the *single tax*. In theory, no one would see a direct increase in their taxes if they improved their property or constructed new and better buildings. The Colony policy would socialize within the entire colony the total burden of state and local taxes that fell on personal property and improvements. This policy would not have been so controversial if the colony had been fully committed to collecting the full rent. If the policy were generally beneficial then total rents would be higher as a result, and the rents would probably be generally higher on lots with the potential to be more intensively developed. In practice because all of the rent was never fully collected there were some lots that paid less in rents than they received in tax rebates. (Years later the FSTC would change the policy to limit tax payments to no more that the ground rent collected by the FSTC, and that is the policy today.)

The paying of improvement taxes and the non-collection of full rents created a somewhat complicated set of interests and incentives.[22] Some leaseholders believed, rightly or wrongly, that increases in rents would disproportionately benefit the owners of more intensively developed sites. According to this view, increases in rent collection would tend to flow to the benefit of owners of intensely developed commercial lands. The leaseholders who collected as much or more in tax rebates would definitely pay more if rents were increased. The general confusion about the benefits and costs of paying taxes on improvements and personal property probably worked as a net detriment to those who wanted to collect the full value of the land on an annual basis. If there had been an unequivocal commitment to collecting the full value of the land, there would probably have been no real controversy. If the payment of improvement taxes were a net benefit to the community then total community rents would increase as a result. If there were no net benefit from the policy then that too would have been evident in the total community rent not increasing, and the policy could have been changed. But because the colony never committed to fully collecting rent, it became mired in un-resolvable debates about who benefited and who paid under a plan of partial rent collection.

One way of viewing the early FSTC history is as a struggle between two impulses within the FSTC membership. One faction wanted to collect the full value of the land making annual adjustments in the appraisals, as a matter of primary principle. Others wanted to collect only enough rent to perform minimal services needed by the town, and some wanted to abandon the ideals altogether and give out fee simple deeds to the occupiers of the land. The battle seesawed into the 1920's when the early FSTC gave up all notions of collecting all of the annual land rent. The adoption of the Somers's System for evaluating rents was part of the last serious push for full rent collection until the abortive effort of the 1970's. The Somers system, conducted by an outside real estate valuation professional, was a careful evaluation of the relative values of sites, and included a high degree of participation from the leaseholders. In fact, after adoption of the system there was very little complaining about the relative evaluations of differing sites.[23] The Somers system adopted in 1914 functioned so well that it remained in effect with only minor modifications until the 1980's. Dissension about the relative value of plots of land was resolved but the FSTC settled into a policy of only partial rent collection.

If the full rental value of a given site were being collected, then there would be no sellable value for any given lot. No new user of a given site would pay for the advantages associated with that site if they knew that an annual value for that amount would be payable for the foreseeable future. As a natural consequence of not collecting the annual value of a given site, the site acquires a sellable price that represents the capitalized uncollected value of the site. Because the FSTC did not collect the full rentals the sites themselves began early on to acquire a sellable value at the time of transfer. The FSTC leases were 99 years, renewable and generally transferable, subject to approval by the FSTC. The theory was that people should be able to sell their improvements as they wished. So the FSTC was in a bind of its own making. It wanted to allow the leases and improvements to be freely tradable, but did not want holders of a given lease to collect the very land value that it refused to collect.

The compromise solution was for the transfer of a lease to go through an FSTC review process in which the buyer and seller both pledged that nothing was being paid for the land itself. The FSTC would assess the value of the improvements and both parties would agree that the sale included no other money. This policy created quite a bit of local theater. Sometimes generous assessments would be given for planted trees, removed trees, grading, or other "improvements", generally overstating their value. In practice unrecorded payments were often made despite FSTC pressure to the contrary.[24] The Florida land boom of the 1920's extended into coastal Alabama and especially exacerbated this already difficult problem. The "problem" was that Fairhope land was becoming very valuable and the FSTC was not collecting that value. Where E.B Gaston had negotiated the purchase of the entire bay front for $6/acre twenty years earlier, a single small 60' X 150' bay front lot might transfer for $2000, even with the expectation of paying FSTC rents.[25] At best the FSTC practices of inhibiting the sale payments at transfer dampened the process of speculation in land. The system of FSTC review of lease transfers remained in place until the late 1980's when the FSTC gave up any pretense of preventing leaseholders from selling the increase in value of the site.

As an anecdotal measure of how much the land values in Fairhope have appreciated over the century we might take the lot mentioned in the description of the present town of Fairhope. It was part of the original purchase and was a 66' X 132' or 8712 square feet, or approximately 0.20 acres. The original purchase price was $6/acre or about $1.20 for the lot, which was worth approximately $500,000 in 2003. We can use the standard financial formula:

$$FV = PV\,(1 + r)^t,$$

where t=2003-1895=108 years, PV=$1.20, and FV=$500,000, and r = annual rate of interest. Solving for r, we get an average annual increase in land value of 12.79% for the 108 years that the FSTC has owned the land. By any standard that is a strong long-term consistent increase, but it must be noted that there have been times when the increase was smaller and larger. The FSTC never really had processes for modeling and assessing its increasing land values.

In the 1970's the FSTC made one last effort to bring the rents it charged up to the actual market value. Two of my uncles were closely associated with this effort, which essentially used an adaptation of the Somers system in place and planned to bring the rents up to date over about a seven-year period. The effort was abandoned shortly after it was begun amidst considerable protest and a lengthy lawsuit described below with other legal challenges that the FSTC faced over the years. There has been no serious consideration of collecting market rents since that time.

At present the FSTC accepts the Baldwin County assessor's valuation of its lands for rental purposes. It then collects enough from each leaseholder to pay the taxes on the land and building and then additionally collects two fees. The first is the "Demonstration Fee" of 0.30% of the assessed value for the land, and the second is a $90/lot "Administration Fee." In essence the FSTC is now an unpaid tax collection agency but also collects 0.3% of its assessed land values for community projects. Recent community projects include the Performing Arts Hall and an addition to the local emergency room.

In general the assessments are considerably below market values as can be shown by a few examples. In the desirable Bluffs area of Fairhope several recent transactions of FSTC property indicate that the small 65' X 150' lots are worth from $300,000 to $400,000.[26] From the Baldwin County Assessors the average of eleven similarly situated lots of similar size was $127,000, or about a third of real value. Another example of pure land value is presented by the Bayview Place development southeast of the central business district. A whole city block of six FSTC lots is being redeveloped and the lots are selling for about $200,000 each, but are assessed for only an average of $52,000. In all likelihood the assessments for all FSTC property are less than half of the assessed value, which is shown in Table 2 below broken out by how far from the bay front the property is situated. The values on an area basis rise dramatically in the old parts of town near the waterfront. [27]

## TABLE 2: CURRENT FSTC PROPERTY VALUES AND FSTC DEMO FEE

| MILES COAST | NUMB PROP | SQFT LAND | IMPR$ TOTAL | LAND$ TOTAL | TOTAL$ VALUE | TAX$ DUE | $/SQFT | FSTC DEMO FEE |
|---|---|---|---|---|---|---|---|---|
| < 0.25 | 225 | 2,493,362 | 22,471,262 | 31,615,276 | 54,086,538 | 253,971 | $12.68 | $94,846 |
| 0.25< & <0.5 | 299 | 3,514,576 | 27,161,846 | 22,565,422 | 49,476,395 | 290,384 | $6.42 | $67,696 |
| 1.0< & < 2.0 | 273 | 4,539,738 | 25,525,900 | 15,485,800 | 41,011,700 | 213,393 | $3.41 | $46,457 |
| > 2.0 | 1,141 | 135,280,449 | 113,211,300 | 64,251,200 | 177,462,500 | 739,791 | $0.47 | $192,754 |
| **TOTALS** | **1,938** | **145,828,125** | **188,370,308** | **133,917,698** | **322,037,133** | **1,497,540** | **$0.92** | **$401,753** |

If we accept that the Baldwin County assessed values are conservatively half of the real market value then the FSTC lands are worth about $265MM. If we approximate the rent as 8% of value then the annual rental of FSTC lands would be about $21MM. The FSTC lands are about 20% of the land in city of Fairhope, so the total rental value of the entire town is probably a little less than $100MM. (The FSTC land is slightly more valuable on average than non-FSTC land.) The city budget for 2003 was about $10.2 MM. Clearly land rents could easily fund the city of Fairhope with only 10-20% of the total rents. The current FSTC policy collects less than about 2% of the actual ground rent.

**Spending Rent Collected**

The other major process of the FSTC is in the spending of rents collected. An elected Executive Council has authority to allocate funds and create a budget, and the FSTC President must sign for any expenditures. The FSTC constitution also has liberal referendum provisions such that members have been able to put specific proposals up for a vote of the membership. In the last few decades the expenditures of the FSTC for community projects have been of only modest impact on the community, although in the beginning the FSTC was the major source of community investment.

In the early years the FSTC spent its rental incomes on much of what would become the town infrastructure. It built roads, a water works, a telephone system, a power plant, and much of the park system. The early Fairhope public school was also assisted by the FSTC as was the Organic School. After 1910 the public school would be supported solely by state funds. When the municipal government was started it was in the enviable position of having much of a working town infrastructure already in place without having had to raise a penny in revenue. The FSTC generously gave most of its infrastructure improvements to the city during the early 1900's. From time to time the FSTC has also supported citywide improvements such as the construction of the modern municipal pier in 1969 or street improvements since the 1920's. In general, though, the FSTC has played a less important role in such projects during the last several decades and it appears unlikely that any new major joint projects will be started in the near future.

**Legal Challenges**

From the very early years the experimental town of Fairhope was beset by several lawsuits that reflected the general disagreements about how the town should develop.

The several key lawsuits are described below, although there have been numerous more regarding relatively minor issues. These civil cases are important because they reveal the underlying struggles of the community.

The 1913 Melville Case[28]

Alexander Melville was a disgruntled FSTC member with a long list of grievances against the organization. He had placed several of his grievances to a vote by referendum of the membership and had lost, but the votes indicated much support for his position. Not content with the outcome of the referendum, he resorted to the courts.

The Melville suit was the first serious challenge to the FSTC and called for its dissolution on the grounds that it could not carry out its stated mission. The FSTC constitution contains many idealistic clauses, which it had not been following. For example, the purpose is to demonstrate a *single tax* model, but clearly this is not possible within a framework of taxes levied by federal, state, and local governments, which must be paid regardless of anything any private organization might want. The FSTC constitution calls for collection of the full annual value of its lands, but collections, even early on, had become based on an operating budget with the rental charges apportioned in proportion to relative values of sites, however imperfectly assessed. But the FSTC made no concerted effort to actually collect the full rental value of its land. The FSTC was clearly not operating according to its own constitution. In addition, the suite complains about presumed inequity of the payment of property taxes on buildings. There was also a long list of issues related to FSTC performance of community works, such as the phone system, and support of the schools.

The Alabama Supreme Court affirmed the FSTC positions on all counts, and in some respects the whole affair strengthened the FSTC from a legal perspective. But in other respects, the lawsuit served to highlight what were to be permanent divisions within the community. Because of the philosophical divide in the membership, there must have also been some additional sense of caution about who was to be accepted as a member with voting privileges. While it may not have been a direct result of the lawsuit, the FSTC membership began a steady decline as a portion of the town's population through to the present.

The 1974 Rezner Case

Beginning in the early 1970's the FSTC began to reassess its lands with the intention of collecting a larger portion of the land value. My uncles, Oliver and Lucier Rockwell, and Lucier's wife, Ruth, were at the center of the FSTC group that wanted to restore the FSTC to its original purpose. Ruth was FSTC Secretary, while Oliver and Lucier were on the rent committee of the Executive Council. They began a systematic extension of the Somer's system with their own innovations to create a rent model that more closely captured the real market annual economic rent of FSTC lands. The assessed rents were far behind the actual market values. Instances were found in which leaseholders of farmland would sub-lease for ten times what the FSTC was charging. It is slightly ironic

that the Rezner case complained of excessive rents when leaseholders were notoriously charging many times FSTC rents to in sub-rental agreements The new assessments were to bring the FSTC rent charge up to market values over a seven-year period. A group of leaseholders were enraged and initiated a lawsuit.

The Rezner suit was mostly a replay of the charges in the Melville suite, and the Alabama Supreme Court referred to the earlier ruling to dismiss all of the specific charges arising from the Rezner case. The court did leave open the possibility of revisiting the complaints against FSTC processes (assessments) if the FSTC did not show fairness in its dealings with the complainants, referring to precedents that require complainants to attempt to work through issues within existing corporate grievance processes before resorting to the courts. Although the complainants had not achieved their main legal objective they had delayed implementation of new rents and took the time to organize a leaseholders' association to further influence the FSTC. Ultimately the Rezner complainants accomplished their goal of persuading the FSTC to forgo collecting rent on its lands.

The FSTC had won its case in the narrow legal sense, but lost the case in long run control. The case was bitterly divisive; an example of the level of acrimony is that my relatives received anonymous death threats regarding the new rent models. Because of the intensity of resistance the FSTC backed down on its efforts to collect rents on its own lands, and it also began to admit as members people who not merely had no interest the FSTC ideals, but also were actively opposed to their implementation.

The 1997 SouthTrust Case

In the early 1990's The SouthTrust Bank leased a piece of FSTC land in the growing eastern fringe of Fairhope along Greeno Road. In the lease agreement SouthTrust had pledged in their agreement that no payment had been made for the land. This sort of pledge had been common, although it was widely understood that often a clandestine payment would be made to the current holder of the lease. It was a pledge that the FSTC could not, or would not, enforce. The land was taken by the state in an eminent domain proceeding to widen the road. The SouthTrust Bank claimed that it should be paid $125,000 for the land because it had paid that much for the lease and should therefore be considered the owner for compensation purposes. The FSTC claimed that it was the owner and should be paid for its interest in the land. The Alabama Courts ruled that since SouthTrust had paid for the lease then they were the common law owners inasmuch as payments for an eminent domain proceeding were concerned.

The SouthTrust ruling should serve as a tough reminder that rights not asserted tend to be rights lost. The ruling might augur a creeping loss of control of FSTC lands if it continues to not assert its rights as a landowner. The SouthTrust ruling does not bode well for the future of the FSTC.

**Figure 6:Another Unique Arden House**

## Arden – The Present Day Town

Arden is situated about 20 minutes northeast of Wilmington, DE and 30 minutes southwest of Philadelphia making it currently surrounded by post-war suburbia.[29] Any of the approach roads, Harvey Road or Marsh Road have pretty much the same feel of any solid middle class suburban neighborhood. There are tract housing sub-divisions serviced by small nearby shopping centers with large parking lots. When you turn onto one of the streets to enter Arden there is a definite transition from one distinct place to another. No single one of the transition elements is large by itself, but taken together the effect is quite remarkable.

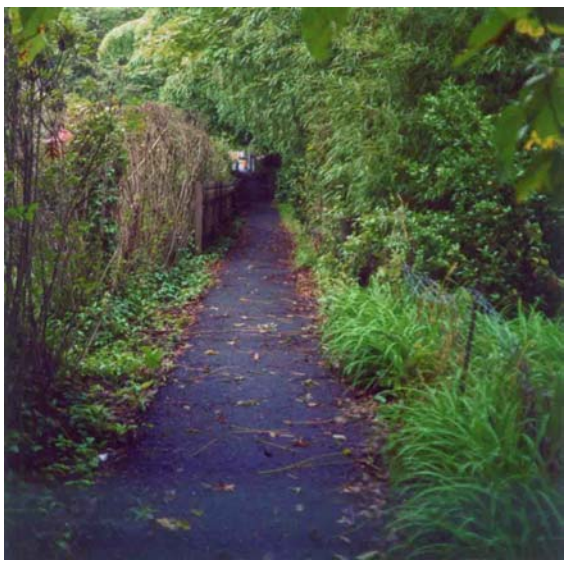
The first thing you notice about Arden is the green dense forest buffering. The entire perimeter has a heavily wooded section separating it from the surrounding neighborhood. The streets have the kind of narrow dimensions that prompt you to slow down. After you slow down you will be glad you did because there is much worth noticing. The architecture pretty much defies any precise style label, but the closest name might be the storybook style in which the house embodies historical references. When first visiting I had a strong urge to park my car and explore on foot.

Pedestrians can stop and take time to appreciate an unusual house, which in Arden is to say, almost all of them. The early settlers built many of the houses in stages and the homes still tell the story of this unique time. One sees a section of house that was the original single room, and then what appear to be several more additions, sometimes in the same style, and sometimes in a different style. Perhaps with the arrival of children to the family a new wing was added with a fanciful tower for the young ones to peer from and indulge their imaginations. Maybe the owner developed a strong hobby or craft interest so another room was added with special windows to allow better light for the artist resident. Still another bit of ornamental stonework might have been added as a middle age gardening project. So many Arden houses invite learning the history of what happened. Longtime Arden resident and contractor Rodney Jester, quips that the two tools that were never used by the early Arden builders were a square and a plumb bob. If he exaggerates it is only slightly. He has a niche business of repairing and enlarging Arden houses, a task which requires truly special craftsman's skills.

A brief visit to the Gild Hall will give ample evidence that the community spirit is still very strong in Arden. The Gilds (*sic*) offer outlet for a wide variety of interests with more events posted than anyone could have the time for. During my visit there was a community "Coffee House Friday" planned, so I dropped in to meet with the locals. A steady stream of local musicians from Arden as well as neighboring towns performed a wide mix of music. A particularly charming part was the young people's hour in which the children from about ages 10-18 performed. Clearly the crowd knows them all and cheers everyone on even through mistakes. It is the kind of setting in which future performing greatness is molded. It is the kind of setting in which a community entertains itself and enjoys all of its members.

**Figure 7: The Gild Hall - Center of Arden Social Life**

**Figure 8: Arden Foot Path**



Because Arden was designed around footpaths one encounters pedestrians and the footpaths take you close by the houses. The dimensions are well considered such that you are close but not uncomfortably intrusive to each yard and house. Artistic embellishments are common throughout the Ardens delighting the eye at every turn. Three town greens form pleasing open spaces inviting residents into the out doors. Arden has a total of only about 240 households and by one survey there were 40-50 full and part-time artists and artisans.[30] The houses reflect this extraordinary concentration of aesthetically minded individuals.

**Arden History**

Arden began with a failed quixotic political movement. In 1895 talk of Henry George's *single tax* was common throughout the United States and many people were agitating for political action. Henry George had come in second in a three-way race for mayor of New York in 1886 leading many to believe that with one more good push the s*ingle tax* would win at the ballot box somewhere. In the late 1880's *single tax* clubs were being formed and Philadelphia had an especially active group. They believed that if they could persuade just one state to adopt the *single tax* that broader reform across the country would surely follow. The state of Delaware seemed to this group to be the ideal target. It was a small state near the hotbed of support in Philadelphia and New York.

Beginning in June of 1895 a friendly invasion of *single tax* supporters entered Delaware with knapsacks filled with *single tax* literature and hearts filled with enthusiasm for social justice through tax reform. Scores of volunteers traveled through out the state, gave hundreds of speeches, to tens of thousands of people. But the citizens of Delaware did not reciprocate their sentiments, giving only about 3% of their votes to the *single tax* candidate for governor. A considerable number of the campaigners found themselves in Delaware jails for a variety of legal infractions, real or trumped up. The only legal consequence of their efforts was that in 1897 the Delaware legislature inserted a clause into their constitution, which prohibited "a system of taxation the object of which is the confiscation of land."[31] The phrase "confiscation of land" was a deliberate and inflammatory distortion of George's proposal, but there it was in the state constitution. It was the legal equivalent of a slap in the face just for good measure.

Frank Stephens and Will Price were two of the participants in the Delaware invasion and out of this stinging political defeat they decided to come up with a different plan toward the same goal. They would found a town operated as nearly as possible on the Georgist principles within the state of Delaware, and by demonstrating a working model would capture the confidence of the voters at some time in the future.

Although Arden was conceived as a Georgist model community it had other defining features as well. The two founders, Frank Stephens and Will Price, were two remarkably talented and creative men. Frank Stephens was an accomplished sculptor in addition to being committed to the economic ideas of Henry George. Will Price was a successful architect who had already designed one town from inception, Rose Valley, PA. A brief detour into the history of the two founders is necessary to understand how Arden came to be.

George Frank Stephens, known as Frank Stephens was born in 1859 in Rahway, NJ and seems to have had an idyllic and happy childhood. He took a strong interest in the arts and enrolled in the Pennsylvania Academy of Fine Arts with a focus on sculpture. He was recognized early as an artist with great promise and received numerous prestigious commissions such as the decorative sculpture for the Philadelphia City Hall and the monument to General George Meade in Fairmont Park.[32] In the 1880's Stephens founded two decorative arts businesses and counted as customers the Waldorf Hotel in New York

and the Drexel Institute in Philadelphia. In 1884 Stephens married Caroline Eakin, who was the younger sister of the well-known Philadelphia sculptor Thomas Eakin, and with whom Stephens had served as an understudy. He was well on his way to recognition among the east coast art elite. But Stephens' life was not to progress on a simple and happy path.

Though receiving recognition as an artist, Stephens' young business was a severe struggle. Just as he was reaching success with the business Caroline died in 1889 leaving him to raise three young children. Also, during the same period of personal financial struggle he had become introduced to Henry George's *Progress and Poverty*. George had run for Mayor of New York in 1886 amid much publicity. The event caught Stephens' attention and by his own account he read *Progress and Poverty* in one sitting. The book had a stunning impact on Stephens causing him to re-think much of his life and to begin an avocation of political activism. At about the same time he was also being strongly affected by the emerging arts and crafts movement, particularly the thinking of William Morris and John Ruskin, which called for a re-integration of art with everyday life and rejected the aesthetic values emerging from the industrial revolution. Amidst intense personal grief the successful young artist and businessman was struggling to develop a new understanding of how his life's passion with art fit into a world with social injustice.

Although Will Price's most famous work would come later, he was already a successful architect when he and Stephens first met. Price and Stephens met through professional practice but they had much in common besides a love of beautiful buildings. Price already had a strong interest in the English Arts and Crafts movement and his architecture had a strong element of historicism that appealed to Stephens. Early in their relationship Stephens introduced Price to Henry George's *Progress and Poverty*, which he immediately embraced as an outline for needed social change. Price and Stephens both shared a strong interest in the reform politics of the day beyond their interest in the s*ingle tax*. For example both were active in the movement to curb child industrial labor, among other labor reforms.

After the political defeat of 1896 Price came up with the idea of building a model intentional community that would include the ideals of the arts and craft movement with Henry George's structure for achieving social justice. In a speech years later Stephens described their decision as follows.

> "We were so disgusted with civilization that we decided then and there to go out into the open and start a new one in which the theory of Henry George would provide the social basis for the industrial theory of Kropotkin, and the art theory of William Morrison."[33]

Because of their aesthetic ideals Stephens and Will saw their new intentional community as not only a place where there might be more economic freedom, but also a place where the arts might flourish as a more organic and integral aspect of everyday community life. Their community would blend the best of the modern and the medieval.

Stephens and Price went shopping for land along the B&O Railroad in northern Delaware. They purchased the Derrickson family farm of 162 acres with a barn and several modest buildings all located a short walk from a railroad stop. The land cost them $9,000 with them paying $2500 in cash with a mortgage for the remainder. Joseph Fels (The same Fels that came to aid of Fairhope) would assume the mortgage. The land would be held in a trust with leaseholders occupying individual plots and developing them as they liked. About 70 acres were wooded with the rest being cleared farmland bounded by two streams. In a further poetic touch they named the community Arden after the Duke's forest in Shakespeare's *As You Like It*. Thus began Arden in 1900.

Arden began as an amalgam of ideas, with the economic theory of Henry George being only part of the mix. We can refer to the words of the founders in a brochure printed in 1907 to understand their thinking.

> *The little settlement of Arden…..is an attempt….to develop a village community holding its land in common, in the spirit of medieval times, but under modern conditions, in accordance with the single tax philosophy of Henry George. The individual holders of several plots of land pay the rental value of the land into a common fund, from which all the taxes levied by the state and county are paid, the remainder being spent upon the maintenance and improvement of the roads, woodlands, and commons, with no profit to anyone as a private landlord. It is believed that even an experiment upon these terms will give for all easier ways of earning a living, a simpler, more democratic and more peaceful manner of life than that characteristic of our time and country, and a freedom from mere wealth-slavery from which craftsmanship and art will of themselves develop….. The underlying thought is that the study of medieval life in Merrie England, as charming and lovely a time any of which history has record will create for us a life so picturesque and fruitful under conditions equally free and just and without the loss of anything that civilization has really gained.* [34]

In addition to the foundations in economic justice Stephens and Will hoped to create a setting in which there would be a complete integration of art and living. Will Price designed the layout of the new town around two large greens with pathways connecting throughout and with a buffering woodlands surrounding the whole. While Price designed several houses for the new town, generally individual leaseholders would design for themselves.

Stephens and the first settlers moved onto the land in 1900, but the early years had many settlers who were only part time residents. The location of Arden offered the advantage of being near major population centers like New York and Philadelphia, but this also created a class of settlers who would come for the summer or just for weekends. Many of the first "homes" were actually tent houses used for the summer and then packed up. But gradually more settlers stayed permanently, building homes, sometimes

in a piecewise manner. It was not uncommon for families to build a single room or two, and then add on in several stages. The architecture of Arden still has a unique charm from this era of local and staged building.

Some of the early difficulties were due to the uncertainties of settler rights inherent to the deed of trust. The original arrangement gave the trustees unchecked power to assess the land rents and this may have inhibited some people from developing their leaseholds. In 1908 the Deed of Trust was modified allowing the leaseholder to elect assessors and for the leaseholders to have more recognized rights. The changes had the desired effect and the village began to grow and attract more full time residents.

And what a mix of people early Arden attracted. A founding principle was that the town was to be open to everyone. Along the walkway from the B&O Railroad stop the entry to the Arden property is marked by a stile with the inscription "You are welcome hither." For many early Ardenites coming through the stile was a transition from one world to another akin to a border crossing between countries. Craftspeople, artists, musicians, and various idealists looking for a new life came to visit and possibly stay. The community founded the Craft Shop where artisans could come a work, and the Arden Forge became a fixture of the community producing useful and ornamental items for many years. Many Arden homes today are graced with beautiful latches, lamps, sconces, and hinges built right in Arden in the early years. Other early industries included weaving, pottery and furniture making. Many of the residents built their own houses, or worked with each other to build their homes. Common practice was to give their homes poetic names such as "The Rosarie," or "Bide-a-Wee," and "The Castle," and "Shankwood." The early Ardenites embraced a strong measure of romanticism.

Another early defining character for Arden was William Shakespeare. Stephens was an abiding student of the old bard and the story goes that Stephens built the Arden outdoor theatre, which is still in use today, before he built his home.[35] In the early years of Arden there were some months in which the town would put on a different Shakespeare play *every week*, with broad participation from the community. As testimony to the importance of Shakespeare to Stephens, his ashes are interred beneath the large, center-stage boulder on the stage. If you had been witness to one of these early productions it might have been difficult to distinguish between the performers and the audience, since all might have been dressed in Elizabethan costumes, and the audience may have known the lines as well as the cast.

**Figure 6: The Welcoming Stile at Arden**


To be in Arden was to participate in community life. From the earliest years the town began to form a set of overlapping "gilds," (*sic*) essentially

clubs or associations for one purpose or another. The gilds would have ranged in interest from crafts, to Shakespeare, to library, or folk dancing, gardening, and singing. The very social structure ensured that the residents came to know each other well, and many of these practices endure to the present. Reinforcing the sense of community are the common greens and charming walk paths connecting the community.

Although the community of Arden was small, the list of famous people who were drawn to live there was not. The original vision called for ordinary people to meld the earning of a necessary living with direct participation in the arts, crafts, and theater; in fact, many an amateur craftsperson and artist found a home in Arden. Despite the egalitarian plan, the town attracted many world-class artists, writers, and craftspeople. Among these were the painter F.F. English, the two sculptors Marcus Aurelius Renzetti and Robert Rautenberg, and the illustrator, Louise Roberts. Perhaps the most famous writer from Arden was Scott Nearing although Upton Sinclair lived in Arden for several years and Clarence Darrow was a regular visitor. Eleanor Roosevelt found the occasion to visit Arden in 1935. Ella Reeve Bloor, one of the founders of the American Communist Party, chose Arden as her home, and in general the town graciously embraced a heady mix of non-conformists.

The Village of Arden was conceived as a type of medieval village in modern times, and part of that thinking is reflected in the village not having a distinct commercial center. Will Price was influenced by the Garden City movement of that era and intended to create a de-centralized village. The various enterprises such as the Arden Forge, weaving shops, and Gild Hall were spread out through the 162 acres. The closest thing to a town center is the Gild Hall, which serves as a meeting place for many village activities. Until the 1960's Arden had its own school also located across from the Guild Hall further creating a center of activities, but the school was closed by the state in a consolidation measure. Even after 100 years Arden has still resisted the formation of any definite commercial center.

The original Arden encompassed the 162-acre farm, but opportunities arose to expand the experiment in 1922. In that year Stephens was able to obtain an additional 109 adjoining acres. The additional land was set up as a separate trust with its own governing body and the new entity was called Ardentown. The reason for a separate organization was to re-assert the rights of the trustees to collect the full annual rental value of the land. In the original Arden the right to set rent assessment had been ceded to an elected body, which did not collect the full rental. Stephens came to believe that Ardentown might do better with a new organization, which had many of the same features as the Village of Arden with a few exceptions noted under Arden Community Processes. The basic design of footpaths and village greens was extended such that to the casual observer the two towns appear almost to be the same, and they do in fact cooperate on many local matters. Although Stephens envisioned that more of the annual rental value of the land would be collected in Ardentown, in practice it soon succumbed to the same pressures as Arden and collected only enough rent to pay all of the taxes and pay for an occasional community project.

Although the original Arden did not maintain any rules of official racial segregation there were in fact few minorities who chose to join the community. In 1950 Donald Stephens, son of Frank Stephens, purchased an additional 63 adjoining acres to form yet a third village to be called Ardencroft. It was intended to extend the Arden plan but called explicitly for a racially integrated town and there followed a successful effort to attract blacks and other minorities to the town. The general design of greens and footpaths was extended again such that all three of The Ardens have a continuity of form though each has separate governing mechanisms. Suburban sprawl surrounding the Ardens, along with the rise in land prices, has effectively blocked the possibility of further expanding the experiment.

When Arden was begun it was a truly rural setting, though located within an easy train ride to Philadelphia or Wilmington. In the beginning there was farming and a genuine local economy. In the post WWII era the area around Arden gradually was built up as a suburban bedroom community for Wilmington and Philadelphia. Arden would acquire more newcomers and more Ardenites would make their living in one of the nearby cities. Although Arden was always known as a different sort of town, it has now become surrounded by a starkly different form of settlement and seems to be gradually undergoing a process of assimilation into the surrounding suburban matrix.

## Arden Community Process

If Arden is anything it is participatory. The many guilds and committees make it highly likely that anyone living in the Ardens will interact with the community in some way. Although the three entities are distinct, what can generally be said of one can be said of the others with a few exceptions noted. The Arden Club, which forms the social center for all three villages, is a private organization.

### Land Acquisition

The initial land purchase was a single and simple purchase and benefited from Joseph Fels being ready to carry the mortgage. The founders did look at land in other places, notably New Jersey, but decided on the Northern Delaware site. The decision seems to have been made jointly by Frank Stephens and Will Price. There seems to have been no serious thought to expand the experiment until many years later. The initial interest in obtaining land leases was modest and it took about five years to build up much of a permanent community. After the initial few difficult years the growth in residents was steady until the whole village was built out approximately in the 1920's.

### Rent Assessments

Initially Arden struggled to come up with a rent formula that accurately captured true annual ground rents. The early history records many vigorous debates, and even acrimony about how to estimate rents. There was some significant level of suspicion regarding the somewhat arbitrary powers wielded by the trustees and this may have inhibited investment in houses.[36] These issues were addressed when the trust was

amended in 1907 to allow for elected assessors to decide how much rent to collect and how to estimate the relative values of each plot. In many respects the arguments mirrored those being played out in Fairhope with the exception that Arden had no features like the waterfront, which greatly affected some land sites. The Arden process for assessing rents was also more democratic than in Fairhope where the membership alone controlled the process. The relative values of different sites in Arden were not so different, but the question of what fraction of overall rent to collect was an issue of sharp contention. In Arden the view that the community should collect only enough money to perform necessary services were referred to as the "Single Tax Limited" while the view that the full value should be collected as a point of principle were called "Single Tax Unlimited." The Single Tax Limited faction won out early on and so the community only collected enough ground rents to pay all of the state and local taxes and to carry out budgeted community projects. Because of not collecting the full rent the lots soon acquired a sellable value at the time of transaction and there were many cases of people selling Arden leases.[37]

The land of Arden is held in a deed of trust consisting of three trustees in a self-perpetuating board, although appointment to the board depends on receiving a majority confirmation by a vote of the residents. The residents elect a board of assessors who have authority to set the annual land rents. In the early years a point system was used in which lots were valued on a per 1000-$ft^2$ basis with a bonus given for location on the green and a negative by location along one of the through roads. The differences were never very great, typically being only about 25%. In practice today the county government estimates the land valuations and Arden collects only enough land rent to pay the state and local taxes, and then conduct some modest community projects.

The land in Arden has become very valuable over the years. Over the last three years the average sale price for houses and land together were $174,090 (2001), $267,300 (2002), and $250,000 (2003).[38] While there were no transactions involving bare land, we might infer approximate land values from sales in which a small, older cottage was sold since most of the value would have to be in the land. Such transactions indicate that even small 10,000-15,000 square foot lots have a value of over $100,000. The amount of land rent collected by the Arden Trusts is just enough to cover state and county property taxes and to cover a few modest services such as garbage collection.

**Political Processes**

Arden is technically a village with a town meeting form of direct democracy. All residents of Arden are eligible to vote. The village has an extensive system of more than ten committees dealing with everything from budgets to playgrounds, to safety. This rich pattern of participation is a legacy of the early Arden philosophy.

Ardentown and Ardencroft are incorporated under different provisions of Delaware law but are effectively governed in a manner similar to Arden, with a similar committee structure. In many cases the committees are coordinated between the three Ardens. No

resident in any of the Ardens could reasonably complain of not being able to participate in their local government.

The villages create budgets and receive some revenues from state and county governments, while also being able to raise money through the deeds of trust for projects the community might want to undertake. The villages are small enough that, for practical purposes, the land trusts work directly with the village government, although strictly considered, they are separate entities.

**Social Processes**

In addition to the governmental bodies the Arden Club is important to the lives of most residents. The Club operates the Gild Hall, which serves as the social center of the Ardens. The Club maintains a range of gilds and interested persons have opportunities to socialize ranging from group dinners, to Shakespeare, to Georgist economics, to swimming. The Arden Fair is an annual event held the Saturday before Labor Day in which the whole town participates in throwing its unique town festival. The entire festival is carried out with volunteer Arden labor. Most of the Gilds participate in the fair, which attracts thousands of people including many former Ardenites returning to renew old ties.

Long time resident Bob Denigris reports that while the original economic design of the community set an early tone of strong community, it is the many clubs and organizations that really bring people together now. Once people have worked together on community projects it seems to follow naturally that people develop a strong sense of place.

## Lessons from Fairhope and Arden

Several lessons stand out from both Fairhope and Arden presented below in the two broad categories of economics and social interactions. The strongest lessons are strikingly similar for both towns so I list lessons together for each town and note where any particular situation might be different for each. The order of the listing indicates the importance of each lesson.

**Economic Lessons**

**Lesson 1:** *If the full rental value of land is to be collected, then full collection must be mandated in something like a constitution, such that the only point of political consideration is regarding the method of annual assessment, not whether the rent will be collected.*

Both towns had a stated goal of collecting the economic rent of land and using it for common purposes, but neither actually did so, at least not to anywhere near the full economic rent. Why did this happen? I think that the key lesson is that if any community is going to share the economic rent, then that fact must be non-negotiable. Democratic processes are adequate for deciding how to spend rent proceeds but they

seem to fail regarding the decision of whether to collect the full rent, especially when there is no clear understanding of what is meant by the economic rent of land.

When provision is made to collect only a portion of the annual rent, then from these examples we can infer that organized factions with voting rights will arise opposing full rent collection. As soon as the public conversation shifts from the necessity of collecting all rent annually to a justification based on the worthiness of a particular public expenditure, then the fundamental question of full rent collection becomes muddled. The differences in the impact of expenditures tends to be moderate to weak, depending on individual location within the community; the differences in rent collected tend to be very great and worth contesting for individuals.

In Fairhope the rent curve is especially influenced by the waterfront and commercial area, such that increasing the portion of rent collected affects individuals very differently depending on where they are located. (See Table 2.) The political structure in Fairhope also tended to exaggerate the difficulties of collecting more of the rent. The earlier settlers were the FSTC members and early non-member lessees, and they tended to live near the waterfront, while the late-arrivers tended to live further away from the waterfront and tended to not be voting FSTC members. Further complicating the political process was the inter-mingling of deeded land with the FSTC land. If rent proceeds were to be spent on projects benefiting lessees throughout the town, then such benefits would almost certainly extend to deeded land residents who would not be required to help pay for the benefits. While this is not a compellingly logical reason for not undertaking projects requiring full rental collection, one can readily see the political complications. The arguments for full rent collection are considerably undermined when two fundamentally different methods of land tenure are intermingled.

Arden did not suffer the political complexity of having its lands intermingled with deeded owners, but it had the problem of not having much land in the first place and as a community it surely created only a small amount of rent. Further, the structure of Arden inhibited the formation of a central business district that might have generated higher rental values. Arden had nothing like a waterfront to generate extremely high land values. Arden had a welcoming philosophy that brought in residents with no interest in the founding principles and its structure allowed all leaseholders to vote on rent policy. Democratic process with respect to rent assessment seems to have made full rent collection impossible.

In general, full rent collection in Fairhope would require voting FSTC members to raise their own rents substantially to create benefits that might flow in proportionally greater amounts to others. When confronted with the proposition of sharing rents, which they enjoyed to a proportionally greater extent, they did what most rent-collectors have always done. They chose to keep the rent of land in private hands; this was less so in the beginning, but became policy by mid-century and remains so today.

It is slightly ironic that even in early Fairhope there was resistance to collecting the full rent of individual home lots. In early Fairhope the colony built what was then the only

dock on the eastern shore. The early Fairhopers collected a fee for the dock that certainly included some considerable economic rent, but it would be rent collected from many non-voting out-of-towners. Thus even among idealistic people fully aware of the potential effects of rent collection there was a reluctance to collect rent from residential land but an eagerness to collect rent from others without organized political power to resist.

**Lesson 2**: *There is much more economic rent available in a community than a typical, healthy community needs for typical public use*.

A criticism commonly leveled at George's economic remedy is that there is not sufficient rent in land to fund the array of services a modern community might desire. The tales of Fairhope and Arden point out the opposite: many of their political and legal challenges came because the FSTC and the Arden communities had no compelling local need for the funds that called for raising rents, at least not after the initial build up of infrastructure.

The FSTC was able to fund two k-12 school systems (later reduced to subsidies), build roads, power and water systems, fund lavish parks, pay county and state property taxes (including taxes on buildings), support a public library and make other civic improvement, all with the small fraction of rent that was actually collected. On might argue that this is because the town of Fairhope has responsibility for local services now, but the Town of Fairhope collects no sales taxes, has no parking meters, does not charge for park or wharf usage and, in general, has lower tax burdens with higher quality services than nearby towns. These are all a legacy of the FSTC. Full rents on FSTC property could easily pay for all town services with a substantial surplus at the end of every year.

In Arden this is also true, but with an added twist. Many Arden civic improvements have been made with volunteer labor. It is one of the community building processes in Arden. Some residents argue against collecting more rent, say for improving public spaces, by pointing to the service-to-community quality of volunteer labor. Given the strong sense of community in Arden one must recognize this, while also acknowledging that rent is not being collected.

This begs the question of what to do with excess rents. Surely one possibility would be to fund super-community services such as connecting highways, rail links, public Colleges and Universities, etc. This could be done in conjunction with reducing state and county level taxation. Another solution sometimes discussed would be a per capita rebate of excess taxes (a popular label for this is the "citizens' dividend"). In any case, it is difficult for a community experiment, like Fairhope and Arden, to find the courage to collect the full rent without a compelling reason.

**Lesson 3**: *An intentional community may need a transcendent purpose and a plan for delivering its purpose*.

While both Fairhope and Arden founders stated their intentions that these communities serve as educational examples for the rest of the world to follow, they had no institutional

structures to follow through with that vision. In hindsight we can see that they had many options that could have given ongoing support for their dream. For example, if either community had allowed rents to be used for purchasing additional land, the communities could have expanded. In the case of Fairhope, it is not unreasonable to have envisioned the FSTC owning major portions of Alabama, enough to very visibly demonstrate the effects of the Georgist theory. While Arden had less land, they too could have grown. Either community could have incorporated education, outreach and political activism as part of their initial charter. We will never know what might have come of these options, but we can see that without specific structures to keep the founding vision alive and give a transcendent purpose to the community, there is little compelling reason to collect full rent.

**Lesson 4:** *A viable experimental intentional community must be adequately capitalized and have a structure that allows it to grow further, building on its success.*

We see in the early history of both Fairhope and Arden that the founders had insufficient startup funds to acquire enough land to fully develop the experiments. Further, both towns had constitutional arrangements constraining the use of rent to acquire more land from rent proceeds. This restriction prevented both communities from building on their early success by acquiring more land when it might have been financially possible. As both towns grew, the surrounding lands became much more valuable, making additional purchases of land almost impossible even if there had been a political will to do so. This effect was especially pronounced with Fairhope. So, although both towns were successful in the sense of establishing an ongoing community, they both had among their organizing principles certain rules that prevented them from expanding into a more compelling example.

In the case of Fairhope its initial rapid success, coupled with insufficient land mass meant that it would forever be hemmed in by deeded land even from the earliest years. The owners of the deeded land benefiting from the community growth are understandably guided by a different set of interests than the original founding group. These two sets of landowners, the FSTC and private deeded landowners, created a political divide within the municipal government as well. Since there were many more voters who were on deeded land the influence of the FSTC on town matters was necessarily diminished. In the case of Arden, it might have been possible to expand as late as the 1950's but after the suburban sprawl of that era the increased land prices made expansion essentially impossible.

**Lesson 5***: Collecting even a small portion of the economic rent of land, however imperfectly, will make a big positive difference.*

It remains for an experiment other than Fairhope and Arden, to determine what might happen if a community was to consistently collect a large portion of the economic rent of land. While neither town collected anything like all of the rent, each did collect a substantial portion of rent during their early history, and a small portion is still collected today. Both towns also put into place some indirect rent sharing mechanisms that persist

today. Early on the Fairhope Colony created the municipal power system and then later gave it to the city government to operate. To this day the City of Fairhope collects almost 40% of its general revenue from the power system. Much of this revenue stream is economic rent and probably would not have been available had the FSTC not built the first power plant and not given over utility rights-of-way through the years. The FSTC also gave the magnificent waterfront park to the city with the stipulation that it remain forever open for all to enjoy. The FSTC also deeded several parks and utility rights-of-way to the city. It is not that such real estate rights might not have been obtained otherwise, but they would not have been obtained as easily or inexpensively. While these are not directly remunerated forms of rent, they did make the growth of the city much easier than it might have been. Arden residents continue to share considerable amounts of public space, including the Guild Hall, the walk paths, parks and surrounding greenbelt. While these lands in community service do not show up in typical annual financial statements, they do greatly enhance the quality of life for the residents, as well as increase the land values throughout the community.

**Lesson 6**: *For Rent Collection as public policy to ever succeed, there is a need to raise rent estimation to a much more robust science.*

While most of the failure to collect full land rent had its origins in a lack of political will, a portion of the failure must be placed on the lack of solid land rent models. Both towns suffered from internal disputes about how to assess the rent of particular properties. If anything like a Georgist approach is to ever be implemented it will be necessary to develop accurate, transparent, visual models, which capture the trust of the public. While everyone who buys or rents real estate does some sort of rent estimation, surprisingly little effort has gone into building comprehensive models for an entire urban area. The Somers system adopted by Fairhope probably did a reasonable job of estimating relative values of parcels, but there was always enough doubt about the system to create political resistance based on doubts about the fairness of the model. I don't believe that this was the main reason that full rent was never collected; the political process for both Arden and Fairhope delivered the decision not to collect full rent. The lack of a universally credible rent model always muddled the decision processes just enough to give an advantage to the political factions opposing full rent collection. The hard truth about both Fairhope and Arden is that although the founders definitely wanted to collect land values they did not have the technical skills to accurately and convincingly estimate land values.

**Social Lessons**

**Lesson 7:** *An intentional community built around non-mainstream principles must have a mechanism for effectively educating new members in those principles.*

If you were to ask at random any resident of either Fairhope or Arden about the founding principles of their town the most likely response would be a blank stare. Probably not one out of 100 residents could describe their town's unique origins. Considering how unusual these origins are, this is a striking fact. Both towns failed to put into place

mechanisms for educating newcomers about the town organizing principles. One of the key requirements for an intentional community built on non-mainstream principles is to have a mechanism for educating new members about the community's organizing principles. Oddly both towns had people early on who recognized this need but somehow never found ways to give effective effort toward education. This failure to educate new members has made the continuation of the experiments, at least in their original intent, practically impossible.

In her classic work on 19th century communes Rosabeth Moss Kanter[39] identifies six commitment building mechanisms that tended to differentiate enduring communes from failed ones: 1) Sacrifice; 2) Investment; 3) Renunciation; 4) Communion; 5) Mortification (Giving up a former life); and 6) Transcendence (Attachment to a greater purpose). Kantor found that the more of these commitment-building mechanisms a commune had, the more likely they were to endure and succeed. Generally with regard to the economic philosophy, both Fairhope and Arden were ineffective at creating these community-building mechanisms although some of them were present in moderate form. For example, the physical location of both towns required commitment along the dimensions of sacrifice, investment, and mortification. Regarding non-economic aspects of community, both towns exhibited very strong mechanisms for communion and some level of transcendence in their early years. Both Arden and Fairhope offered their participants an astounding array of community activities for towns of their size. In their early years both towns developed a sense among the residents that they were participating in something that was much larger than just building a small town. As a legacy of this earlier time both towns still offer an unusual level of social engagement, but none of the commitment-building mechanisms, at present, relate to the unusual founding economic philosophy of each town.

**Lesson 8:** *A relatively few key leaders and creative individuals can make a very large difference in success, but the community needs a succession plan.*

Both Arden and Fairhope were blessed early on with unusually energetic, creative, and charismatic leadership. Arden with Frank Stephens and Will Price had people who were at the forefront of the Arts & Crafts Movement. In its early years Arden attracted an unusual number of artists and writers including Upton Sinclair, and the poet Harry Kemp. Fairhope had the Organic School under Marietta Johnson's dynamic leadership, in addition to variety of free spirited individuals, who put Fairhope "on the map" for informed Americans. The fame was far outside of anything one might expect from the size of the experiment. It is difficult to measure how much effect the creative class of characters had, aside from the unusual economic arrangements, but the recent research by Richard Florida[40] suggest that it was quite significant. Of course the creative individuals drawn to Arden and Fairhope moved there largely as a response to unusual economic arrangements, or at least for the ideals implied by them.

In the early years both towns had dominant, creative leaders. This was a definite blessing that history wraps in a warning. Both towns steered through early crises with steady

charismatic leadership, but that very same leadership may have tended to cut off the development of a broader class of leaders.

E. B. Gaston ran the FSTC as president from the beginning until shortly before his death in 1937. The FSTC was founded on strongly democratic principles; some might say too democratic, but still forty years is a long time for one person to lead. Moreover it is a long period without a succession process, which however untidy, provide organizations with an opportunity to take new directions. For Fairhope the succession issue was compounded by Marietta Johnson's death within one year of Gaston's. The Organic School began a decline at that time from which it has never recovered. Thus the two outstandingly unique institutions that practically defined the uniqueness of Fairhope both faced leadership succession issues at the same time. Compounding these difficulties, the timing could probably not have been more disadvantageous, occurring during the twin upheavals of the great depression and World War II.

In Frank Stephens and Will Price Arden had two dynamic leaders and Stephens played a strong leadership role until his death in 1935. After Stephens' death there was a definite drift away from the original purpose. Even though full rents had not been collected Stephens was a force pushing for greater rent collection and with his passing the political forces tended to be in favor of minimal rent collection.

## Conclusions

From Fairhope and Arden we can see that even modest land rent collection on a haphazard basis helped both towns grow and endure. Both towns started from a core of people who wanted to collect full ground rent but as people joined the towns there was no effective method for educating the newcomers to the founding principles regarding the necessity of full rent collection. When newcomers obtained access to democratic processes for rent assessment they generally avoided full rent collection. This result from democratic processes probably had as much to do with general confusion about the principles of rent estimation as the basic question of the propriety of full rent collection. Both towns suffered from a lack of the necessary technical skills for estimating the economic rent of land in a way that commands full respect from the public. The lack of credible, transparent rent models probably worked to thwart a decision by democratic processes to collect the full annual rent of the land.

Both towns have in place non-monetary forms of sharing land in the form of parklands and other open communal space. The city of Fairhope collects some rent through its ownership of the public utilities, which are an inheritance from the FSTC. Fairhope also still occasionally enjoys benefits from the FSTC demonstration projects, which generally improve the standard of living throughout the town.

In studying why an intentional community succeeds or fails it is exceedingly difficult to control for all of the possible variables and so some of our conclusions might have to

remain slightly speculative but nonetheless I offer some additional thoughts. From the experience shown by these two towns we might conclude that a new intentional community, or an existing community, might succeed at full rent collection if it had the necessary tools and if an adequate program of education were in place. The limited experience of Fairhope and Arden suggests that any town would benefit from rent collection. What is needed is a set of credible models for estimating land rents in a manner that is transparent to the public and beyond reproach. Clearly for rent collection to work in an intentional community, or in broader existing communities, it will be necessary to develop a new way to teaching the principles such that citizens can be content with the process. Probably a key part of any new teaching approach will be built on better assessment tools, which will move the conversation from one of abstract principles to concrete actions. Creating these new tools and methods remains a future project for those who want to extend the experimental spirit of Fairhope and Arden.

As important as the tools would be to success, any extension of Fairhope or Arden would need to clearly answer the big question of "WHY?" The dream of 19th century utopian movement was the realization of heaven on earth. For the U.S. utopianists, and the Fairhope and Arden pioneers this had a particularly American quality – how to balance the independence, individuality and drive of a free people with the communitarian needs of an advancing civilization. Fairhope and Arden demonstrate that a model in isolation will not do the job. A successful utopian community calls for a structure that will deliver heaven to all on earth, not just the local residents.

**Endnotes**

[1] From personal conversations with Mayor Kant, September 2003.

[2] Conversations with Dot Yaeger, a long time Fairhope resident and real estate professional, September 2003.

[3] Gaston, Paul M., Voices of Southern Dissent, NewSouth Books 2004, edited by Anthony Dunbar, pp 84.

[4] We note that in the late 19th century the word socialism was new to the English language and had was even less definite in meaning than today. The socialism of the late 19th century could mean anything from state ownership of all productive assets to a general desire for public policies that considered the good of all of society, not just politically influential persons.

[5] Gaston, Paul M. Man and Mission: E.B. Gaston and the Origins of the Fairhope Single Tax Colony, Black Belt Press, 1993, Chapter VI. Paul Gaston is one of E.B Gaston's grandchildren.

[6] Fairhope Industrial Association Constitution, 1894, Des Moines, IA The Fairhope Industrial Association was the founding entity for Fairhope and was Superceded by the Fairhope Single Tax Corporation in 1904.

[7] Alyea, Paul E. and Blanche R., Fairhope 1894-1954, University of Alabama Press – 1956, chapter vii: Initial Provisions of Public Services and Facilities. This work is perhaps the most definitive work on early Fairhope.

[8] Alyea, ibid, page 74-75.

[9] Alyea, ibid, page 83.

[10] Fairhope *Courier*, January 1, 1898, as reported by Gaston, ibid (Where We Stand), pp 81-82

[11] Alyea, ibid, page 226.

[12] Alyea, ibid, page 234

[13] Florida, Richard, The Rise of the Creative Class, Basic Books, 2002, Chapter 12 provides concise summary of the effects of place. The Appendix provides extensive data relating place, creativity, and economic benefits.

[14] Women of Fair Hope, Gaston, Paul M., Black Belt Press, 1993 page 68.

[15] Gaston, Ibid, (Women of Fair Hope), page 104

[16] Gaston, Ibid, (Women of Fair Hope), page 97

[17] Gaston, ibid, (Women of Fair Hope), chapter 2

[18] Gaston, ibid, (Women of Fair Hope), page 34

[19] Alyea, ibid, page 57.

[20] Alyea, ibid, page 58

[21] Alyea, ibid, page 60

[22] Alyea, ibid, Chapter 9: This chapter covers a whole range of controversial issues that the FSTC had to contend with.

[23] Alyea, ibid, Chapter 12

[24] Alyea, ibid, Chapter 14

[25] Alyea, ibid, page 188.

[26] From conversations with professional real estate agents Dot Yeager and Dennis Frodsham, 2003

[27] Data is from the Baldwin County Assessors office for the year 2004, located using ESRI Arcview to calculate distance from waterfront.

[28] Alyea, ibid, chapter 13

[29] The general description of Arden actually refers to three legally distinct entities: Arden, Ardencroft, and Ardentown. Sometimes these will be collectively referred to as the Ardens. Relevant history and legal nuances are described below.

[30] Sayles, Tim, Arden Delaware, Mid-Atlantic Country, February 1988, page 27.

[31] The Arden Book, Arden Community Planning Committee, 1999

[32] Taylor, Mark, Utopia by Taxation: Frank Stephens and the Single Tax Community of Arden, Delaware, The Pennsylvania Magazine of History and Biography, Historical Society of Pennsylvania, CXXVI.2, page 308

[33] Taylor, ibid, Page 305

[34] Taylor, ibid, Page 316

[35] Sayles, ibid, page 27

[36] The Arden Book, ibid, page 5

[37] Conversations with Mike Curtis and Robert DeNigirs, Long time residents and Trustees of Arden, 2003

[38] Data Provided by Janet Cosgrove, a real estate professional specializing in Arden real estate, from MLS listings of concluded transactions.

[39] Kanter, Rosabeth Moss, Commitment and Community: Communes and Utopias in Sociological Perspective, 1972, Harvard University Press, Chapter 4.

[40] Florida, ibid, Chapter 12, also see Appendix for additional data that supports his arguments.